$1,535,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2007

Closing: October 3, 2007

CLOSING INDEX

BOND DOCUMENTS

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. Feasibility Report for the issuance of not to exceed $1,535,000 of the District's general obligation bonds.

2. Affidavit of publication of the Notice of Hearing on the report of the feasibility and benefits of certain projects to be financed with proceeds of the sale of District general obligation bonds.

3. (a) Agenda, minutes of meeting of June 19, 2007
   (b) District Board Resolution No. 05-07, approving the feasibility report and other matters.

4. (a) Agenda, minutes of meeting of July 17, 2007
   (b) District Board Resolution No. 07-07, authorizing the issuance and sale of the Bonds to RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, as the purchaser of the Bonds (the "*Purchaser*") in accordance with the Purchase Contract.

5. Indenture of Trust and Security Agreement, dated as of October 1, 2007 from the District to Wells Fargo Bank, N.A., as Trustee (the "*Trustee*")

6. UCC-1 financing statement.

7. Purchase Contract between the District Board and the Purchaser; Letter of Indemnity from Pulte Home Corporation.

8. Continuing Disclosure Undertaking (District).

9. Dissemination Agency Agreement (District).

10. County Assessor's Certificate.

11. Closing Certificate of the District.

12. Tax Certificate of the District.

$1,535,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2007

Closing: October 3, 2007

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12. Tax Certificate of the District.

13. Issuer Request for Disbursement of Costs of Issuance.

14. Closing Certificate of Town of Buckeye, Arizona.

15. Closing Certificate regarding Interim District Manager.

16. Closing Certificate of the Owner.

17. Request and Authorization to the Trustee to Authenticate and Deliver the Bonds.

18. Trustee's Certificate of Completion and Authentication.

19. Receipt of Trustee.

20. Settlement, Delivery and Closing Procedures; Debt Retirement Schedule.

21. Certificate of the Underwriter Regarding Initial Offering Prices and Yield.

22. Receipt for Bonds.

23. Specimen bond.

24. Copy of Blanket Letter of Representations.

25. Internal Revenue Service Form 8038-G; certificate of mailing.

26. Report to the Arizona Department of Revenue; certificate of mailing.

27. Limited Offering Memorandum dated September 13, 2007.

28. Preliminary Limited Offering Memorandum dated August 22, 2007.

OPINIONS

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

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

31. Opinion of Counsel to Underwriter.

32. Opinions of Counsel to Owner.

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

Festival Ranch Community Facilities District (3 CDs)
Clerk, Town of Buckeye (1 CD, 1 paper)
Finance Director, Town of Buckeye (1 CD)
Pulte Home Corporation (Developer) (CD)
Gust Rosenfeld P.L.C. (CD)
Wells Fargo Bank, N.A. (CD)
RBC Capital Markets (CD)
Greenberg Traurig, LLP (CD)
Gallagher & Kennedy, P.A. (CD)
Stone & Youngberg LLC (CD)

FEASIBILITY REPORT

For The Issuance of

Not To Exceed
$1,800,000 Principal Amount

of

FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT

(TOWN OF BUCKEYE, ARIZONA)

GENERAL OBLIGATION BONDS,
SERIES 2007

June 19, 2007

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Introduction; Purpose of Feasibility Report; and General Description of District	ONE
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Map Showing District Boundaries, Location of Public Infrastructure And Area to be Benefited	THREE
Timetable for Completion of Public Infrastructure	FOUR
Plan of Finance	FIVE
Legal Description for Festival Ranch Community Facilities District	APPENDIX A

SECTION ONE

INTRODUCTION; PURPOSE OF FEASIBILITY REPORT; 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 General Obligation Bonds, Series 2007 (the "Series 2007 Bonds") in a principal amount of not-to-exceed $1,800,000, pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act"). The District is authorized to issue not-to-exceed $175,000,000 in principal amount of general obligation bonds. In 2006, the District issued $800,000 aggregate principal amount of General Obligation Bonds, Series 2006 (the "Series 2006 Bonds").

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 benefited 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 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.

SECTION TWO

DESCRIPTION AND ESTIMATE OF COST OF PUBLIC INFRASTRUCTURE

DESCRIPTION AND ESTIMATE OF COST OF PUBLIC INFRASTRUCTURE

Listed below is a detailed description of the Public Infrastructure to be financed by the District with the proceeds of the sale of the Bonds. All improvements and related costs, as listed below, have been publicly bid and were completed in August 2006.

	Project Descriptions	Original Engineer's Estimate	Paid By Series 2005 Bonds	To be Paid By Series 2007 Bonds	To be Paid By Future Bonds
1.	Festival Ranch Wastewater Infrastructure Trunk Sewer Lines *	$3,500,000	$704,500	$1,384,100	$1,411,400
	Total Estimated Cost for Project	**$3,500,000**	**$704,500**	**$1,384,100**	**$1,411,400**

* Represents installation of approximately 11,121 linear feet of sewer lines and include engineering, survey, permits and fees, and other labor, tools, and equipment

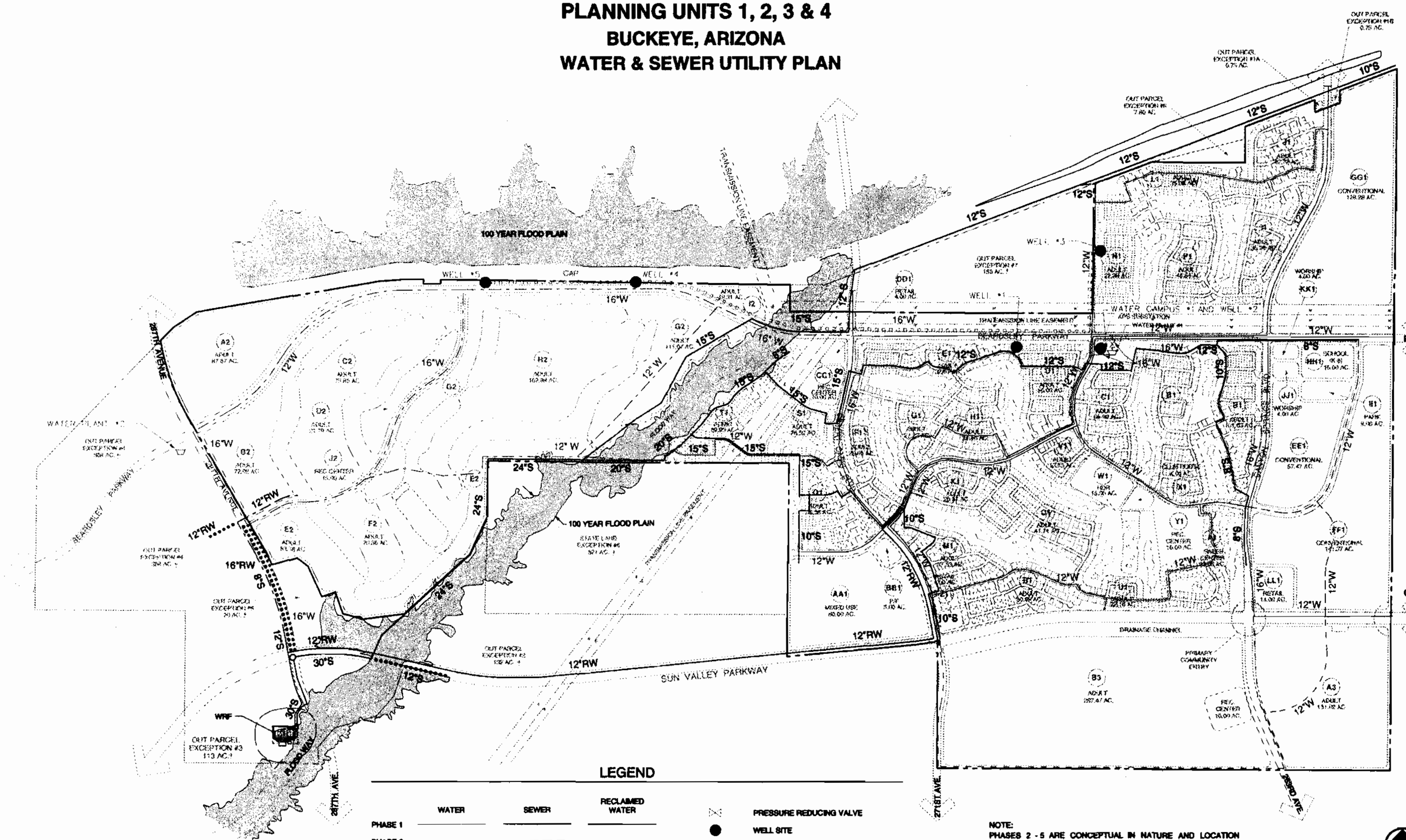
The District will dedicate or otherwise transfer all portions of the Public Infrastructure to the Town and costs to operate and maintain the same shall be paid as necessary from the $0.30 per $100 secondary assessed valuation ad valorem property tax levied by the District for such purpose.

SECTION THREE

MAP SHOWING DISTRICT BOUNDARIES, LOCATION OF PUBLIC INFRASTRUCTURE AND AREA TO BE BENEFITTED

SUN CITY FESTIVAL
by Del Webb™

PLANNING UNITS 1, 2, 3 & 4
BUCKEYE, ARIZONA
WATER & SEWER UTILITY PLAN



LEGEND

	WATER	SEWER	RECLAIMED WATER
PHASE 1	———	———	———
PHASE 2	— — — —	— — — —	
PHASE 3	— - — - —		— - — - —
PHASE 4	— - - — - -	— - - —	
PHASE 5	••••••••••	••••••••••	••••••••••

- PRESSURE REDUCING VALVE
- WELL SITE
- WELL TRANSMISSION LINE
- RESERVOIR & BOOSTER PUMP STATION
- PRESSURE ZONE BOUNDARY

NOTE:
PHASES 2 - 5 ARE CONCEPTUAL IN NATURE AND LOCATION OF UTILITIES ARE SUBJECT TO CHANGE.

SCALE: 1" = 500'

4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO	JOB NO 680001-10	FIGURE

SECTION FOUR

TIMETABLE FOR COMPLETION OF PUBLIC INFRASTRUCTURE

TIMETABLE FOR
COMPLETION OF PUBLIC INFRASTRUCTURE

The table in Section Two outlines the costs for the completion of the Public Infrastructure. The Public Infrastructure described therein was completed in August 2006 and has been accepted by the Town. Proceeds of the Bonds, after payment of the costs of issuance (See Section Five), will be used to finance the acquisition of a portion of the Public Infrastructure listed in Section Two.

SECTION FIVE

PLAN OF FINANCE

PLAN OF FINANCE

The Public Infrastructure will be acquired by the District by way of a Plan of Finance herein described below. This Plan of Finance is subject to modification to accommodate market conditions at the time of the actual sale of the Bonds and to the extent necessary to comply with federal and State law.

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. The Landowner in the District authorized, through an election at the time of formation of the District, general obligation bonded debt in an amount not to exceed $175,000,000.

Proposed Bond Sale

The District will issue approximately $1,530,000 of general obligation bonds to finance the acquisition of the Public Infrastructure. The amount shown on the cover of this report is a not-to-exceed amount and the actual amount of bonds issued may be lower. The Bonds are anticipated to be issued in August 2007. It is currently estimated that the Bonds will have a final maturity of 25 years with principal amortized such that when combined with the debt service on the Series 2006 Bonds, total debt service is approximately level. (See Table One in this section for an estimated debt service schedule and debt service versus projected revenues.)

The Bonds will be unrated and will not be sold in a "public offering" as that term is used in A.R.S. 48-722. Investors will be required to sign a "qualified investor letter" and meet certain investor criteria.

Existing Debt

The District issued $800,000 of general obligation bonds in October 2006, leaving $174,200,000 principal amount of authorized, but unissued, District general obligation bonds. Subsequent to the sale of the Bonds, the District will have approximately $172,670,000 principal amount of authorized, but unissued, District general obligation bonds.

A property tax rate of $3.00 per $100 of secondary assessed value was levied to provide for debt service of the general obligation bonds of the District.

Given the expected secondary assessed value in the District as of August 2007, the target tax rate is not expected to exceed $3.00 per $100 of secondary assessed value.

Sources and Uses of Funds

The estimated Sources and Uses of Funds relating to the issuance of the Bonds (exclusive of accrued interest) follows:

Sources

Par Amount of Series 2006 General Obligation Bonds	$1,530,000
Total	$1,530,000

Uses

Deposit to Project Construction Fund	$1,384,100
Costs of Issuance (Including Underwriter's Discount) *	145,900
Total	$1,530,000

* Estimated Costs of Issuance

Underwriter's Discount	$ 45,900
Bond Counsel	40,000
Underwriter's Counsel	30,000
Financial Advisor	15,000
Trustee	5,000
Limited Offering Memorandum Printing	4,000
Miscellaneous	6,000
	$ 145,900

APPENDIX A

Legal Description for Festival Ranch Community Facilities District of Buckeye, Arizona

December 9, 2004

LEGAL DESCRIPTION FOR
FESTIVAL RANCH
COMMUNITY FACILITY DISTRICT

That part of Sections 13, 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Beginning at the G.L.O. Brass Cap marking the Northeast Corner of said Section 24;

Thence South 00°26'24" West, along the East line of the Northeast Quarter of said Section 24, a distance of 2,640.87 feet to the G.L.O. Brass Cap marking the East Quarter Corner thereof;

Thence South 00°23'56" West, along the East line of the Southeast Quarter of said Section 24, a distance of 2,639.68 feet to the Northeast Corner of said Section 25;

Thence South 00°23'04" West, along the East line of the Northeast Quarter of said Section 25, a distance of 2,642.69 feet to the East Quarter Corner of said Section 25;

Thence South 00°24'50" West, along the East line of the Southeast Quarter of said Section 25, a distance of 2,641.16 feet to the Southeast Corner of said Section 25;

Thence North 89°35'08" West, along the South line of the Southeast Quarter of said Section 25, a distance of 2,641.48 feet to the South Quarter Corner of said Section 25;

Thence North 89°35'25" West, along the South line of the Southwest Quarter of said Section 25, a distance of 2,639.43 feet to the Southeast Corner of said Section 26;

Thence North 89°42'22" West, along the South line of the Southeast Quarter of said Section 26, a distance of 2,630.35 feet to the South Quarter Corner of said Section 26;

Thence North 00°19'01" East, along the North-South mid-section line of said Section 26, a distance of 2,126.51 feet to a point on a 5,575.00 foot radius non-tangent curve, whose center bears North 10°31'05" West, said point also being on the Southerly right-of-way line of Sun Valley Parkway, as recorded in Book 309 of Maps, Page 12, Maricopa County Records;

Thence, along said Southerly right-of-way line of Sun Valley Parkway, the following courses:

Thence Southwesterly, along said curve, through a central angle of 05°06'05", a distance of 496.37 feet;

Thence South 84°32'16" West, a distance of 6,380.94 feet to a point on a 5,575.00 foot radius non-tangent curve, whose center bears North 05°28'11" West;

Thence Westerly, along said curve, through a central angle of 18°10'52", a distance of 1,769.07 feet;

Thence North 77°17'35" West, a distance of 734.70 feet;

Thence South 18°15'19" West, departing said Southerly right-of-way line of Sun Valley Parkway, a distance of 374.09 feet;

Thence South 40°58'02" West, a distance of 464.78 feet;
Thence South 74°21'22" West, a distance of 761.00 feet;
Thence South 41°37'56" West, a distance of 588.43 feet;

Thence South 03°22'04" East, a distance of 301.48 feet to a point on the South line of the Southwest Quarter of said Section 28;

Thence North 89°31'12" West, along said South line, a distance of 2,364.77 feet to the Southwest Corner of said Section 28;

Thence North 00°27'37" East, along the West line of the Southwest Quarter of said Section 28, a distance of 2,642.29 feet to the East Quarter Corner of said Section 29;

Thence North 89°37'25" West, along the East-West mid-section line of said Section 29, a distance of 2,642.10 feet to the Center of said Section 29;

Thence North 00°30'30" East, along the North-South mid-section line of said Section 29, a distance of 2,481.52 feet to a point on the Southerly right-of-way line of the Central Arizona Project Canal;

Thence, along said Southerly right-of-way line of the Central Arizona Project Canal, the following courses:

Thence North 44°33'22" East, a distance of 3,419.52 feet;
Thence North 56°59'46" East, a distance of 496.13 feet;
Thence North 80°26'29" East, a distance of 3,220.32 feet;
Thence North 85°39'45" East, a distance of 497.23 feet;
Thence South 89°08'59" East, a distance of 293.06 feet;
Thence South 00°51'01" West, a distance of 74.97 feet;
Thence South 89°07'56" East, a distance of 300.00 feet;
Thence North 01°19'16" East, a distance of 75.03 feet;

Thence South 89°08'59" East, a distance of 6,130.87 feet to a point on the West line of the Northwest Quarter of said Section 23;

Thence South 00°22'19" West, departing said Southerly right-of-way line, along the West line of the Northwest Quarter of said Section 23, a distance of 200.79 feet to a point on the Southerly line of certain parcel of land described in Docket 13238, Page 640, Maricopa County Records;

Thence, along said Southerly line of Docket 13238, Page 640, the following courses:

Thence South 89°36'50" East, a distance of 33.00 feet;
Thence North 00°22'19" East, a distance of 200.50 feet;
Thence South 89°06'32" East, a distance of 285.89 feet;

Thence North 69°27'36" East, a distance of 174.40 feet to a point on the South line of the North 792.00 feet of the West 660.00 feet of the South Half of the Northwest Quarter of said Section 23;

Thence South 89°36'50" East, departing said Southerly line of Docket 13238, Page 640, and along said South line of the North 792.00 feet of the West 660.00 feet, a distance of 178.21 feet to a point on the East line of said West 660.00 feet of the North 792.00 feet;

Thence North 00°22'19" East, along said East line, a distance of 68.14 feet to a point on the Southerly right-of-way line of the Central Arizona Project Canal;

Thence, along said Southerly right-of-way line of the Central Arizona Project Canal, the following courses:

Thence North 69°27'36" East, a distance of 2,026.68 feet to a point on the North line of the South Half of the Northwest Quarter of said Section 23;

Thence South 89°36'50" East, along said North line, a distance of 90.13 feet to the Northeast corner of the South Half of the Northwest Quarter of said Section 23;

Thence North 00°27'52" East, along the North-South mid-section line of said Section 23, a distance of 34.37 feet;

Thence North 69°28'27" East, a distance of 2,820.53 feet to a point on the West line of the Northwest Quarter of said Section 24;

Thence South 00°22'48" West, along said West line, a distance of 106.56 feet;

Thence North 69°28'05" East, a distance of 1,086.54 feet to a point on the South line of the Southwest Quarter of said Section 13;

Thence North 69°27'37" East, a distance of 1,740.17 feet to a point on the North-South mid-section line of said Section 13;

Thence North 69°27'38" East, a distance of 1,296.88 feet;

Thence South 00°00'00" East, departing said Southerly right-of-way line, a distance of 213.58 feet to a point on a line which is parallel with and 200.00 feet Southerly, as measured at right angles, from the Southerly right-of-way line of the Central Arizona Project Canal;

Thence North 69°27'38" East, along said parallel line, a distance of 464.53 feet;

Thence North 00°00'00" East, a distance of 213.58 feet to a point on the Southerly right-of-way line of the Central Arizona Project Canal;

Thence North 69°27'38" East, along said Southerly right-of-way line, a distance of 1,067.33 feet to a point on the East line of the Southeast Quarter of said Section 13;

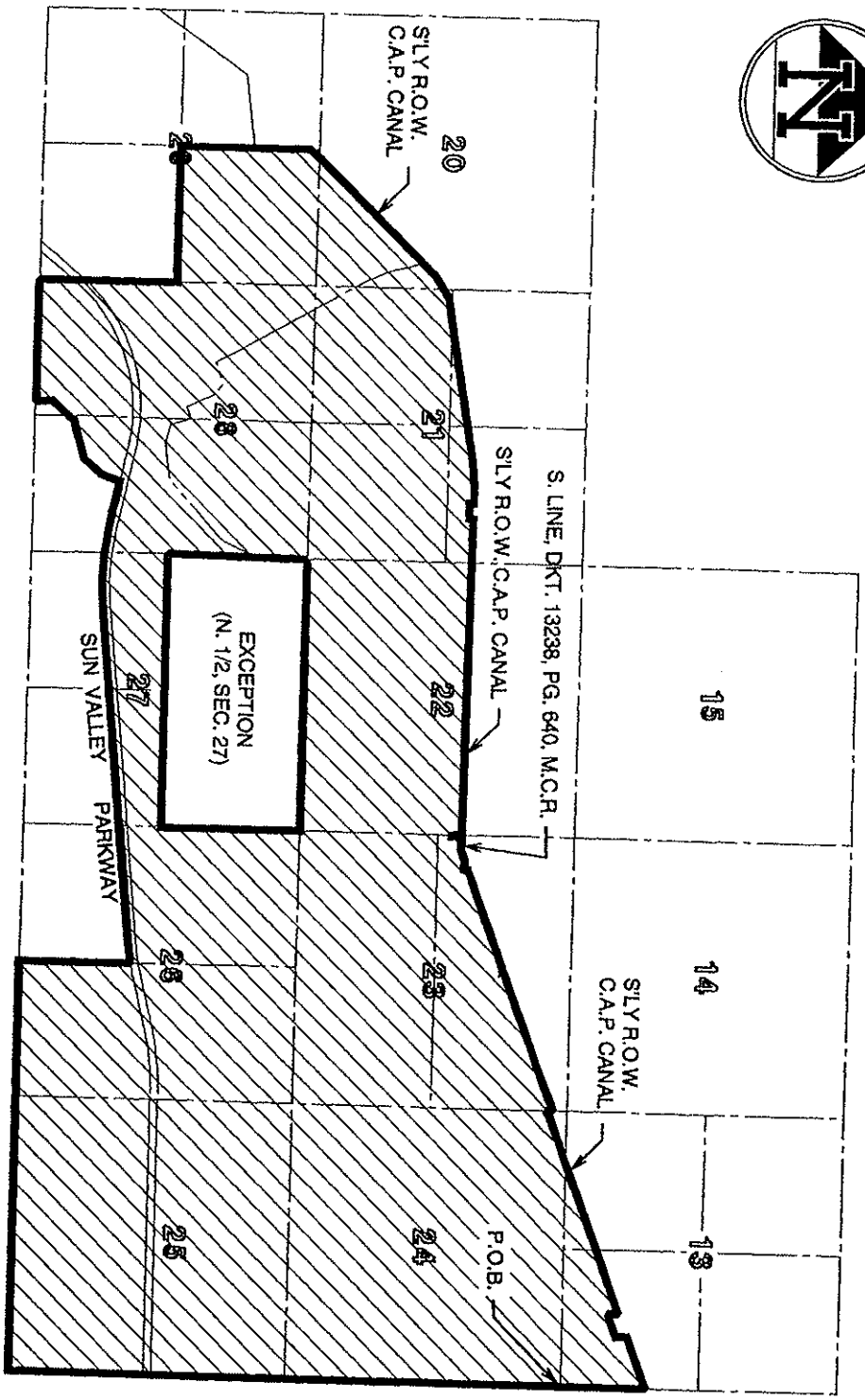
Thence South 00°24'51" West, departing said Southerly right-of-way line along said East line, a distance of 1,633.09 feet to the Point of Beginning.

EXCEPT THE FOLLOWING DESCRIBED PARCEL OF LAND:

The North Half of Section 27, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona,

Containing 4,015.490 Acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 12/9/04
ARIZONA, U.S.A.



Registered Land Surveyor
No. 36562
FRED W. KLEIN III
Date Signed
ARIZONA, U.S.A.

EXHIBIT	FESTIVAL RANCH COMMUNITY FACILITY DISTRICT	JOB NO
N:\680001\LAND\EH-CFD.DGN		680001
4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

THE ARIZONA REPUBLIC

NOTICE OF PUBLIC HEARING TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), AND FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA):

NOTICE IS HEREBY GIVEN that the Board of Directors of the Tartesso West Community Facilities District (Town of Buckeye, Arizona), and Festival Ranch Community Facilities District (Town of Buckeye, Arizona), will meet on June 19, 2007, commencing at 6:00 p.m., in the Town Council Chambers, 100 North Apache, Suite A, Buckeye, AZ 85326, to conduct public hearings on, and to consider and review feasibility reports relative to the proposed projects to be financed by the issuance of general obligation bonds of the respective Districts. A copy of the feasibility reports may be reviewed at the office of the District Clerk, 100 North Apache, Suite A, Buckeye, AZ 85326.
Published: June 8, 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/West Zone

June 8, 2007

Marilyn Greenwood

Sworn to before me this
8TH day of
June A.D. 2007

ONDREA SHEPPARD
Notary Public - Arizona
Maricopa County
My Comm. Expires Aug 3, 2010

Ondrea S

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.

NOTICE OF JUNE 19, 2007 JOINT MEETING
OF THE COMMUNITY FACILITIES DISTRICTS
TOWN OF BUCKEYE, ARIZONA

PURSUANT TO SECTIONS 48-711©, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING OF THE GOVERNING BOARDS OF
ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
THE ELIANTO COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
TRILLIUM COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
VERRADO WESTERN OVERLAY CFD (TOWN OF BUCKEYE)
WATSON ROAD COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE) and
WESTPARK COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)

IMMEDIATELY FOLLOWING THE 7:00 P.M. REGULAR TOWN COUNCIL MEETING
IN THE TOWN COUNCIL CHAMBERS AT TOWN HALL
100 N. APACHE ROAD, BUCKEYE, ARIZONA

JUNE 19, 2007

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
Immediately following the 7:00 p.m. Regular Council Meeting

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 623 386-4421)

Members of the Community Facilities Districts Governing Boards will attend either in person or by telephone conference call or video presentations.

1. Call to Order/Roll Call.
Board Action: None.

2. Approval of Minutes –
Anthem Sun Valley Community Facilities District
Elianto Community Facilities District Meeting Minutes of July 13, 2006
Festival Ranch Community Facilities District Meeting Minutes of March 6, 2007
Mirielle Community Facilities District Meeting Minutes of April 3, 2007
Sundance Community Facilities District Meeting Minutes of September 19, 2006
Tartesso West Community Facilities District Meeting Minutes of July 13, 2006

Trillium Community Facilities District Meeting Minutes of September 5, 2006
Verrado District 1 Community Facilities District Meeting Minutes of January 16, 2007
Verrado Western Overlay Community Facilities District Meeting Minutes of July 13, 2006
Watson Road Community Facilities District Meeting Minutes of June 5, 2007
Westpark Community Facilities District Meeting Minutes of May 15, 2007
Board Action: Discussion and possible motion to approve.

3. **Approval/Ratify Expenditures - Various Community Facilities Districts**

4. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT

A. Board of the ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT will consider, for possible action, adoption of RESOLUTION 01-07, A RESOLUTION OF THE DISTRICT BOARD OF ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA, APPOINTING DISTRICT OFFICERS; APPROVING THE GENERAL PLAN; TAKING CERTAIN OTHER ACTIONS WITH REGARD TO THE ORGANIZATION OF THE DISTRICT; CALLING A SPECIAL BOND AND OPERATION AND MAINTENANCE AD VALOREM TAX ELECTION FOR THE DISTRICT; AND ENTERING INTO A DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1 WITH THE TOWN OF BUCKEYE, ARIZONA.
Board Action: Motion to approve.

B. The ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT BOARD will consider, for possible action, adoption of Resolution 02-07 (Anthem Sun Valley), adopting the tentative budget of the Anthem Sun Valley Community Facility District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.

5. ELIANTO COMMUNITY FACILITIES DISTRICT

A. The ELIANTO COMMUNITY FACILITIES DISTRICT BOARD will consider, for possible action, adoption of Resolution 01-07 (Elianto), adopting the tentative budget of the Elianto Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

6. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

A. Board of the **Festival Ranch Community Facilities District** will conduct a Public Hearing on a feasibility report submitted in connection with the proposed issuance of general obligation bonds by the District and the projects financed with such proceeds.

(1) Open public hearing
(2) Staff overview
(3) Receive public comment
(4) Close public hearing

Board Action: None. Public Hearing only.

B. Board of the **Festival Ranch Community Facilities District** will consider, for possible action, adoption of **Resolution No. 05-07 APPROVING THE FEASIBILITY AND BENEFITS REPORT RELATING TO THE ACQUISITION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND FINANCE CERTAIN IMPROVEMENTS AS DESCRIBED IN THE FEASIBILITY REPORT RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED $1,650,000 GENERAL OBLIGATION BONDS WILL BE ISSUED**

TO FINANCE THE COSTS AND EXPENSES THEREOF UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.
Board Action: Motion to approve.

C. **Festival Ranch Community Facilities District - Resolution 06-07**
The Festival Ranch Community Facilities District Board will consider, for possible action, adoption of Resolution 06-07 (Festival Ranch), adopting the tentative budget of the Festival Ranch Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

7. MIRIELLE COMMUNITY FACILITIES DISTRICT

A. **Mirielle Community Facilities District – Resolution 03-07**
The Mirielle Community Facilities District Board will consider, for possible action, adoption of Resolution 03-07 (Mirielle), adopting the tentative budget of the Mirielle Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

8. SUNDANCE COMMUNITY FACILITIES DISTRICT

A. **Sundance Community Facilities District – Resolution 01-07**
The Sundance Community Facilities District Board will consider, for possible action, adoption of Resolution 01-07 (Sundance), adopting the tentative budget of the Sundance Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

9. TARTESSO WEST COMMUNITY FACILITIES DISTRICT

A. Board of the **Tartesso West Community Facilities District** will conduct a Public Hearing on a feasibility report submitted in connection with the proposed issuance of general obligation bonds by the District and the projects financed with such proceeds.

(1) Open public hearing
(2) Staff overview
(3) Receive public comment
(4) Close public hearing

Board Action: None. Public Hearing only.

B. Board of the **Tartesso West Community Facilities District** will consider, for possible action, adoption of **Resolution No. 01-07 APPROVING THE FEASIBILITY AND BENEFITS REPORT RELATING TO THE ACQUISITION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND FINANCE CERTAIN IMPROVEMENTS AS DESCRIBED IN THE FEASIBILITY REPORT RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED $8,750,000 GENERAL OBLIGATION BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.**
Board Action: Motion to approve.

C. Tartesso West Community Facilities District – Resolution 02-07
The Tartesso West Community Facilities District Board will consider, for possible action, adoption of Resolution 02-07 (Tartesso West), adopting the tentative budget of the Tartesso West Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

10. TRILLIUM COMMUNITY FACILITIES DISTRICT

A. Trillium Community Facilities District – Resolution 01-07
The Trillium Community Facilities District Board will consider, for possible action, adoption of Resolution 01-07 (Trillium), adopting the tentative budget of the Trillium Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

11. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

A. Board of the Verrado District 1 Community Facilities District will consider, and if advisable, acknowledge the Conveyances of Segment and authorize the reimbursement from available bonds proceeds for the following items of public infrastructure:

A. Western Drive 1B South
B. Hamilton Street 1B South
C. Thomas Road 1B South and 2 East
D. Acacia Way 1B South
E. Acacia Way 1B South Crossing

Board Action: Motion to approve.

B. Board to consider, and if advisable, adopt the Verrado Community Facilities Districts' Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2006.
Board Action: Motion to approve.

C. Verrado District 1 Community Facilities District - Resolution 01-07
The Verrado District 1 Community Facilities District Board will consider, for possible action, adoption of Resolution 01-07 (Verrado District 1), adopting the tentative budget of the Verrado District 1 Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

12. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT

A. Verrado Western Overlay Community Facilities District – Resolution 01-07
The Verrado Western Overlay Community Facilities District Board will consider, for possible action, adoption of Resolution 01-07 (Verrado Western Overlay), adopting the tentative budget of the Verrado Western Overlay Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

B. Board to consider, and if advisable, adopt the Verrado Community Facilities Districts' Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2006.
Board Action: Motion to approve.

13. WATSON ROAD COMMUNITY FACILITIES DISTRICT

A. <u>Watson Road Community Facilities District</u> – Resolution 05-07
The Watson Road Community Facilities District Board will consider, for possible action, adoption of Resolution 05-07 (Watson Road), adopting the tentative budget of the Watson Road Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

14. WESTPARK COMMUNITY FACILITIES DISTRICT

A. Board of the **Westpark Community Facilities District** will consider, for possible action, adoption of Resolution No. 02-07 **A RESOLUTION OF THE BOARD OF DIRECTORS OF WESTPARK COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANT OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; 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 STANDBY CONTRIBUTION AGREEMENT, A DEPOSITORY AGREEMENT AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; APPROVING A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AND LEVYING AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT.**
Board Action: Motion to approve.

<u>B. Westpark Community Facilities District</u> – Resolution 03-07
The Westpark Community Facilities District Board will consider, for possible action, adoption of Resolution 03-07 (Westpark), adopting the tentative budget of the Westpark Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

5. Adjournment.
Board Action: Motion to adjourn.

NOTICE OF JUNE 19, 2007 JOINT MEETING
OF THE COMMUNITY FACILITIES DISTRICTS
TOWN OF BUCKEYE, ARIZONA

PURSUANT TO SECTIONS 48-711©, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING OF THE GOVERNING BOARDS OF
ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
THE ELIANTO COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
TRILLIUM COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
VERRADO WESTERN OVERLAY CFD (TOWN OF BUCKEYE)
WATSON ROAD COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE) and
WESTPARK COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)

IMMEDIATELY FOLLOWING THE 7:00 P.M. REGULAR TOWN COUNCIL MEETING
IN THE TOWN COUNCIL CHAMBERS AT TOWN HALL
100 N. APACHE ROAD, BUCKEYE, ARIZONA

JUNE 19, 2007

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
Immediately following the 7:00 p.m. Regular Council Meeting

1. Call to Order/Roll Call.
Chairman Bryant called the meeting to order at 9:41p.m.

Members Present:	Boardmember Hardesty, Boardmember Garza, Boardmember Doster, Boardmember May, Boardmember Rioux, Chairman Bryant, and Vice Chairman Beard.
Members Absent:	None
Staff Present:	District Manager David Wilcox, Assistant District Manager Shane Dille, District Attorney Scott Ruby, District Clerk Linda Garrison, District Engineer Woody Scoutten, and District Finance Manager Doug Allen.

2. Approval of Minutes
Anthem Sun Valley Community Facilities District
Elianto Community Facilities District Meeting Minutes of July 13, 2006
Festival Ranch Community Facilities District Meeting Minutes of March 6, 2007
Mirielle Community Facilities District Meeting Minutes of April 3, 2007
Sundance Community Facilities District Meeting Minutes of September 19, 2006
Tartesso West Community Facilities District Meeting Minutes of July 13, 2006
Trillium Community Facilities District Meeting Minutes of September 5, 2006
Verrado District 1 Community Facilities District Meeting Minutes of January 16, 2007
Verrado Western Overlay Community Facilities District Meeting Minutes of July 13, 2006
Watson Road Community Facilities District Meeting Minutes of June 5, 2007
Westpark Community Facilities District Meeting Minutes of May 15, 2007

Town Attorney Scott Ruby noted that there are no Anthem minutes. A motion was made by Vice Chairman Beard and seconded by Boardmember May to approve the minutes as presented. Motion passed unanimously.

3. Approval/Ratify Expenditures - Various Community Facilities Districts
Finance Assistant Director Gil Villejos was available to answer Council's questions regarding expenditures. A motion was made by Vice Chairman Beard and seconded by Boardmember May to approve /ratify the expenditures as presented. Motion passed unanimously.

4. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT

A. A motion was made by Boardmember May and seconded by Vice Chairman Beard to adopt RESOLUTION 01-07, A RESOLUTION OF THE DISTRICT BOARD OF ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA, APPOINTING DISTRICT OFFICERS; APPROVING THE GENERAL PLAN; TAKING CERTAIN OTHER ACTIONS WITH REGARD TO THE ORGANIZATION OF THE DISTRICT; CALLING A SPECIAL BOND AND OPERATION AND MAINTENANCE AD VALOREM TAX ELECTION FOR THE DISTRICT; AND ENTERING INTO A DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1 WITH THE TOWN OF BUCKEYE, ARIZONA. Motion passed unanimously.

B. A motion was made by Boardmember May and seconded by Vice Chairman Beard to adopt Resolution 02-07 (Anthem Sun Valley), adopting the tentative budget of the Anthem Sun Valley Community Facility District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

5. ELIANTO COMMUNITY FACILITIES DISTRICT

A. A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 01-07 (Elianto), adopting the tentative budget of the Elianto Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

6. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

A. A public hearing was opened at 9:50 p.m. to hear citizen input on the feasibility report submitted in connection with the proposed issuance of general obligation bonds by the District and the projects financed with such proceeds. Their being no public comment the hearing was closed at 9:51 p.m.

B. A motion was made by Vice Chairman Beard and seconded by Boardmember Hardesty to adopt Resolution No. 05-07 APPROVING THE FEASIBILITY AND BENEFITS REPORT RELATING TO THE ACQUISITION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND FINANCE CERTAIN IMPROVEMENTS AS DESCRIBED IN THE FEASIBILITY REPORT RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED $1,650,000 GENERAL OBLIGATION BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.. Motion passed unanimously

C. **Festival Ranch Community Facilities District - Resolution 06-07**
A motion was made by Boardmember May and seconded by Vice Chairman Beard to adopt Resolution 06-07 (Festival Ranch), adopting the tentative budget of the Festival Ranch Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency.

7. MIRIELLE COMMUNITY FACILITIES DISTRICT

A. Mirielle Community Facilities District – Resolution 03-07
The Mirielle Community Facilities District Board will consider, for possible action, adoption of Resolution 03-07 (Mirielle), adopting the tentative budget of the Mirielle Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

8. SUNDANCE COMMUNITY FACILITIES DISTRICT

A. Sundance Community Facilities District – Resolution 01-07

A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 01-07 (Sundance), adopting the tentative budget of the Sundance Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

9. TARTESSO WEST COMMUNITY FACILITIES DISTRICT

A. A public hearing was opened at 9:51 p.m. to hear citizen input about the feasibility report submitted in connection with the proposed issuance of general obligation bonds by the District and the projects financed with such proceeds. There being no public input the hearing was closed at 9:51 p.m.

B. A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution No. 01-07 APPROVING THE FEASIBILITY AND BENEFITS REPORT RELATING TO THE ACQUISITION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND FINANCE CERTAIN IMPROVEMENTS AS DESCRIBED IN THE FEASIBILITY REPORT RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED $8,750,000 GENERAL OBLIGATION BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO. Motion passed unanimously.

C. Tartesso West Community Facilities District – Resolution 02-07

A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 02-07 (Tartesso West), adopting the tentative budget of the Tartesso West Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

10. TRILLIUM COMMUNITY FACILITIES DISTRICT

A. Trillium Community Facilities District – Resolution 01-07

A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 01-07 (Trillium), adopting the tentative budget of the Trillium Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

11. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

A. A motion was made by Boardmember Doster and seconded by Boardmember May to approve the Conveyances of Segment and authorize the reimbursement from available bonds proceeds for the following items of public infrastructure:

A. Western Drive 1B South
B. Hamilton Street 1B South
C. Thomas Road 1B South and 2 East
D. Acacia Way 1B South
E. Acacia Way 1B South Crossing

Motion passed unanimously.

B. A motion was made by Boardmember Doster and seconded by Boardmember May to adopt the Verrado Community Facilities Districts' Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2006. Motion passed unanimously.

C. Verrado District 1 Community Facilities District - Resolution 01-07

A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 01-07 (Verrado District 1), adopting the tentative budget of the Verrado District 1 Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

12. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT

A. Verrado Western Overlay Community Facilities District – Resolution 01-07
A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 01-07 (Verrado Western Overlay), adopting the tentative budget of the Verrado Western Overlay Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously

B. A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt the Verrado Community Facilities Districts' Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2006. Motion passed unanimously.

13. WATSON ROAD COMMUNITY FACILITIES DISTRICT

A. Watson Road Community Facilities District – Resolution 05-07
A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 05-07 (Watson Road), adopting the tentative budget of the Watson Road Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

14. WESTPARK COMMUNITY FACILITIES DISTRICT

A. A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution No. 02-07 A RESOLUTION OF THE BOARD OF DIRECTORS OF WESTPARK COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANT OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; 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 STANDBY CONTRIBUTION AGREEMENT, A DEPOSITORY AGREEMENT AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; APPROVING A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AND LEVYING AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT. Boardmember Rioux voted nay. Boardmember Hardesty, Boardmember Garza, Vice Chairman Beard, Chairman Bryant, Boardmember Doster, Boardmember May voted aye. Motion carried.

B. Westpark Community Facilities District – Resolution 03-07
A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution 03-07 (Westpark), adopting the tentative budget of the Westpark Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008 and setting a public hearing on said budget; and declaring an emergency. Motion passed unanimously.

5. Adjournment.
There being no further business to come before the Board a motion was made by Vice Chairman Beard and seconded by Chairman Bryant to adjourn the meeting at 9:54 p.m. Motion passed unanimously.

Bobby Bryant, Chairman

ATTEST:

Linda Garrison, District Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Joint Meeting of the Community Facilities Districts held by the Board on the 19th day of June, 2007. I further certify that a quorum was present.

Linda Garrison, District Clerk

RESOLUTION NO. 05-07

RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), 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 AS DESCRIBED IN THE FEASIBILITY REPORT RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED $1,650,000 GENERAL OBLIGATION BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.

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 study 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 general obligation bonds of the District (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 the 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 the date hereof, after provision for publication and mailing of notice thereof as provided by law;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FESTIVAL RANCH COMMUNITY 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.

"*Board*" shall mean this Board of Directors of the District.

"*Bonds*" shall mean the District's General Obligation Bonds, Series 2007.

"*Clerk*" shall mean the Clerk of the District.

"*District*" shall mean the Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

"*Project*" shall mean 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 improvements described on *Exhibit A* hereto.

"*Report*" shall mean the Feasibility Report dated June 19, 2007, pertaining to the Project 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.

Section 2. **Approval of 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 governing body of 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 June 19, 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, 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. 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. **Preliminary Approval to Issue and Sell Bonds.** The Board hereby declares its intent to proceed with the financing of the Project in substantially the manner presented in the Report and hereby declares its intent to issue not to exceed $1,650,000 principal amount of Bonds to finance the costs of the Project.

PASSED, ADOPTED AND APPROVED on June 19, 2007.

Bobby Bryant
Chairman, Board of Directors

ATTEST:

Linda Garrison
Clerk, Board of Directors

APPROVED AS TO FORM:

Scott W. R
Bond Counsel

Attachments: Exhibit A - Description of Improvements

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 June 19, 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 Gaussin
Clerk, Board of Directors

EXHIBIT A

"Project" shall mean the acquisition of public infrastructure (as such term is defined in the Act) described in the Report, including particularly the acquisition by the District of the following, together with all other costs related to the issuance of any Bonds:

Description		Estimate of Total Cost
1. Wastewater Infrastructure Trunk Sewer Lines		$1,384,100
	Total	$1,384,100

NOTICE OF JULY 17, 2007 JOINT MEETING
OF THE COMMUNITY FACILITIES DISTRICTS
TOWN OF BUCKEYE, ARIZONA

PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING OF THE GOVERNING BOARDS OF
ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
THE ELIANTO COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
TRILLIUM COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
VERRADO WESTERN OVERLAY CFD (TOWN OF BUCKEYE)
WATSON ROAD COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
MIRIELLE COMMUNITY FACILITIES DISTRICT(TOWN OF BUCKEYE) , and
WESTPARK COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
AGENDA
JULY 17, 2007

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
Immediately following the 7:00 p.m. Regular Council Meeting

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1. Call to Order/Roll Call.
Board Action: None.

2. Approval of Minutes – June 19, 2007 and July 3, 2007
- **a. Anthem Sun Valley Community Facilities District-**
- **b. Elianto Community Facilities District Meeting Minutes**
- **c.Festival Ranch Community Facilities District Meeting Minutes**
- **d. Tartesso West Community Facilities District Meeting Minutes**
- **e. Trillium Community Facilities District Meeting Minutes**
- **f. Verrado District 1 Community Facilities District Meeting Minutes**
- **g. Verrado Western Overlay Community Facilities District Meeting Minutes**
- **h. Watson Road Community Facilities District Meeting Minutes**
- **i. Sundance Community Facilities District Meeting Minutes**
- **j. Mirielle Community Facilities District Meeting Minutes**
- **k. Westpark Community Facilities District Meeting Minutes**

Board Action: Discussion and possible motion to approve.

3. Approval/Ratify Expenditures - Various Community Facilities Districts

4. Public Hearing for the Facility Districts of:
- **a. Anthem Sun Valley Community Facilities District-**
- **b. Elianto Community Facilities District Meeting Minutes**
- **c.Festival Ranch Community Facilities District Meeting Minutes**
- **d. Tartesso West Community Facilities District Meeting Minutes**
- **e. Trillium Community Facilities District Meeting Minutes**
- **f. Verrado District 1 Community Facilities District Meeting Minutes**
- **g. Verrado Western Overlay Community Facilities District Meeting Minutes**
- **h. Watson Road Community Facilities District Meeting Minutes**
- **i. Sundance Community Facilities District Meeting Minutes**
- **j. Mirielle Community Facilities District Meeting Minutes**
- **k. Westpark Community Facilities District Meeting Minutes**

Board Action: Discussion and possible motion to approve.

5. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
5A. The ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT BOARD will consider, for possible action, adoption of Resolution 03-07 (Anthem Sun Valley), adopting the Final Budget of the Anthem Sun Valley Community Facility District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.
Board Action: Motion to approve.

6. ELIANTO COMMUNITY FACILITIES DISTRICT
6A. The ELIANTO COMMUNITY FACILITIES DISTRICT BOARD will consider, for possible action, adoption of Resolution 02-07 (Elianto), adopting the Final Budget of the Elianto Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.
Board Action: Motion to approve.

6B. The ELIANTO COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 03-07 (Elianto), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.
Board Action: Motion to approve.

7. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
7A. Board of the **Festival Ranch Community Facilities District** will consider, for possible action, adoption of Resolution No. 07-07 **AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; APPROVING A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AND LEVYING AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT.**
Board Action: Motion to approve.

7B. Board of the **Festival Ranch Community Facilities District** will consider, for possible action, adoption of Resolution 08-07 **APPROVING THE MODIFICATION OF ASSESSMENTS FOR SPECIAL ASSESSMENT AREA #3.** Modification request is to allocate the parcel into 455 assessments.
Board Action: Motion to approve.

7C. The FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT Board will consider, for possible action, adoption of Resolution 09-07 (Festival Ranch), adopting the Final Budget of the Festival Ranch Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008: and declaring an emergency.
Board Action: Motion to approve.

7D. The FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 10-07 (Festival Ranch), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.
Board Action: Motion to approve.

8. MIRIELLE COMMUNITY FACILITIES DISTRICT

8A. The Mirielle Community Facilities District Board will consider, for possible action, adoption of Resolution 04-07 (Mirielle), adopting the Final Budget of the Mirielle Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.
Board Action: Motion to approve.

9. SUNDANCE COMMUNITY FACILITIES DISTRICT

9A. The SUNDANCE COMMUNITY FACILITIES DISTRICT Board will consider, for possible action, adoption of Resolution 05-07 (Sundance), adopting the Final Budget of the Sundance Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.
Board Action: Motion to approve.

9B. The SUNDANCE COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 06-07 (Sundance), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.
Board Action: Motion to approve.

10. TARTESSO WEST COMMUNITY FACILITIES DISTRICT

10A. The Board of the **Tartesso West Community Facilities District** will consider, for possible action, adoption of Resolution No. 03-07 **AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; APPROVING A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AND LEVYING AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT.**
Board Action: Motion to approve.

10B. The TARTESSO WEST COMMUNITY FACILITIES DISTRICT Board will consider, for possible action, adoption of Resolution 04-07 (Tartesso West), adopting the Final Budget of the Tartesso West Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

10C. The TARTESSO WEST COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 05-07 (Tartesso West), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.
Board Action: Motion to approve.

11. TRILLIUM COMMUNITY FACILITIES DISTRICT

11A. The Trillium Community Facilities District Board will consider, for possible action, adoption of Resolution 02-07 (Trillium), adopting the Final Budget of the Trillium Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

11B. The TRILLIUM COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 03-07 (Trillium), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.
Board Action: Motion to approve.

12. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
12A. The Verrado District 1 Community Facilities District Board will consider, for possible action, adoption of Resolution 02-07 (Verrado District 1), adopting the Final Budget of the Verrado District 1 Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

12B. The VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 03-07 (Verrado District 1), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.
Board Action: Motion to approve.

13. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
13A. The Verrado Western Overlay Community Facilities District Board will consider, for possible action, adoption of Resolution 02-07 (Verrado Western Overlay), adopting the Final Budget of the Verrado Western Overlay Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

13B. The VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 03-07 (Verrado Western Overlay), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.
Board Action: Motion to approve.

14. WATSON ROAD COMMUNITY FACILITIES DISTRICT
14A. The Watson Road Community Facilities District Board will consider, for possible action, adoption of Resolution 06-07 (Watson Road), adopting the Final Budget of the Watson Road Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

14B. The WATSON ROAD COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 07-07 (Watson Road), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.
Board Action: Motion to approve.

14C. The WATSON ROAD COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, approval of Change Order No. 2, in the amount of $111,478.01 from S.J.L. Construction of Arizona (SJL) and changing the contract completion date from March 16, 2007 to May 17, 2007. *Board Action: Motion to approve.*

15. WESTPARK COMMUNITY FACILITIES DISTRICT
15A. The WESTPARK COMMUNITY FACILITIES DISTRICT Board will consider, for possible action, adoption of Resolution 04-07 (Westpark), adopting the Final Budget of the Westpark Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.
Board Action: Discussion and possible motion to approve.

15B. The WESTPARK COMMUNITY FACILITIES DISTRICT BOARD, will consider for possible action, adoption of Resolution 05-07 (Westpark), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.
Board Action: Motion to approve.

15. Adjournment.
Board Action: Motion to adjourn.

NOTICE OF JULY 17, 2007 JOINT MEETING
OF THE COMMUNITY FACILITIES DISTRICTS
TOWN OF BUCKEYE, ARIZONA

PURSUANT TO SECTIONS 48-711©, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED STATUTES, AS AMENDED, TAKE NOTICE THAT A JOINT MEETING OF THE GOVERNING BOARDS OF
ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
THE ELIANTO COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
TARTESSO WEST COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
TRILLIUM COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
VERRADO WESTERN OVERLAY CFD (TOWN OF BUCKEYE)
WATSON ROAD COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE) and
WESTPARK COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE)
MINUTES
JULY 17, 2007

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
Immediately following the 7:00 p.m. Regular Council Meeting

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1. Call to Order/Roll Call.
Chairman Bryant called the meeting to order at 7:37 p.m..

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

District Finance Director Doug Allen told the Board that Item 4 was incorrectly posted as Minutes, therefore the Budget Hearing will be held Thursday July 19th instead of this meeting.

2. Approval of Minutes –
A motion was made by Boardmember Doster and seconded by Boardmember Rioux to approve the meeting minutes of June 19, 2007 and July 3, 2007 of the following Districts:

Anthem Sun Valley Community Facilities District-
Elianto Community Facilities District Meeting Minutes
Festival Ranch Community Facilities District Meeting Minutes
Mirielle Community Facilities District Meeting Minutes
Sundance Community Facilities District Meeting Minutes
Tartesso West Community Facilities District Meeting Minutes
Trillium Community Facilities District Meeting Minutes
Verrado District 1 Community Facilities District Meeting Minutes
Verrado Western Overlay Community Facilities District Meeting Minutes
Watson Road Community Facilities District Meeting Minutes
Westpark Community Facilities District Meeting Minutes

Motion passed unanimously.

3. Approval/Ratify Expenditures - Various Community Facilities Districts
A motion was made by Boardmember Doster and seconded by Boardmember Hardesty to approve/ratify the expenditures as presented. Motion passed unanimously.

4. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
4A. The ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT BOARD
No action was taken regarding the adoption of Resolution 03-07 (Anthem Sun Valley), adopting the Final Budget of the Anthem Sun Valley Community Facility District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

4B. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT BOARD
No action was taken regarding the adoption of Resolution 04-07 (Anthem Sun Valley), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

5. ELIANTO COMMUNITY FACILITIES DISTRICT
5A. The ELIANTO COMMUNITY FACILITIES DISTRICT BOARD
No action was taken regarding the adoption of Resolution 02-07 (Elianto), adopting the Final Budget of the Elianto Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

5B. ELIANTO COMMUNITY FACILITIES DISTRICT BOARD
No action was taken regarding the adoption of Resolution 03-07 (Elianto), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

6. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
6A. Festival Ranch Community Facilities District
No Action was taken regarding the adoption of Resolution No. 07-07 AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; APPROVING A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AND LEVYING AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT.

6B. Festival Ranch Community Facilities District
No action was taken regarding the adoption of Resolution 08-07 APPROVING THE MODIFICATION OF ASSESSMENTS FOR SPECIAL ASSESSMENT AREA #3. Modification request is to allocate the parcel into 455 assessments.

6C. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
No action was taken regarding the adoption of Resolution 09-07 (Festival Ranch), adopting the Final Budget of the Festival Ranch Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008: and declaring an emergency.

6D. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
No action was taken regarding the adoption of Resolution 10-07 (Festival Ranch), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

7. MIRIELLE COMMUNITY FACILITIES DISTRICT

7A. Mirielle Community Facilities District

A motion was made by Vice Chairman Beard and seconded by Boardmember Hardesty to adopt Resolution 04-07 (Mirielle), adopting the Final Budget of the Mirielle Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency. Motion passed unanimously.

7B. MIRIELLE COMMUNITY FACILITIES DISTRICT BOARD

A motion was made by Vice Chairman Beard and seconded by Boardmember Hardesty to adopt Resolution 05-07 (Mirielle), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

8. SUNDANCE COMMUNITY FACILITIES DISTRICT

8A. SUNDANCE COMMUNITY FACILITIES DISTRICT

No action was taken regarding the adoption of Resolution 05-07 (Sundance), adopting the Final Budget of the Sundance Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

8B. SUNDANCE COMMUNITY FACILITIES DISTRICT BOARD

No action was taken regarding the adoption of Resolution 06-07 (Sundance), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

9. TARTESSO WEST COMMUNITY FACILITIES DISTRICT

9A. Tartesso West Community Facilities District

No action was taken regarding the adoption of Resolution No. 03-07 AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; APPROVING A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AND LEVYING AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT.

9B. The TARTESSO WEST COMMUNITY FACILITIES DISTRICT

No action was taken regarding the adoption of Resolution 04-07 (Tartesso West), adopting the Final Budget of the Tartesso West Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

9C. TARTESSO WEST COMMUNITY FACILITIES DISTRICT BOARD

No action was taken regarding the adoption of Resolution 05-07 (Tartesso West), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

10. TRILLIUM COMMUNITY FACILITIES DISTRICT

10A. Trillium Community Facilities District

A motion was made by Vice Chairman Beard and seconded by Boardmember Garza to adopt Resolution 02-07 (Trillium), adopting the Final Budget of the Trillium Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency. Motion passed unanimously.

10B. TRILLIUM COMMUNITY FACILITIES DISTRICT

No action was taken regarding the adoption of Resolution 03-07 (Trillium), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

11. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

11A. Verrado District 1 Community Facilities District

No action was taken regarding the adoption of Resolution 02-07 (Verrado District 1), adopting the Final Budget of the Verrado District 1 Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

11B. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

No action was taken regarding the adoption of Resolution 03-07 (Verrado District 1), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

12. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT

12A. Verrado Western Overlay Community Facilities District

No action was taken regarding the adoption of Resolution 02-07 (Verrado Western Overlay), adopting the Final Budget of the Verrado Western Overlay Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

12B. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT

No action was taken regarding the adoption of Resolution 03-07 (Verrado Western Overlay), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

13. WATSON ROAD COMMUNITY FACILITIES DISTRICT

13A. Watson Road Community Facilities District

No action was taken regarding the adoption of Resolution 06-07 (Watson Road), adopting the Final Budget of the Watson Road Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

13B. WATSON ROAD COMMUNITY FACILITIES DISTRICT

No action was taken regarding the adoption of Resolution 07-07 (Watson Road), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

13C. WATSON ROAD COMMUNITY FACILITIES DISTRICT

No action was taken regarding the approval of Change Order No. 2, in the amount of $111,478.01 from S.J.L. Construction of Arizona (SJL) and changing the contract completion date from March 16, 2007 to May 17, 2007.

14. WESTPARK COMMUNITY FACILITIES DISTRICT

14A. The WESTPARK COMMUNITY FACILITIES DISTRICT

No action was taken regarding the adoption of Resolution 04-07 (Westpark), adopting the Final Budget of the Westpark Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

14B. WESTPARK COMMUNITY FACILITIES DISTRICT

No action was taken regarding the adoption of Resolution 05-07 (Westpark), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

14C. WATSON ROAD COMMUNITY FACILITIES DISTRICT

Dave Hedlund of Scoutten Engineering told the Board that the causes of the change order were additional paving and excavation for the swereline casing in the Buckeye Canal and cooling line, difficulty in obtaining permits, and the need to backfill a trench left by a contractor hired by White Fence Farms. Mr. Hedlund told the Board that engineering estimates are assumed and are not always accurate. A motion wa made by Boardmember Hardesty and seconded by Boardmember Doster to approve Change Order No. 2, in the amount of $111,478.01 from S.J.L. Construction of Arizona (SJL) and changing the contract completion date from March 16, 2007 to May 17, 2007. Boardmember Rioux abstained. Vice Chairman Beard voted nay. Chairman Bryant and Boardmembers Hardesty, Garza, and Doster voted aye. Motion carried.

15. WESTPARK COMMUNITY FACILITIES DISTRICT

15A. WESTPARK COMMUNITY FACILITIES DISTRICT

No action was taken regarding the adoption of Resolution 04-07 (Westpark), adopting the Final Budget of the Westpark Community Facilities District for the fiscal year beginning July 1, 2007 and ending June 30, 2008; and declaring an emergency.

15B. WESTPARK COMMUNITY FACILITIES DISTRICT

No action was taken regarding the adoption of Resolution 05-07 (Westpark), LEVYING A TAX RATE ON THE PROPERTY WITHIN THE DISTRICT THAT IS SUBJECT TO AD VALOREN TAXATION, AND DECLARING AN EMERGENCY.

16. Adjournment.

A motion was made by Vice Chairman Beard and seconded by Boardmember Garza to adjourn the meeting at 7:50 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 Joint Meeting of the Community Facilities District held by the Board on the 17th day of July, 2007. I further certify that a quorum was present.

Linda Garrison

Linda Garrison, District Clerk

RESOLUTION NO. 07-07

A RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; APPROVING A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AND LEVYING AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT.

BE IT RESOLVED by the Board of Directors ("*District Board*") of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") as follows:

1. **Findings**. (a) Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*") and a resolution adopted by the District Board, an election was ordered and called to submit to the qualified electors of the District or to those persons who are otherwise qualified to vote (the "*Election*") the question of authorizing the District Board to issue the general obligation bonds of the District to provide moneys for certain public infrastructure purposes consistent with the General Plan of the District.

(b) The District Board canvassed the Election and resolved that such bonds were authorized to be issued.

(c) Pursuant to the Enabling Act, the District Board has caused a study of the feasibility and benefits of the projects relating to certain public infrastructure provided for in the General Plan of the District and to be financed with proceeds of the sale of a portion of such bonds, such study having been prepared by or on behalf of the District and including a description of certain public infrastructure to be acquired and all other information useful to understand the projects, a map showing, in general, the location of the projects, the costs of constructing the projects, an estimate of the cost to acquire, operate and maintain the projects, a map or description of the area to be benefited by the projects, and a plan for financing the projects (the "*Feasibility Report*"). A public hearing on the Feasibility Report was held June 19, 2007, after provision of publication of notice of the hearing as provided by law, and, pursuant to the Enabling Act and a resolution adopted on June 19, 2007, the Feasibility Report was ratified and approved in all respects.

(d) The District Board has determined to authorize the issuance of the general obligation bonds described herein (the "*Bonds*") to provide funds for any and all of the public infrastructure purposes provided for in the Enabling Act, the Development, Financing Participation and Intergovernmental Agreement No. 1 by and among the District, the Town of Buckeye, Arizona (the "*Town*") and 10,000 West, LLC, Pulte Home Corporation (the "*Company*") (the "Development Agreement") recorded on April 22, 2005 at docket number 2005-0523800 in

the office of the Maricopa County Recorder and the Feasibility Report, to the extent authorized in the Election. Upon issuance of the Bonds, the District Board (1) shall enter in its minutes a record of the Bonds sold and their numbers and dates and (2) shall levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is defined in the Indenture referred to below) when due.

(e) Pursuant to the Enabling Act, the District has also determined to enter into an Indenture of Trust and Security Agreement, dated as of September 1, 2007 or such other date as set forth in the Purchase Contract for the sale of the Bonds (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.

(f) There have been presented in connection herewith (1) the proposed form of the Indenture, (2) the proposed form of the Purchase Contract relating to the Bonds (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 Preliminary Limited Offering Memorandum relating to the Bonds, dated the date thereof (the "*Preliminary Limited Offering Memorandum*"), and which, with such completions and changes as may be necessary will constitute the form of the Final Limited Offering Memorandum for the Bonds (the "*Final Limited Offering Memorandum*"), and (4) a Letter of Representations, dated the date of initial delivery of the Bonds, by and between the District and The Depository Trust Company. (The documents described in Clauses (1) through (4), inclusive, are referred to, collectively, as the "*Bond Documents*".)

(g) The District Board hereby finds and determines that (1) the amount of indebtedness evidenced by the Bonds does not exceed the estimated cost of the public infrastructure improvements plus all costs connected with the public infrastructure purposes and issuance and sale of the Bonds to be financed therewith as indicated in the Feasibility Report and (2) the total aggregate outstanding amount of the Bonds and bonds previously issued does not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is acquired by the District with proceeds of the Bonds all as provided in the Enabling Act.

(h) The District Board hereby finds and determines further that the Bonds are not being sold in a public offering for purposes of the Enabling Act and all other purposes.

2. **Approval of Issuance and Sale of Bonds**. The Bonds are hereby authorized to be issued as a series of general obligation bonds of the District to be designated "Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007". The Bonds shall be issued in an aggregate principal amount of $1,650,000, shall be in fully registered form only, shall be dated as of their date of initial issuance and shall bear interest at rates and mature on the dates and in the amounts as may be approved by

the Chairman or the District Manager and set forth in the Purchase Contract. The average interest rate on the Bonds shall not exceed the rate authorized in the ballot approved at the Election and the final maturity of the Bonds shall be no later than July 15, 2032. The Bonds shall be subject to redemption prior to maturity as may be approved by the Chairman or the District Manager and set forth in the Purchase Contract and shall bear such other terms and provisions as set forth in the Indenture. The Bonds shall be sold to the Underwriter pursuant to the Purchase Contract. As a condition to the execution and delivery of the Bonds, there shall be executed and delivered the Bond Documents in substantially the same form as presented herewith with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the Chairman or the District Manager.

3. **Forms, Terms and Provisions and Execution and Delivery of Bonds**. The forms, terms and provisions of the Bonds provided for in the Indenture, be and they hereby 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, if appropriate, each is hereby authorized to execute and deliver them.

4. **Forms, Terms and Provisions and Execution and Delivery of Bond Documents.** The forms, terms and provisions of the Bond Documents in substantially the forms of the Bond Documents (including the exhibits thereto) presented at the meeting at which this Resolution is adopted, are hereby approved, with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the officers authorized to execute the Bond Documents, which approval will be conclusively demonstrated by the execution thereof, and the Chairman (or any other member of the District Board in the event the Chairman is absent or such signature cannot be obtained), the District Manager and the District Clerk or any of such officers are hereby authorized to execute the appropriate Bond Documents.

5. **Authorization to Execute and Deliver Order to Trustee**. The District Manager 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.

6. **Other Actions Necessary**. The Chairman (or any other member of the District Board in the event the Chairman is absent or unable to take the desired action), the District Manager, the District Clerk and the officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Bond Documents and the Final Limited Offering Memorandum, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and delivery of the Bonds.

7. **Distribution of Disclosure Documents**. The Preliminary Limited Offering Memorandum is hereby deemed final for all purposes of SEC Rule 15c(2)(12), its distribution by the Underwriter is hereby authorized and approved, and the District Manager or any member of the District Board is hereby authorized and directed to complete, execute and deliver the Final Limited Offering Memorandum in substantially the form presented at the meeting at which this Resolution was adopted, with such completions and changes as may be acceptable to such District Manager or member of the District Board, and the distribution and use of the Final Limited Offering Memorandum by the Underwriter is hereby approved.

8. **Tax Levy**.

(a) For each year while any Bond is outstanding, the District Board shall annually levy and thereafter forward to Maricopa County for collection an ad valorem tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from any sources authorized in the Enabling Act and provided for under the Bond Documents, to pay Debt Service when due.

(b) Moneys derived from the levy of the tax provided for in this Section when collected and allocated to the Bonds constitute funds to pay Debt Service and shall be deposited in the Bond Fund for the Bonds and shall be kept separately from other funds of the District.

(c) The District Board shall make annual statements and estimates of the amount to be raised to pay Debt Service on the Bonds and such other costs of the District as are permitted under "public infrastructure purposes" as provided in the Enabling Act. The District Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The District Board, on or before the date set by law for certifying the annual budget of the Town, shall fix, levy and assess the amounts to be raised by ad valorem taxes of the District and shall cause certified copies of the order to be delivered to the Board of Supervisors of Maricopa County, Arizona, and to the Department of Revenue of the State. All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this 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 as incurring a charge upon the general credit of the Town nor shall the breach of any agreement contained herein, in the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Town.

10. **Appointment of Trustee, Registrar and Paying Agent**. Wells Fargo Bank, N.A. is hereby confirmed as Trustee, Registrar and Paying Agent for the purpose of the Indenture and as the Depository for the purposes of the Depository Agreement.

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.

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 hereof.

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

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

PASSED by the District Board of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) on July 17, 2007.

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

Bobby Bryant
Chairman, District Board

ATTEST:

Linda Hansen
District Clerk

APPROVED AS TO FORM:

Scott Ruby
Bond Counsel

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 July 17, 2007, and that a quorum was present thereat and that the vote thereon was 6 ayes and 0 nays; 1 did not vote or were absent.

Linda Hansen
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)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

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THIS INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of October 1, 2007 (this "*Indenture*"), from 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 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*"),

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*"), the district board of the Issuer (the "*Board*") caused a general obligation bond election to be held on May 25, 2005 (the "*Election*"), submitting to those persons who were then qualified to vote pursuant to the Enabling Act the question of authorizing the Board to issue general obligation 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 District filed with the Town Clerk of the Town of Buckeye, Arizona on April 19, 2005 (the "*General Plan*"); and

WHEREAS, the issuance of $175,000,000 general obligation bonds was approved at the Election, and the Board previously authorized, issued and sold $800,000 principal amount of its District General Obligation Bonds, Series 2006 (the "*Series 2006 Bonds*"); and

WHEREAS, pursuant to the Enabling Act, the Board has caused a report of the feasibility and benefits of the projects relating to certain public infrastructure provided for in the Issuer's General Plan and to be financed with proceeds of the sale of a portion of such bonds, to be prepared by or on behalf of the Issuer, including a description of certain public infrastructure to be constructed and all other information useful to understand the projects, a map showing, in general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, a map or description of the area to be benefited by the projects, a schedule for completion of the projects, a map or description of the area to be benefited by the projects, and a plan for financing the projects (the "*Report*"); and

WHEREAS, pursuant to a resolution of the Board adopted on July 17, 2007 (the "*Bond Resolution*"), the Board (1) has authorized the issuance of the general obligation bonds described herein (the "*Bonds*" or "*Series 2007 Bonds*") to provide additional funds for any and all of the public infrastructure purposes provided for in the Enabling Act and in the Report to the extent authorized in the Election and (2) has entered in its minutes a record of the Bonds sold and their numbers and dates and levied and caused an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the Issuer sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is hereinafter defined) when due; and

WHEREAS, pursuant to the Enabling Act and Section 9-500.05, Arizona Revised Statutes, as amended, the Town of Buckeye, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Municipality*"), the Issuer and 10,000 West, L.L.C. and Pulte Home Corporation (collectively the "*Owner*") have entered into a Development, Financing Participation and Intergovernmental Agreement No. 1 (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, with regard to the property which makes up the real property included within the boundaries of the Issuer, the Municipality, the Issuer and the Owner have specified some of such matters in the Development Agreement, particularly matters relating to the acquisition and construction of certain public infrastructure by the Issuer and the acceptance thereof by the Municipality, all pursuant to the Enabling Act; 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, by adoption of the Bond Resolution, the Board has 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 hereof; 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 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, except as otherwise provided herein, to secure 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, remise, 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

Any and all property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by the Issuer or by anyone on its behalf (and the Trustee is hereby authorized to receive the same at any time as additional security hereunder), which subjection to the lien and security interest hereof of any such property as additional security may be made subject to any reservations, limitations, or conditions which shall be set forth in a written instrument executed by the Issuer or the person so acting on its behalf or by the Trustee respecting the use and disposition of such property or the proceeds thereof;

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, remised, 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 trusts 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 I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions. For all purposes of this Indenture, 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 5.03.

"Act" when used with respect to any Bondholder or Bondholders has the meaning stated in Section 1.02.

"Authorized Denomination" means $5,000 and integral multiples thereof.

"Beneficial Owner" means the purchaser of a beneficial ownership interest in the Bonds, as recorded by entries in the books and records of the Securities Depository and its Participants.

"Board" means the 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 5.01.

"Bond Register" has the meaning stated in Section 3.04.

"Bond Resolution" means the Board Resolution adopted on July 17, 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, being the Issuer's $1,535,000 District General Obligation Bonds, Series 2007.

"Book-Entry Bonds" means the Bonds which are registered pursuant to the Book-Entry-Only System.

"Book-Entry-Only System" means the system of registering all of the Bonds in the name of the Securities Depository or its designee and reflecting the interests of the Beneficial Owners on the books of the Securities Depository and its Participants as described in Section 3.04B.

"Broker Dealer" means "broker," "dealer" or "municipal securities dealer" as those terms are defined in the Securities Exchange Act of 1934, as amended.

"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 Securities Depository or its agent, for the benefit of the initial purchaser thereof in exchange for the purchase price thereof.

"Code" means the Internal Revenue Code of 1986, as amended and in force and effect on the Closing Date and the regulations and rulings promulgated pursuant thereto.

"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 as described in the Report.

"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, legal fees and charges, insurance 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, and charges and fees in connection with the foregoing as well as costs relating to the Election.

"Debt Service" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds when due either at Stated Maturity or redemption in advance of Stated Maturity; (ii) fees and costs of registrars, trustees, paying agents or other agents necessary to handle the Bonds; (iii) amounts due with regard to Rebate; and (iv) fees and costs incurred in connection with complying with any undertaking to provide continuing secondary market disclosure if entered into by the Issuer with respect to the Bonds.

"Defaulted Interest" has the meaning stated in Section 3.07.

"Direct Participant" means those broker-dealers, banks and other financial institutions from time to time for which the Securities Depository holds Bonds as a securities depository.

"District Clerk" means the Town Clerk of the Municipality acting in the capacity of District Clerk.

"District Manager" means the Town Manager of the Municipality acting in the capacity of District Manager.

"DTC" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"Election" means the election of the Issuer held on May 25, 2005, to authorize the issuance of the Bonds.

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

"Governmental Obligations" means (1) direct obligations of, or obligations the timely payment of principal of is fully and unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable 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 and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in clause (1) are not available to satisfy any other claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, 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, for purposes of Section 6.02, only if such obligations are non-callable prior to the Maturity of the Bonds or (3) REFCORP STRIPS as defined in "Permitted Investments". Governmental Obligation also includes for purposes other than Section 6.02, a "no load," open-end management investment company or trust (mutual fund), registered with the federal 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, 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-1" or better.

"Holder" when used with respect to any Book-Entry Bond means Cede & Co. (DTC's partnership nominee) or, with respect to any other Bond, means 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 a person on whose behalf a Direct Participant directly or indirectly holds an interest in the Bonds through the Book-Entry-Only System.

"Interest Payment Date" means each January 15 and July 15 commencing January 15, 2008.

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

"Issuer Representative" means the Chairman or Vice Chairman of the Board or the District Manager or District Clerk, or any person designated in writing by any of the foregoing to act as Issuer Representative.

"Issuer Request" means a written request signed in the name of the Issuer by an Issuer Representative and delivered to the Trustee.

"Maturity" when used with respect to any Bond means 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.

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

"Municipality" means the Town of Buckeye, Arizona.

"Officer's Certificate" means a certificate signed by the District Manager and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel who may (except as otherwise expressly provided in this Indenture) 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 federal income tax law, shall be a Bond Counsel 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" when used with respect to Bonds means, 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 in advance of their Stated Maturity, notice of such redemption has been duly given pursuant to this 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 this Indenture;

(4) Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in Section 3.06; 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 6.02.

"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 3.06 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.

"Participants" means, collectively, the Direct Participants and Indirect Participants of the Securities Depository.

"Paying Agent" means any 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, 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 which at the time of investment are legal investments under the laws of the State for the money proposed to be invested herein:

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:

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 registered with the federal 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, including funds which the trustee or its affiliates provides investment advisory services.

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 having 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 unless 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. Repos 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 repo contract must include the following:

a. Securities which are acceptable for transfer are:

(1) Direct U.S. government, or

(2) Federal agencies backed by the full faith and credit of the U.S. government.

b. The term of the repo may be up to 180 days

c. The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not 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 repo plus accrued interest. If the value of securities held as collateral falls 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. Repo 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.

(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 in the City of Phoenix, Arizona of the Paying Agent.

"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 3.06 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.

"Principal Payment Date" means the date on which principal of the Bonds is due either at Stated Maturity or redemption in advance of Stated Maturity.

"Qualified Investor" means a qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended or an accredited investor as defined in Rule 501 of Regulation D of the United States Securities Exchange Commission, who executes the Certificate of Qualified Investor set forth in Section 2.02 hereof.

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

Rebate" means the payment system established by Section 148 of the Code with respect to certain arbitrage earnings by a political subdivision on amounts treated as the proceeds of certain obligations of such political subdivision and shall include all costs and expenses incurred in connection with, and allocable to, determining the amount due pursuant to such system including those provided for in Section 10.06 hereof.

"Rebate Consultant" means an accounting firm or law firm or another person or firm with knowledge of or experience in advising bond trustees with respect to Rebate appointed by the Issuer.

"Rebate Fund" means the fund of the Issuer so defined in Section 10.06.

"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 hereof.

"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 terms thereof and hereof.

"Regular Record Date" for the interest payable on the Bonds on any Interest Payment Date means the first (1st) day (whether or not a Business Day) of the calendar month of such Interest Payment Date.

"Representation Letter" means the letter agreement between the Issuer and the Securities Depository specifying or referring to the procedures applicable to bonds of the Issuer, including the Bonds, in the Book-Entry-Only System.

"Responsible Officer" means the chairman or vice chairman of the board of directors of the relevant entity, 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, or any entity succeeding to the duties and obligations thereof.

"Series 2007 Bonds" has the same meaning as "Bonds".

"SMMP" means a "Sophisticated Municipal Market Professional", as such term is defined by the Municipal Securities Rulemaking Board ("MSRB") and without limiting the definition used by the MSRB, generally means a corporation, partnership, trust or other institution, other than a natural person, with total assets of at least $100 million invested in municipal securities in the aggregate in its portfolio and/or under management and whom the broker dealer who is involved in the sale of the Bonds or beneficial interest therein has reasonable grounds to believe: (i) has timely access to available material facts pertaining to the Bonds, (ii) is capable of independently evaluating the investment risk and market value of the Bonds, and (iii) is making independent decisions about its ownership of the Bonds.

"Special Record Date" has the meaning stated in Section 3.07.

"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.

"Trustee" 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" shall mean such successor Trustee.

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

Section 1.02. 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 of this Indenture and conclusive in favor of the Issuer and (subject to Section 8.01) 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 for such Bonds.

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 1.03. 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 by this Indenture 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 W. Washington Street, 22nd Floor, Phoenix, Arizona 85003, Attention: Corporate Trust Services 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 Festival Ranch Community Facilities District c/o Town of Buckeye, Arizona, 100 North Apache, Suite A, Buckeye, AZ 85326, Attention: District Manager, 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 1.04. 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 an 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, an officer or 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 under this Indenture, they may, but need not, be consolidated and form one instrument.

D. Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided 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 1.05. 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 1.06. Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 1.07. Severability Clause. In case any provision in this Indenture 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 1.08. Benefits of Indenture. Nothing herein or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successor hereunder, and the Holders of Outstanding Secured Bonds, any benefit or any legal or equitable right, remedy, or claim under this Indenture.

Section 1.09. Governing Law. This Indenture shall be construed in accordance with and governed by the laws of the State and the federal laws of the United States of America.

Section 1.10. Notice of Section 38-511, Arizona Revised Statutes, As Amended. 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.

Section 1.11. Business Days. If the specified date for any payment, submission, certification, determination or other action shall be other than a Business Day, then such payment, submission, certification, determination or other action may be made or done on the next succeeding day which is a Business Day without, in the case of any payment, additional interest (except in the event of moratorium) and with the same force and effect as is if made or done on the specified date.

ARTICLE II

FORM OF BONDS

Section 2.01. 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 by this Indenture, 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 2.02. Form of Bonds. The Bonds shall be in the following form:

[FORM OF FACE OF BOND]

REGISTERED REGISTERED

No. R-_____ $_____

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.

[UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE (1) IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER OF A PRINCIPAL AMOUNT OF $100,000 OR MORE PURSUANT TO THE RULES AND REGULATIONS APPLICABLE TO SALES TO "SOPHISTICATED MUNICIPAL MARKET PROFESSIONALS" OR (2) IN CONNECTION WITH A SALE OR TRANSFER TO A QUALIFIED INVESTOR UPON RECEIPT BY THE HEREINAFTER DESCRIBED TRUSTEE OF A "QUALIFIED INVESTOR LETTER" IN THE FORM INCLUDED IN THIS BOND.] [1]

UNITED STATES OF AMERICA
STATE OF ARIZONA

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

INTEREST RATE	MATURITY DATE	ORIGINAL DATED DATE	CUSIP NO.:
_____%	_____	_____, 2007	_____

REGISTERED OWNER

PRINCIPAL AMOUNT

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 (the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner"

[1] Insert bracketed language in Bonds until otherwise required as provided in Section 3.04(F).

specified above or registered assigns (the "*Holder*"), on the "Maturity Date" specified above unless earlier redeemed as provided herein, 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 Dated 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 defined in the hereinafter described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 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 is defined in the Indenture) payable on the Bonds (as such term is hereinafter defined) shall be paid to CEDE & Co. or its registered assigns in same-day funds no later than the time established by The Depository Trust Company (the "*Depository*") on the date due (or in accordance with then existing arrangements between the Issuer and the Depository).

If the specified date for any such payment shall be 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 designated corporate trust office of Paying Agent is located then such payment may be made on the next succeeding day which is not one of the foregoing days 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.

Neither the full faith and credit nor the general taxing power of the Town of Buckeye, Arizona, or the State of Arizona or any political subdivision thereof (other than the Issuer) 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.

This bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (the "*Bonds*"), issued and to be issued in one series under, and all equally and ratably secured, with the limitations described herein, by 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 (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. The Bonds are authorized to be issued by a resolution of the District Board of the Issuer adopted on July 17, 2007 (the "*Bond Resolution*"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*").

The Bonds are payable, equally and ratably with such other obligations of the Issuer payable from such sources as may be outstanding from time to time and to the extent provided in the

Bond Resolution, from the proceeds of an *ad valorem* tax, unlimited as to rate or amount, to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer sufficient together with any other moneys from sources available pursuant to the Enabling Act to pay debt service on the Bonds when due.

Notwithstanding any provisions 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 (as such term is defined in the Indenture) sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of $5,000 and any integral multiples thereof.

Optional Redemption. The Bonds maturing on and after July 15, 2022, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2017, as a whole or in part, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the 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 Redemption Date but without premium.

Mandatory Redemption. The Bonds maturing on July 15, 2012, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the 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 Redemption Date but without premium.

Redemption Date (July 15)	Principal Amount
2008	$50,000
2009	30,000
2010	30,000
2011	35,000
2012 (maturity)	35,000

The Bonds maturing on July 15, 2016 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2013	$40,000
2014	35,000
2015	40,000
2016 (maturity)	45,000

The Bonds maturing on July 15, 2022 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2017	$15,000
2018	15,000
2019	15,000
2020	15,000
2021	20,000
2022 (maturity)	20,000

The Bonds maturing on July 15, 2032 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2017	$ 30,000
2018	30,000
2019	35,000
2020	40,000
2021	40,000
2022	40,000
2023	65,000
2024	65,000
2025	70,000
2026	75,000
2027	80,000
2028	85,000
2029	85,000
2030	95,000
2031	100,000
2032 (maturity)	160,000

Whenever Bonds, are redeemed (other than pursuant to mandatory redemption) or are delivered to the Trustee for cancellation, the principal amount of the Bonds of such maturity so retired shall satisfy and be credited against the mandatory redemption requirements for such maturity on a pro rate basis, to the extent practicable provided, however, that each remaining mandatory payment shall be in an amount which is an Authorized Denomination.

Upon any partial redemption of any Bond, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same maturity in authorized form for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds are to be redeemed, the particular Bonds of a maturity to be redeemed shall, unless otherwise provided herein, be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds of such maturity or, as applicable, which have not previously been called for redemption, by lot and the Trustee may provide for the selection for redemption of portions (equal to an Authorized Denomination) of the principal of Bonds.

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 the Depository or a nominee thereof, this Bond may be transferred in whole but not in part only to the Depository or a nominee thereof or to a successor depository 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 an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository 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 Owners; (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 the Depository as Owner.

The Owner of this bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

The liability of the Issuer and obligations of the Issuer pursuant to the Indenture with respect to all or any portion of the Bonds may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Indenture.

No covenant or agreement contained in the Bonds, the Indenture or in the Bond Resolution shall be deemed to be the covenant or agreement of any elected or appointed official, officer, agent, servant or employee of the Issuer in his or her individual capacity or of any officer, director, agent, servant or employee of the Trustee or the Owner in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Terms used, but not defined, herein have the meanings set forth in the Indenture. Copies of the Bond Resolution and Indenture are on file at the designated office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the terms and source of payment and security for the Bonds, the limited liability of the Issuer, the custody and application of the proceeds of the Bonds, the rights and remedies of the Owners of the Bonds, amendments, and the rights, duties and obligations of the Issuer and the Trustee, to all of which the Owner hereof, by acceptance of this bond, assents.

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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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. [Notwithstanding any other provision of this bond to the contrary, but except as otherwise provided in Section 3.04(F) of the Indenture, this bond is nontransferable unless the transferee or transferees provide the Trustee a completed certificate of qualified investor in the form included in this Bond.][2]

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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) 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 Bond Resolution or the Indenture or be valid or obligatory for any purpose.

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[2] Insert bracketed language in Bonds until otherwise required as provided in Section 3.04(F).

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 in order to render the same a legal, valid, and binding general obligation of the Issuer have been performed, exist and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the bonds does not exceed any constitutional or statutory limitation. 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 and the federal laws of the United States of America.

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

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By _____
Chairman

ATTEST:

_____
District Clerk

Dated _____

[The following certificate shall be required only to the extent required by Section 3.04(F) of the Indenture.]

["CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL"]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Wells Fargo Bank, N.A., as Trustee

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) District General Obligation
Bonds, Series 2007

1. Please be advised that the undersigned is purchasing one of the captioned bonds or an interest therein (hereinafter referred to as the *"Bonds"*), such Bond being in the original aggregate principal amount of $_____, bearing the number _____. Such purchase is solely for the account of the undersigned or for accounts managed by the undersigned, for the purpose of investment and not with an intent for distribution or resale.

2. The undersigned acknowledges that it is a "Qualified Institutional Buyer" as such term is defined in Rule 144A of the Securities Act of 1933, as amended, with total assets of at least $100 million invested in municipal securities in the aggregate in its portfolio and/or under management.

3. In the event that the undersigned transfers such Bond or any part thereof, the undersigned agrees that such transfer shall be through a "broker," or to a "dealer" or "municipal securities dealer," as those terms are defined in the Securities Exchange Act of 1934.

4. The undersigned acknowledges that it received the Limited Offering Memorandum dated September 13, 2007 related to the Bonds.

5. The undersigned understands that: (i) the Bonds are not being registered under the Securities Act of 1933, as amended, (ii) the Bonds 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) any transfer of the Bonds must comply with federal and state securities laws, (iv) the broker or dealer must sell the Bonds, or interests therein, to sophisticated municipal market professionals, (v) the Bonds will not be listed on any stock or other securities exchange, and (vi) the Bonds will not carry any bond rating from any rating service.

6. The undersigned had access to all information regarding the Bonds and the Issuer that the undersigned deemed material in connection with its evaluation of and decision to purchase the Bonds. The undersigned acknowledges that the undersigned has not requested and none of the Issuer, the Town of Buckeye, Arizona, or their respective officials, officers, directors, council members, advisors, employees and agents has undertaken to furnish information to the undersigned from any third party in connection with investment in the Bonds.

7. This letter and all rights and responsibilities described in it shall be governed by, and interpreted in accordance with, the laws of the State of Arizona. The federal and state courts of the State of Arizona shall have sole and exclusive jurisdiction over any dispute arising from the purchase and sale of the Bonds.

____
(PURCHASER)

By__________________________________
Printed Name: __________________________
Title: ________________________________

- -

["CERTIFICATE OF QUALIFIED INVESTOR"]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) District General Obligation
Bonds, Series 2007

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in case the bonds are held by a securities depository, one of the captioned bonds (hereinafter referred to as the "*Bonds*"), such Bond, or beneficial interest therein, being in the original aggregate principal amount of $_______, bearing the number ___________. Such purchase is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (hereinafter referred to as the "*Indenture*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned acknowledges that it is one of the following:

(i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the

U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5,000,000;

(iv) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000 and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth;

(v) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with the person's spouse in excess of $300,000 in each of those years and who reasonably expects reaching the same income level the current year and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth; or

(vi) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i), (ii), (iii), (iv) or (v) above.

Collectively, the purchasers meeting one or more of the criteria set forth above shall be referred to as a "Qualified Investor".

4. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bond or an interest therein, and agrees to hold the Issuer and the Town of Buckeye, Arizona (hereinafter referred to as the "Town"), harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such failure to comply.

5. The undersigned acknowledges that the undersigned has had an opportunity and has obtained all information necessary and has evaluated the factors associated with its investment decision and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including but not limited to, limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the owners of land in the District, failure or inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays and the probable lack of any secondary market for the Bonds. The undersigned acknowledges that it is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The undersigned is not relying on the Issuer or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

6. 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, and (v) are not likely to be readily marketable.

7. The undersigned acknowledges that the Issuer, the Town and the respective officers, directors, council members, advisors, employees and agents of either of the foregoing have not undertaking to furnish, nor has the undersigned requested, any other information or to ascertain the accuracy or completeness of any other information that may have been furnished by any other party.

_____
[PURCHASER]

By_____
Printed Name:_____
Title:_____

[END OF FORM OF BOND]

Section 2.03. 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 2.04. 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 - _____ (Custodian)
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 **[,subject to the transfer restrictions described in the within Bond,]**[3], subject to the transfer restrictions described in the within Bond, 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 book kept for registration thereof, with full power of substitution in the premises.

DATED: _____

_____

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.

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.

[3] Insert bracketed language in the Bonds only and until otherwise required as provided in Section 3.04(F)

ARTICLE III

TERMS AND ISSUANCE OF THE BONDS

Section 3.01. Title and Terms.

A. There shall be one Series of Bonds issued and secured hereunder entitled "FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007" dated October 3, 2007.

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 $1,535,000 and the Stated Maturities, the principal amounts thereof maturing thereon, and the rates of interest the Bonds so maturing shall bear shall be as follows:

YEAR (July 15)	PRINCIPAL AMOUNT	INTEREST RATE	DESIGNATION
2012	$ 180,000	4.650%	Term Bond
2016	160,000	5.000%	Term Bond
2022	100,000	5.500%	Term Bond
2032	1,095,000	5.800%	Term Bond

D. The Bonds shall bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from and including October 3, 2007, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each January 15 and July 15 commencing January 15, 2008 (herein each referred to as an "*Interest Payment Date*").

E. (i) So long as the Book-Entry-Only System is in effect, principal of or Redemption Price on any Bond shall be paid when due to the Securities Depository pursuant to the procedures established therefor pursuant to the Representation Letter.

(ii) If the Book-Entry-Only System is not in effect 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 3.07.

Section 3.02. Redemption of Bonds.

(1) **Optional Redemption**. The Bonds maturing on and after July 15, 2022, shall be redeemable from funds of the Issuer at the option of the Issuer, prior to their Stated Maturity in accordance with Article IV in whole or in part on any date on or after July 15, 2017 upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the 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 Redemption Date but without premium.

(2) (a) The Bonds maturing on July 15, 2012 shall be redeemed from funds of the Issuer prior to their Stated Maturities in accordance with Article IV on the following Redemption Dates and in the following amounts upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which consists 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, but without premium:

Redemption Date (July 15)	Principal Amount
2008	$50,000
2009	30,000
2010	30,000
2011	35,000
2012 (maturity)	35,000

(b) The Bonds maturing on July 15, 2016 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2013	$40,000
2014	35,000
2015	40,000
2016 (maturity)	45,000

(c) The Bonds maturing on July 15, 2022 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2017	$15,000
2018	15,000
2019	15,000
2020	15,000
2021	20,000
2022 (maturity)	20,000

(d) The Bonds maturing on July 15, 2032 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2017	$ 30,000

2018	30,000
2019	35,000
2020	40,000
2021	40,000
2022	40,000
2023	65,000
2024	65,000
2025	70,000
2026	75,000
2027	80,000
2028	85,000
2029	85,000
2030	95,000
2031	100,000
2032 (maturity)	160,000

(3) Whenever Bonds, are redeemed (other than pursuant to mandatory redemption) or are delivered to the Trustee for cancellation, the principal amount of the Bonds of such maturity so retired shall satisfy and be credited against the mandatory redemption requirements for such maturity on a pro rate basis to the extent practicable, provided, however, that each remaining mandatory redemption requirements shall be in an Authorized Denomination.

Section 3.03. 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 of this Indenture, 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 hereof and the authentication and delivery of the Bonds, and

(2) the purchase price for the Bonds specified in the Bond Purchase Agreement.

C. At any time and from time to time after the execution and delivery of this Indenture, 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 in this Indenture.

D. No Bond shall be entitled to any right or benefit under this Indenture, 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 2.03, 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.

F. The Bonds shall constitute general obligations of the Issuer. The Bonds shall be payable from (i) the proceeds of ad valorem property taxes imposed each year upon all taxable property in the Issuer without limit as to rate or amount, (ii) any revenue derived directly or indirectly from the enforcement of the collection of such taxes, and (iii) all moneys and earnings thereon held in the Funds or accounts herein created under the terms hereof (except the Rebate Fund).

Section 3.04. Registration, Transfer and Exchange.

A. Bond Register. 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.

B. Book-Entry-Only System.

(i) The Bonds shall be initially executed and delivered in the form of a separate, single, authenticated, fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial execution, authentication, and delivery, the ownership of the Bonds shall be registered in the Bond Register in the name of CEDE & Co., as nominee of DTC, the Securities Depository for the Bonds. The Trustee, the Paying Agent and the Issuer may treat the Securities Depository (or its nominee) as the sole, exclusive, and absolute owner of the Bonds registered in its name for all purposes, whether or not such Bond shall be overdue (including, without limitation, receiving payment of the principal, premium, if any, and interest on the Bonds, selecting Bonds or portions thereof to be redeemed, giving any notice required or permitted to be given to Bondholders hereunder, registering the transfer of Bonds, obtaining any consent from the Bondholders, and providing for any other action to be taken by the Bondholders hereunder), and none of the Trustee, the Paying Agent or the Issuer shall be affected by any knowledge or notice to the contrary. So long as the Bonds are registered in the name of a Securities Depository, including DTC, or its nominee, including CEDE & Co., payment of the principal of, premium, if any, purchase price of, and interest on such Bonds shall be made only to the Securities Depository or its nominee as such Holder, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid. None of the Paying Agent, the Trustee or the Issuer shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in a Bond under or through the Securities Depository or any Participant, or any other person which is not shown in the Bond Register as being a Holder, with respect to: the accuracy of any records maintained by the Securities Depository or any Participant; the payment by the Securities Depository or any Participant of any amount in respect of the principal of, premium, if any, purchase price of, or interest on the Bonds; any notice which is permitted or required to be given to Bondholders hereunder; the selection by the Securities Depository or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Securities Depository (or its nominee) as the Holder of the Bonds. Except under the conditions specified in subsection (C) of this Section 3.04, no person other than the Securities Depository shall receive authenticated Bonds. Upon delivery by the Securities Depository to the Paying Agent of written notice to such effect, the Securities Depository may substitute a new nominee in place

of any existing nominee and subject to the provisions herein with respect to Record Dates, the term "CEDE & Co." in this Indenture shall refer to such new nominee of the Securities Depository.

(ii) The Issuer shall enter into the Representation Letter with the Securities Depository in connection with the issuance of the Bonds, and while the Representation Letter is in effect, the procedures established therein shall apply to the Bonds notwithstanding any other provisions of this Indenture to the contrary. Any Issuer Representative is authorized to execute a Representation Letter or such other documents as may be necessary for the Issuer to participate in the Book-Entry-Only System of the Securities Depository.

(iii) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Securities Depository, or its nominee, all payments with respect to principal of, premium, if any, purchase price of, and interest on, such Bond, and all notices with respect to such Bond, shall be made and given, respectively, as provided in the Representation Letter.

(iv) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Issuer or the Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer, or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the incumbent Securities Depository, if any, notice of such record date not less than 15 calendar days in advance of such record date to the extent practicable.

C. Discontinuance of Book-Entry-Only System. In the event (i) DTC, or any successor as Securities Depository, determines not to continue to act as Securities Depository, or (ii) the Issuer determines that the incumbent Securities Depository shall no longer so act, and delivers a written certificate of an Issuer Representative to such incumbent Securities Depository, the Trustee and the Paying Agent to that effect, then the Issuer shall discontinue the Book-Entry-Only System with the incumbent Securities Depository. If the Issuer determines to replace the incumbent Securities Depository with another Securities Depository, the Issuer shall prepare or direct the preparation of replacement Bonds for the Bonds registered in the name of the incumbent Securities Depository, or its nominee, to be registered in the name of such successor Securities Depository, or its nominee, or make such other arrangements acceptable to the Issuer, the Paying Agent, the Trustee and the successor Securities Depository as are not inconsistent with the terms of this Indenture. If the Issuer fails to identify a successor Securities Depository to replace the incumbent Securities Depository, then the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the incumbent Securities Depository or its nominee, but shall be registered in whatever name or names the incumbent Securities Depository, or its nominee, shall designate in accordance with the provisions of Section 3.04D hereof. In such event the Issuer shall, at its expense, prepare, execute, and deliver a sufficient quantity of Bonds to the Trustee for authentication and delivery to carry out the transfers and exchanges provided in this Section and Section 3.04D hereof. All such Bonds shall be in fully registered form in Authorized Denominations.

D. If Book-Entry-Only System is Not in Effect. If, and so long as, the Book-Entry-Only System is not in effect, the following provisions shall apply.

(i) The Bonds shall be issued in the form of fully registered Bonds in Authorized Denominations. The interest on the Bonds shall be payable on the Interest Payment Dates by check mailed by the Paying Agent to the respective Holders thereof at their addresses as they appear on the applicable Record Date in the Bond Register, except that in the case of a Holder of $1,000,000 or more

in aggregate principal amount of Bonds, upon the written request of such Holder to the Paying Agent, received at least 10 days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Any such request shall remain in effect until revoked or revised by such Bondholder by an instrument in writing delivered to the Paying Agent. The principal of and premium, if any, on each Bond shall be payable on the Stated Maturity, as applicable, or on redemption prior thereto, upon surrender thereof at the office of the Paying Agent.

(ii) 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 any Authorized Denominations, and of a like aggregate principal amount as requested by the transferor.

(iii) At the option of the Bondholder, Bonds may be exchanged for other Bonds of any Authorized Denominations, and of like aggregate principal amount and Stated Maturity, 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.

(iv) All Bonds issued 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.

(v) 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.

(vi) 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.

(vii) 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 4.04 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.

E. Upon surrender for transfer of any Bond to a Paying Agent therefore in the Place of Payment, accompanied by such other documents as are required in the form of the Bond in Section 2.02 in connection with the transfer thereof to a Qualified Investor, 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.

F. The restrictions on transfer of the Bonds or any beneficial interest therein to SMMP's or Qualified Investors, included in the form of the Bonds in Section 2.02, shall not be applicable after receipt by the Trustee of (a) proof of: (i) a rating on the Bonds from a Rating Agency of "AAA" or "AA" or (ii) a rating on the Bonds from a Rating Agency of "A" or "BBB" and written

approval of the Issuer to the deletion of such restrictions, such approval to be granted by the Board in its sole discretion or (b) defeasance of the Bonds pursuant to this Indenture.

Section 3.05. 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, in 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 3.06. 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 Issuer Representative, 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, aggregate principal amount and Stated Maturity 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 which 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 to this Indenture 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 authorizing the Bonds and of this Indenture 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 3.07. Payment of Interest on Bonds; Interest Rights Preserved.

A. So long as the Book-Entry-Only System is in effect, interest on any Bond shall be paid when due to the Securities Depository pursuant to the procedures established therefor pursuant to the Representation Letter.

(i). 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 to the address of such Holder as the same appears on the Bond Register and such payment shall be deemed to be at the Place of Payment. Additionally, payment of interest (and payment of principal if provision for surrender of the Bonds is made with the Trustee) may also be made by wire transfer 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 Holder of Bonds 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 Owner 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.

(ii). 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.

iii. Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture 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 3.08. Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, replacement or conversion, and all Bonds, if 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 by 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 by this Indenture.

Section 3.09. 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 IV

REDEMPTION OF BONDS

Section 4.01. General Applicability of Article. The Bonds shall be redeemable before their Stated Maturity in accordance with Section 3.02 and this Article.

Section 4.02. Election to Redeem; Notice to Trustee. The exercise by the Issuer of its option to redeem any Bonds shall be evidenced by a Board Resolution. In case of any redemption at the election of the Issuer of less than all of the Outstanding Bonds of a series, 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 and maturities of the Bonds to be redeemed.

Section 4.03. Selection of Bonds to be Redeemed.

A. If less than all the Outstanding Bonds of a Stated Maturity of the Bonds are to be redeemed, the particular Bonds of such Stated Maturity of the Bonds, to be redeemed shall be selected not more 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, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to Authorized Denominations) of the principal of Bonds and provided that no Bonds

shall be redeemed if such redemption would result in such Bond being less than the minimum Authorized Denomination for such Bonds.

B. The Trustee shall promptly notify the Issuer in writing of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 4.04. Notice of Redemption.

A. Notice of redemption shall be given 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 of such series of the 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) 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 the approved central post office for continuing disclosure (on the date hereof *www.DisclosureUSA.org*), or if none, to all nationally recognized municipal securities information repositories.

E. 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 4.05. Deposit of Redemption Price and Interest. On or before the Business Day preceding the earliest date for mailing of the notice required by Section 4.04 with regard to any Redemption Date relating to Section 3.02(1), 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, uninvested, for the benefit of the Holders entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

Section 4.06. 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. 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 3.07.

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 4.07. Bonds Redeemed in Part. Except as otherwise provided under the Book-Entry-Only System, 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 the same Stated Maturity and of any Authorized Denomination or Denominations 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 V

FUNDS

Section 5.01. Bond Fund. There is hereby created by the Issuer and established with the Trustee, a special fund of the Issuer designated its "District General Obligation 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 5.02 and 7.04 hereof.

Section 5.02. Deposits to and Application of Bond Fund.

A. Upon receipt, the Issuer shall immediately deposit with the Trustee and the Trustee shall deposit to the credit of the Bond Fund:

(1) all amounts collected by or remitted to the Issuer as ad valorem taxes to the extent provided in Section 10.01(A) hereof, including collections of delinquent taxes; and

(2) such other funds as the Issuer shall, at its option deem advisable.

B. The Bond Fund shall be applied solely to pay Debt Service on the Bonds on the dates due in the amounts and order provided in Sections 3.01 and 3.02.

Section 5.03. Acquisition and Construction Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "General Obligation 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 5.04.

Section 5.04. Deposits to and Application of Acquisition and Construction Fund. The Issuer shall deposit to the credit of the Acquisition and Construction Fund the proceeds of the Bonds as provided in Section 5.05. Upon an Issuer Request, 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 such Issuer Request to pay Costs of Issuance and Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the Issuer as provided by Issuer Request to transfer such unexpended proceeds or income to the Bond Fund. On October 1, 2010 any amounts remaining in the Acquisition and Construction Fund shall be transferred to the Bond Fund.

Section 5.05. Disposition of Proceeds of Bonds. Simultaneously with delivery of the Bonds to the initial purchaser thereof, the Issuer shall cause the Trustee to deposit the proceeds thereof to the credit of the Acquisition and Construction Fund for the purposes described in Section 5.04.

Section 5.06. Investment of and Security for Funds.

A. Money held by the Trustee 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 shall, as nearly as may be practical, be continuously invested and reinvested by the Trustee in Permitted Investments as directed 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. 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 5.07. Reports by Trustee. As soon as possible after January 15 and July 15 of each year, the Trustee shall provide to the Issuer, the Original Purchaser and counsel to the Issuer (as identified by a certificate of the Issuer) the balances as of such date in each fund established hereunder.

Section 5.08. Repayment to the Issuer. Any amounts remaining in the funds or accounts established hereby after payment in full of the Bonds (or provision for such payment), the fees and expenses of the Trustee, the annual fees and all other amounts required to be paid hereunder (including payments into the Rebate Fund and to the United States of America) shall be paid to the Issuer.

ARTICLE VI

DEFEASANCE AND RELEASES

Section 6.01. Payment of Indebtedness; Satisfaction and Discharge of Indenture. Whenever

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

(1) Bonds for the payment of which money has theretofore been deposited in trust with the Trustee or a Paying Agent as provided in Section 4.05,

(2) Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.06, except for any such Bond which, prior to the satisfaction and discharge of this Indenture, 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,

(3) 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

(4) Bonds deemed no longer Outstanding as a result of the deposit or escrow of money or Governmental Obligations or both as described in Section 6.02; and

B. 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 and each co-trustee and separate trustee, if any,

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.

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

D. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer to the Trustee under Section 8.06 shall survive.

Section 6.02. 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 (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 $10,000,000, 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 4.03 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 6.03. Application of Deposited Money. Money or Governmental Obligations deposited with the Trustee pursuant to Section 6.02 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 4.03, 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 VII

DEFAULTS; REMEDIES

Section 7.01. 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 7.02. Suits for Enforcement; Mandamus.

A. The Trustee in its discretion, subject to the provisions of Section 7.11, 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 herein 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 Bondholders.

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, this Indenture, 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 this Indenture.

C. Notwithstanding the foregoing, no judgment or remedy obtained against the Issuer shall result in an acceleration of any amount owing on the Bonds prior to the actual due date.

Section 7.03. 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 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 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.

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 of this Indenture, 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 of this Indenture 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 7.04. 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 8.06;

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 so 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 7.05. 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 to the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 8.06.

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 7.06. Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims under this Indenture or 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 7.07. Unconditional Right of Bondholders to Receive Principal, Premium and Interest. Notwithstanding any other provision herein, 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), 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 hereof upon the Trust Estate, or any part thereof, as security for Bonds held by any other Bondholder.

Section 7.08. 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 7.09. 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 any 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 and the foreclosure of this Indenture, 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 8.06.

Section 7.11. Rights and Remedies of Bondholders. No Holder of any Bond has any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred nor unless such default has become an Event of Default and the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding has made written request to the Trustee and offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time (not to exceed 30 days) the powers herein granted, or to institute such action, suit or proceeding in its own name; it being understood and intended that no one or more Holders of the Bonds has the right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his, her or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the Holders of the Bonds then outstanding. Nothing contained in this Indenture shall, however, affect or impair the right of any Holder of a Bond to enforce payment, by the institution of any suit, action or proceeding in equity or at law, of the principal of, premium, if any or interest on any such Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds to the respective Holders of the Bonds at the time and place, from the source and in the manner herein and in the Bonds expressed. For purposes of this Section, so long as the Bonds are held by the Securities Depository pursuant to the Book-Entry-Only System hereof, the Trustee shall be permitted to accept direction from the Beneficial Owners of the Bonds, rather than the Bondholder, upon receipt by the Trustee of appropriate certification of such Beneficial Ownership.

Section 7.12. 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 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 Article IX 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 of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 7.13. Undertaking for Costs. All parties to this Indenture 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 under this 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; 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 the 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 7.14. 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 VIII

THE TRUSTEE

Section 8.01. Certain Duties and Responsibilities.

A. The Trustee undertakes to perform such duties and only such duties as are specifically set forth herein 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 of this Indenture; but in the case of any such certificates or opinions which by an 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 7.09B.

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 8.02. Certain Rights of Trustee. Except as otherwise provided in Section 8.01 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 by this Indenture 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 of this Indenture 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 10.05(B), an appropriate certificate of the Rebate Consultant;

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 by this Indenture at the request or direction of any of the Bondholders pursuant to this 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;

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 thorough 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 8.03. 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 8.04. 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 8.05. Money Held in Trust. Money held by the Trustee hereunder need not be segregated from other funds except to the extent required bylaw or the provisions of this Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

Section 8.06. 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 (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) 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 8.07. 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 $10,000,000, 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 8.08. 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 be come effective until the acceptance of appointment by the successor Trustee under Section 8.09.

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. The Trustee may be removed at any time by the Issuer by Board Resolution delivered to the Trustee and Paying Agent.

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 8.09. Acceptance of Appointment by Successor.

A. 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 8.06. 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, 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.

Section 8.11. Paying Agents; Appointment and Acceptance of Duties; Removal.

(A) The Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect of the Bonds.

(B) The Issuer may appoint one or more additional Paying Agents for the Bonds. Any such Paying Agent shall be a commercial bank or trust company organized under the laws of the United States of America or one of the states thereof. Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Issuer and the Trustee a written acceptance thereof. The Issuer may remove any Paying Agent (other than the Trustee) and any successors thereto, and appoint a successor or successors thereto; provided that any such Paying Agent designated by the Issuer shall continue to be a Paying Agent of the Issuer for the purpose of paying the principal of and interest on the Bonds until the designation of a successor as such Paying Agent. Each Paying Agent is hereby authorized to pay or redeem Bonds when (except as otherwise provided in the Book-Entry-Only System) duly presented to it for payment or redemption, which Bonds shall thereafter be delivered to the Trustee for cancellation.

ARTICLE IX

SUPPLEMENTAL INDENTURES; AMENDMENTS TO BOND RESOLUTION

Section 9.01. 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:

A. to correct or amplify the description of an 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 hereof, or to subject to the lien hereof additional property; or

B. 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

C. 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

D. to add to the covenants of the Issues for the benefit of the Holders of all of the Bonds; or

E. to cure any ambiguity, to correct or supplement any provisions 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 or the Bond Resolution, provided such action shall not adversely affect the interests of the Holders of the Bonds.

Section 9.02. 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 or such amendment, 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 or amendments to the Bond Resolution, for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions hereof 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 Bond Resolution, or the consent of Holders of which is required for any waiver provided for in this Indenture of compliance with certain provisions hereof 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 the Bond Resolution but it shall be sufficient if such Act shall approve the substance thereof.

Section 9.03. 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 8.01, 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 9.04. 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 of this Indenture 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 9.05. 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 X

COVENANTS

Section 10.01. Pledge and Levy of Taxes.

A. For each year while any Bond is Outstanding, the Board shall annually levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property of the Issuer, to pay Debt Service on the Bonds and to pay principal and interest on all outstanding general obligation bonds of the Issuer due for such year whether previously or hereafter issued ("*Parity Debt Service*") when due. For each year while any Bond is Outstanding, the Board shall levy a tax rate of at least $3.00 per $100 of secondary assessed valuation to pay such Debt Service and Parity Debt Service, provided, however, that the tax rate in any year may be less than $3.00 if such lower tax rate shall produce based on the then current secondary assessed valuation of the property within the boundaries of the Issuer secondary ad valorem tax revenues sufficient to pay in full the aggregate Debt Service on the Bonds and any Parity Debt Service.

B. The Issuer and the Trustee acknowledge that the Bonds and any other general obligation bonds of the Issuer heretofore or hereafter issued will be secured on a parity basis in the collection and application of property tax revenues of the Issuer and that such property taxes will be allocated to each series of general obligation bonds (i) so long as any Series 2007 Bonds are outstanding, in accordance with such series outstanding principal amount and (ii) thereafter, in accordance with such series Debt Service or Parity Debt Service then due and in either case, taking into account other funds held by the Issuer for such payment. Property tax revenues allocated for any series of bonds shall be deposited into the applicable fund or account set aside for such series.

C. Moneys to be applied to pay Debt Service derived from the levy of the tax provided for in Section 10.01(A) when collected constitute funds to pay Debt Service and shall be kept separately from other funds of the Issuer.

D. The Board shall make annual statements and estimates of the amount to be raised to pay Debt Service. The Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The Board, 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), shall fix, levy and assess the amounts to be raised by ad valorem taxes of the Issuer and shall cause certified copies of the order to be delivered to the Board of Supervisors of Maricopa County, Arizona, to the Department of Revenue of the State and to the Trustee. All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

Section 10.02. Payment of Debt Service.

A. The Issuer shall duly and punctually pay Debt Service in accordance with the terms hereof.

B. If the specified date for any such payment, or any payment required by Section 6.01, shall be other than a Business Day, then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest (except in the event of a moratorium) and with the same force and effect as if made on the specified date for such payment.

Section 10.03. 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 10.04. 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 hereof 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 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, 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 10.05. Further Assurances; Recording.

A. 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.

B. 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 10.06. Compliance with Federal Law.

A. The Issuer recognizes that the beneficial owners of the Bonds will have accepted the beneficial ownership thereof, 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 affects the exempt status of the interest income on the Bonds.

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 requirements set forth in the Tax Exemption Agreement and Certificate, delivered in connection with the delivery of the Bonds (the "*Tax Agreement*").

C. Any Issuer Representative is hereby authorized to execute on behalf of the Issuer the Tax Agreement and to make therein such elections as required by law 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. The Tax Agreement shall constitute a certification, representation and agreement of the Issuer and no investment shall be made of the proceeds of the Bonds herein authorized nor of the money in the account established hereunder in violation of the expectations and covenants prescribed by the Tax Agreement. The Tax Agreement shall constitute an agreement of the Issuer to follow certain covenants 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 as specified in the Tax Agreement.

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.

Section 10.07. No Personal Liability of Officials of the Issuer. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any elected or appointed official, officer, director, agent, servant or employee of the Issuer, the Trustee or Owner in his or her individual capacity and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 10.08. Partial Invalidity. If any one or more of the conditions, covenants, or terms contained herein or required herein to be observed or performed by or on the part of the Issuer, the Paying Agent or the Trustee shall be contrary to law, then such condition or conditions, such covenant or covenants, or such term or terms shall be null and void and shall be deemed separable from the remaining conditions, covenants, and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Bondholders shall retain all the benefit, protection, and security afforded to them hereunder and under all provisions of applicable law. The parties hereto declare that they would have executed and delivered this Indenture and each and every other article, section, paragraph, subdivision, sentence, clause, and phrase hereof and would have authorized the issuance and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses, or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable, or invalid.

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 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE), ARIZONA

By_____
District Chairman

ATTEST:

_____
District Clerk

WELLS FARGO BANK, N.A., as Trustee

By_____
Its_____

[redacted]

FILED
ARIZONA SECRETARY OF STATE
10/04/2007 09:46 AM
200715029420

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 - 166

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 $1,535,000 District General Obligation 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 money and investments held in the Bond Fund pertaining to the Bonds and established with the Trustee, but excluding any money in (or required to be deposited in) the Rebate Fund.

All of the Debtor's right, title and interest in and to any and all property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien and security interest by the Debtor or by anyone on its behalf, which subjection to the lien and security interest hereof of any such property as additional security may be made subject to any reservations, limitations or conditions which shall be set forth in a written instrument executed by the Debtor or the person so acting on its behalf or by the Secured Party respecting the use and disposition of such property or the proceeds thereof.

EXECUTION COPY

$1,535,000
FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT (TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

PURCHASE CONTRACT

September 13, 2007

District Board
Festival Ranch Community Facilities District
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 (hereinafter referred to as the "Underwriter"), acting not as agent or fiduciary for Festival Ranch Community Facilities District (hereinafter referred to as the "District"), but for and on behalf of the Underwriter, offers to enter into the following purchase contract (hereinafter referred to as this "Purchase Contract") with the District, which upon execution by the District shall be binding upon the District and the Underwriter. This offer is made upon the terms and conditions and the basis of the representations, warranties and agreements hereinafter set forth and is subject to acceptance by the District by execution and delivery of this Purchase Contract to the Underwriter on or before 5:00 p.m., Arizona time on the date hereof and, until so accepted, shall be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance hereof by the District.

In addition to acceptance of this Purchase Contract by the District as provided hereinabove, the obligations of the Underwriter and the District under this Purchase Contract shall be conditioned on the execution and delivery of the Indemnity Letter, dated the date hereof (hereinafter referred to as the "Indemnity Letter"), by Pulte Home Corporation (hereinafter referred to as "Pulte") attached as the Attachment hereto.

1. Purchase and Sale.

(a) The Underwriter shall purchase from the District, and the District shall sell to the Underwriter, all (but not less than all) of the "Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007" (hereinafter referred to as the "Bonds").

(b) The Bonds shall be dated the date of the Closing (as such term is hereinafter defined), shall be in the aggregate principal amount of $1,535,000, shall mature in the principal amounts on the dates or be redeemable, and shall bear interest at the rates with respect to each of such maturities, in each case as provided on the Schedule attached hereto. Interest on the Bonds shall be payable on January 15 and July 15 of each year, commencing January 15, 2008, and the Bonds shall have the other terms, all as provided in the Indenture of Trust and Security Agreement, to be dated as of October 1, 2007 (hereinafter referred to as the "Indenture"), from the District to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee"). The resolution adopted by the District Board of the District on July 17, 2007 (hereinafter referred to as the "Bond Resolution").

(c) The Bonds shall be purchased by the Underwriter for an aggregate purchase price of $1,488,950.00. The payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery of the Bonds is herein sometimes called the "Closing" and is to be on October 3, 2007, or on such other date, as well as at a time and place, as may be mutually agreeable to the Underwriter and the District. The District hereby expressly acknowledges that such purchase price, if the Bonds are sold to the public at the approximate prices or yields set forth on the Schedule attached hereto and on the inside front cover page of the Limited Offering Memorandum, dated the date hereof (together with all appendices thereto, and with such supplements and amendments thereto which are consented to in writing by the Underwriter, hereinafter referred to as the "Limited Offering Memorandum"), shall result in remuneration to the Underwriter of $46,050.00.

(d) Between the time of acceptance hereof and the Closing, the District shall not, without the prior written consent of the Underwriter, issue any bonds or securities other than the Bonds.

2. Matters Relating to Limited Offering Memorandum.

(a) The District approves, and consents to and authorizes the distribution and use by the Underwriter prior to the date hereof of, the Preliminary Limited Offering Memorandum, dated August 22, 2007 (together with all appendices thereto, hereinafter referred to as the "Preliminary Limited Offering Memorandum"), relating to the Bonds in connection with the limited distribution of the Bonds. The District has caused the Preliminary Limited Offering Memorandum to be prepared and deems the Preliminary Limited Offering

Memorandum "final" as of its date for purposes of Section 240.15c2-12(b)(1), General Rules and Regulations, Securities Exchange Act of 1934, as amended (the "Rule"), subject to completion with certain information to be established at the time of sale of the Bonds as permitted by the Rule as if the Rule applied to the issuance of the Bonds.

(b) As of the date thereof and at the time of the acceptance by the District hereof, the Preliminary Limited Offering Memorandum was true, correct and complete in all material respects and did not and does not, respectively, 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 such statements were made, not misleading.

(c) The Underwriter shall provide to the District such information relating to the Bonds which is not within the scope of knowledge of the District (including, but not limited to, the selling compensation of the Underwriter, offering price(s), interest rate(s), delivery date and other terms of the Bonds dependent upon such matters). The Limited Offering Memorandum shall be substantially in the form of the Preliminary Limited Offering Memorandum with only such changes therein as shall be necessary to conform to the terms hereof and with such other changes to the date thereof as have been accepted by the Underwriter. The execution and delivery of the Limited Offering Memorandum shall evidence the determination by the District that the Limited Offering Memorandum is "final" for all purposes of the Rule as if the Rule applied to the issuance of the Bonds.

(d) The Bonds shall be as described in the Limited Offering Memorandum, and the District authorizes the use of the Limited Offering Memorandum in connection with the limited distribution and sale of the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the Closing, the Limited Offering Memorandum was and shall be, respectively, true, correct and complete in all material respects and did not and shall not, respectively, 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 such statements were made, not misleading.

(f) If, at any time between the date of this Purchase Contract and until ninety (90) days after the end of the underwriting period (as such term is hereinafter defined), unless the Limited Offering Memorandum is provided to a nationally recognized municipal securities information repository and then until twenty-five (25) days thereafter, any event shall occur which might or would cause the Limited Offering Memorandum to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading, the District shall notify the

Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the District shall supplement or amend the Limited Offering Memorandum in a form and manner approved by the Underwriter. (Unless otherwise notified in writing by the Underwriter by the Closing, the District can assume that the "end of the underwriting period" shall be the date of the Closing. In the event such notice is so given by the Underwriter, the Underwriter shall notify the District in writing following the occurrence of the end of the underwriting period.) If the Limited Offering Memorandum is so supplemented or amended, such approval by the Underwriter of a supplement or amendment to the Limited Offering Memorandum shall not preclude the Underwriter from thereafter terminating this Purchase Contract, and, if the Limited Offering Memorandum is so supplemented or amended, the Underwriter may terminate this Purchase Contract by written notification to the District at any time prior to the date of the Closing if, in the reasonable judgment of the Underwriter, such supplement or amendment has or will have a material adverse effect on the marketability of the Bonds.

(g) Otherwise, the District shall advise the Underwriter promptly of any proposal to make any material supplement or amendment to the Limited Offering Memorandum and shall effect any such supplement or amendment only as provided in the preceding subsection.

(h) The District shall advise the Underwriter promptly of the institution of any proceeding known to it by any governmental agency prohibiting or otherwise affecting the use of the Limited Offering Memorandum in connection with the offering, sale or distribution of the Bonds.

(i) The District shall furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may reasonably designate; provided, however, that the District shall not incur any additional expense with respect to such actions and further that the District shall not be required to subject itself or any of its agents or employees to service of process outside the State through or in connection with any of the foregoing.

(j) The District shall provide to the Underwriter within seven (7) business days of the date hereof sufficient copies of the Limited Offering Memorandum to enable the Underwriter to comply with the requirements of the Rule and the Rules of the Municipal Securities Rulemaking Board.

3. Limited Distribution.

(a) For purposes of Section 48-719(B), Arizona Revised Statutes, as amended, the Underwriter and the District hereby

agree and determine that the Bonds are not being sold in a "public offering." The Underwriter shall undertake a limited distribution and sale of the Bonds in the manner set forth in the Limited Offering Memorandum at the offering price(s) (or yield(s)) as shown on the Schedule attached hereto and the cover page of the Limited Offering Memorandum and in that respect shall maintain records indicating to whom the Bonds are offered and that the offerees would, if they purchased any of the Bonds, meet the requirements established in the Limited Offering Memorandum.

(b) Subsequent to the initial distribution, the Underwriter reserves the right to change the offering price(s) (or yield(s)) as it deems necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including the Underwriter and other dealers depositing the Bonds into investment trusts) and others, including at price(s) lower than the initial offering price(s) or at yield(s) higher than the initial yield(s) shown on the Schedule attached hereto and the inside front cover page of the Limited Offering Memorandum.

(c) The Underwriter also reserves the right (1) to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and (2) to discontinue such stabilizing, if commenced, at any time.

(d) Such sale may include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

4. Representations and Warranties of the District. The undersigned on behalf of the District, but not individually, represents and warrants to the Underwriter as follows:

(a) Existence and Powers. The District is a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "State") and has full legal right, power and authority to (1) adopt the Bond Resolution; (2) authorize, execute, deliver and issue, as applicable, this Purchase Contract, the Bonds, the Indenture, a written undertaking by the District 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 Limited Offering Memorandum with such changes as may be agreed in writing by the Underwriter, to be dated the date of initial delivery of the Bonds (hereinafter referred to as the "Undertaking"), the Dissemination Agency Agreement, to be dated as of October 1, 2007 (hereinafter referred to as the "Dissemination Agency Agreement"), by and between the Issuer and RBC Capital Markets, and a Blanket Issuer Letter of Representations (hereinafter referred to as the "Letter of Representations" and collectively with this Purchase

Contract, the Indenture, the Undertaking and the Dissemination Agency Agreement as the "District Documents"), from the District to The Depository Trust Company (hereinafter referred to as "DTC"); (3) approve, execute and authorize the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) and (4) carry out and consummate all other transactions contemplated by the Preliminary Limited Offering Memorandum, the Bond Resolution, the District Documents and the Bonds. The District has complied with all applicable provisions of law and has taken all actions required to be taken by it in connection with the transactions contemplated by the aforesaid documents.

(b) Due Authorization. The District has duly authorized (1) the 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 (2) the taking of any and all actions as may be required on the part of the District to carry out, give effect to and consummate the transactions contemplated by the Limited Offering Memorandum, the Bond Resolution, the District Documents and the Bonds. The District shall take any and all actions necessary or appropriate to consummate the transactions described in the Limited Offering Memorandum, the Bond Resolution, the District Documents and the Bonds.

(c) Due Execution and Delivery. The District Documents have been or shall be, as applicable, duly executed and delivered by the District. The District Documents (when executed and delivered by the other party hereto) shall be legal, valid and binding obligations of the District enforceable in accordance with their terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief.

(d) Bond Resolution Valid. The Bond Resolution (i) authorizes the authorization, execution, delivery and issuance, as applicable, of the District Documents and the Bonds as well as the approval, execution and authorization of the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) and the selling of the Bonds to the Underwriter, (ii) has been duly and validly adopted by the District and (iii) is in full force and effect.

(e) Officers and Officials. The officers and officials of the District executing the Limited Offering Memorandum, the Bond Resolution, the District Documents and the Bonds and the officers and officials of the District listed on the certificate of the District to be delivered at the Closing have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the District.

(f) The Bonds. The form, terms, authorization, execution, delivery and issuance of the Bonds have been duly and validly

authorized and, when authenticated by the Trustee, and delivered and paid for by the Underwriter at the Closing in accordance with the terms of this Purchase Contract, shall (i) have been duly authorized, executed, delivered and issued and (ii) constitute legal, valid and binding obligations of the District enforceable in accordance with their terms and entitled to the benefits and security of the Indenture, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief.

(g) Governmental Approvals. No approval, permit, consent, authorization or order of any court or any governmental or public agency, authority or person not already obtained (other than any approvals that may be required under the "blue sky" laws of any jurisdiction) is required with respect to the District in connection with the issuance and sale of the Bonds or the execution and delivery by the District of, or the performance by the District of its obligations under, the District Documents and the Bonds, and the consummation of the transactions contemplated by the Limited Offering Memorandum.

(h) No Conflicts. The adoption by the District of the Bond Resolution and the authorization, execution, delivery and issuance, as applicable, by the District of the District Documents, the Bonds and all other documents executed and delivered by the District in connection with the issuance of the Bonds as well as the approval, execution and authorization of the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) and the compliance by the District with the provisions thereof do not and will not materially conflict with or result in a material breach or violation of any of the terms or provisions of, or constitute a default under any resolution, ordinance, indenture, deed of trust, mortgage commitment, agreement or other instrument to which the District is a party or by which the District is bound, or any constitutional provision, existing law, administrative regulation, court order or consent decree to which the District or property of the District is subject.

(i) No Defaults. As of the time of acceptance hereof and as of the Closing, except as otherwise to be disclosed in the Limited Offering Memorandum, the District is not and will not be in breach of or in default under any applicable law or administrative regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject, the consequence of any of the foregoing of which or the correction of any of the foregoing of which materially and adversely affects the operations of the District as of such dates, and, as of such times, except as to be disclosed in the Limited Offering Memorandum, the authorization, execution, delivery and issuance, as applicable, of the District Documents and the Bonds and compliance with the provisions thereof do not and shall

not conflict with or constitute a material breach of or material default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject.

(j) Litigation. 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 District, and there is no basis therefor, (i) which in any way questions the powers of the District referred hereinabove, or the validity of the proceedings taken by the District in connection with the issuance and sale of the Bonds or (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Limited Offering Memorandum, 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 Limited Offering Memorandum), or (iii) contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum. Further, there are no lawsuits pending or threatened against the District which question the right of the District to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the District which, if decided adversely to the District, would, individually or in the aggregate, have a material adverse effect on the financial condition of the District, or impair the ability of the District to comply with all the requirements set forth in the Preliminary Limited Offering Memorandum, the Bond Resolution, the District Documents or the Bonds.

(k) Certificates and Representations. Any certificate signed by an authorized officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein. The representations and warranties of the District set forth herein and in the District Documents and the Bond Resolution are, and as of the Closing shall be, true and correct unless modified as provided herein or therein, and, between the date hereof and the Closing, the District shall not take any action that shall cause the representations and warranties made herein to be untrue as of the Closing.

(l) Disclosure of Agreements, Contracts and Restrictions. Except as disclosed in the Preliminary Limited Offering Memorandum, the District 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 District or ability of the District to comply with all the requirements set forth in the Limited Offering Memorandum, the Bond Resolution, the District Documents or the Bonds.

5. Closing.

(a) At the Closing, the Bonds shall be delivered to the Underwriter 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 in registered form as a single typewritten bond per maturity as described in the Limited Offering Memorandum and registered in the name of Cede & Co., as nominee of DTC pursuant to the Letter of Representations, duly executed and authenticated, together with the items identified in Section 6. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Contract.

(b) At the Closing, the Underwriter shall accept delivery of the Bonds and pay the purchase price of the Bonds in federal or other immediately available funds to the order of the District.

6. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties herein and in the Indemnity Letter and the performance by the District of the obligations of the District pursuant to this Purchase Contract and of Pulte pursuant to the Indemnity Letter, both as of the date hereof and as of the Closing. The obligations of the Underwriter under this Purchase Contract are and shall also be subject to the following conditions:

(a) The representations and warranties of the District contained herein and of Pulte contained in the Indemnity Letter shall be true, complete and correct in all material respects at the date hereof and on the date of the Closing, as if made on the date of the Closing.

(b) At the date of the Closing, (i) the Bond Resolution, the District Documents and this Purchase Contract shall be in full force and effect and shall not have been amended, modified or supplemented from the proposed form delivered to the Underwriter, except as disclosed or contemplated by the Limited Offering Memorandum and (ii) the District shall perform or have performed all of its obligations required under or specified in this Purchase Contract and the Limited Offering Memorandum to be performed at or prior to the Closing.

(c) At the date of the Closing, no "event of default" shall have occurred or be existing under this Purchase 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 Purchase Contract nor shall the District be in default in the payment of principal or interest on any of its obligations for borrowed money.

(d) In recognition of the desire of the District and the Underwriter to effect a successful limited distribution of the Bonds and in view of the potential adverse impact of any of the following events on such an offering, the Underwriter shall have the right to terminate this Purchase Contract by written notification to the District if at any time prior to or as of the Closing (i) the Limited Offering Memorandum shall have been amended, modified or supplemented without the consent of the Underwriter; or (ii) any event shall occur which makes untrue any statement of a material fact in the Limited Offering Memorandum or makes an omission a material omission which should be included in the Limited Offering Memorandum in order to make the statements in the Limited Offering Memorandum, in light of the circumstances under which they were made, not misleading; or (iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered, which materially adversely affects the market price of the Bonds; or (iv) a stop order, ruling, regulation or statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Limited Offering Memorandum, is in violation or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or (v) legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds, including all the underlying obligations, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or (vi) legislation shall have been passed 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 United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress or the Arizona Legislature or a decision shall have been rendered by a court of the United States or of the State or by the Tax Court of the United States, or a ruling or statement (including a press release) or proposal shall have been made or a regulation shall have been proposed or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or other federal or Arizona authority, with respect to federal or Arizona taxation upon revenues or other income of the general character to be derived by the District pursuant to the Bond Resolution, or upon interest on obligations of the general character of the Bonds, or, with respect to Arizona taxation of the interest on the Bonds as described in the

Limited Offering Memorandum, 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 Arizona income tax consequences of any of the transactions contemplated in connection herewith, or any other action or events shall have occurred which, in the judgment of the Underwriter, materially adversely affect the market for the Bonds or the market price generally of obligations of the general character of the Bonds; or (vii) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or (viii) a general banking moratorium shall have been established by federal, Arizona or New York authorities; or (ix) 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 of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially or adversely the ability of the Underwriter to market the Bonds (it being agreed by the Underwriter that there is no outbreak, calamity or crisis of such character as of the date hereof) or (x) any action, suit or proceeding described in Section 4(j) hereof shall have been commenced.

(e) At or prior to the Closing, the Underwriter shall receive two copies of the transcript of all proceedings of the District relating to the authorization and issuance of the Bonds, certified, as necessary, by appropriate officials of the District, including, but not limited to, the following opinions, letter, certificate and other documents:

(1) An unqualified approving opinion of Gust Rosenfeld P.L.C., "Bond Counsel," as to the Bonds, dated the date of the Closing, addressed to the District and substantially in the form included in the Limited Offering Memorandum;

(2) The supplemental opinion of such counsel, as Bond Counsel and counsel to the District, dated the date of the Closing, addressed to the Underwriter and substantially in the form attached hereto as Exhibit A;

(3) An opinion of Gallagher & Kennedy, P.A., counsel to Pulte, dated the date of the Closing, addressed to the Underwriter and the Issuer and substantially in the form attached hereto as Exhibit B;

(4) An opinion of Greenberg Traurig, LLP, counsel to the Underwriter, dated the date of the Closing, addressed to the Underwriter and substantially in the form attached hereto as Exhibit C;

(5) A certificate or certificates of representatives of the District, dated the date of the Closing, signed by an authorized official of the District and in form and substance satisfactory to Bond Counsel and 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 date of the Closing with the same effect as if made on the date of the Closing;

(ii) That, except as described in the Limited Offering Memorandum, 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 levy and receipt of ad valorem taxes for payment of the Bonds; (B) in any way contesting or affecting the authority for, or the validity of, this Purchase Contract or the application of the proceeds of the Bonds or (C) in any way contesting the existence or powers of the District;

(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 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 Closing and

(v) That the Limited Offering Memorandum 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 Limited Offering Memorandum which should be disclosed in the Limited Offering Memorandum which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect;

(6) A certificate or certificates of Pulte, signed by authorized officials of Pulte 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 Pulte in connection with the issuance of the Bonds are true and correct in all material respects as of the Closing;

(7) A specimen of the Bonds;

(8) A certified copy of the Bond Resolution;

(9) A counterpart original of the Limited Offering Memorandum, manually executed on behalf of the District by the Chairman of the District Board of the District and with respect thereto;

(10) A non-arbitrage certificate of the Issuer, in form and substance satisfactory to Bond Counsel;

(11) The filing copy of the Information Return Form 8038-G (IRS) for the Bonds and of the Report Relating to Bond and Security Issuance of the Arizona Department of Revenue for the Bonds;

(12) An executed copy of each of the District Documents and

(13) Such additional opinions, letters, certificates, instruments and other documents as the Underwriter or its counsel may reasonably deem necessary to satisfy conditions to the issuance of the Bonds required by the Bond Resolution, to evidence the truth and accuracy as of the Closing, or prior to such time, of the representations, warranties and covenants of the District and of Pulte and the due performance or satisfaction by the District and by Pulte of all agreements then to be performed and all conditions then to be satisfied by the District or by Pulte.

(All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase 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 and its counsel; provided, however, that acceptance by the Underwriter of the Bonds shall be deemed by the Underwriter to be satisfaction of the foregoing.)

If the District shall be unable to satisfy the conditions contained in this Purchase Contract or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract (except the warranties and representations of the District herein) shall terminate and neither the Underwriter nor the District shall be under further obligation hereunder, except as further set forth in Section 7.

However, the Underwriter may, in its sole discretion, waive one or more of the conditions imposed by this Purchase Contract and proceed with the Closing.

7. Expenses.

(a) The District shall pay or cause to be paid from the proceeds of the sale of the Bonds or amounts contributed by Pulte 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 and the Preliminary Limited Offering Memorandum, the Limited Offering Memorandum, the Bond Resolution and the District 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 and the Dissemination Agent in connection with the issuance of the Bonds; (3) the fees and disbursements of Bond Counsel, counsel to the Underwriter and counsel to the District; (4) the fees and disbursements of any other experts or consultants retained by the District 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 (1) all advertising expenses in connection with the public offering of the Bonds and (2) all other expenses incurred by it in connection with its public offering and distribution of the Bonds, except the fees and disbursements of counsel to the Underwriter and the other expenses provided for in the immediately preceding paragraph.

(c) If this Purchase Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the District to comply with the terms or to fulfill any of the conditions of this Purchase Contract, or if for any reason the District shall be unable to perform its obligations under this Purchase Contract, the District 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 Purchase Contract or the offering contemplated hereunder.

8. Notice. Any notice or other communication to be given to the District pursuant to this Purchase Contract may be given by delivering the same in writing to the address set forth on the first page of this Purchase Contract, and any notice or other communication to be given to the Underwriter pursuant to this Purchase 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.

9. 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 District) or any department or agency of either may, within three 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 District 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 Purchase Contract and covenants that it shall take no action which would result in a violation of such Section.

10. Miscellaneous.

(a) Entire Agreement, Parties in Interest, Etc. This Purchase Contract, when executed by the District, shall constitute the entire agreement between the District and the Underwriter and is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). This Purchase Contract may not be assigned by the District. No other person shall acquire or have any right hereunder by virtue hereof. All the representations, warranties and agreements by the District in this Purchase Contract shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Underwriter, (ii) delivery of any payment for the Bonds hereunder and (iii) any termination of this Purchase Contract.

(b) No Recourse. No recourse shall be had for any claim based on this Purchase Contract or any resolution, certificate, document or instrument delivered pursuant hereto against any member, officer or employee, past, present or future, of the District or of any successor body, either directly or through the District or any such successor body.

(c) Execution in Counterparts; Section Headings. This Purchase Contract may be executed in any number of counterparts,

all of which, taken together, shall be one and the same instrument, and any parties hereto may execute this Purchase Contract by signing any such counterpart. Section headings have been inserted in this Purchase Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Purchase Contract.

(d) Severability. The invalidity or unenforceability of any provision hereof as to any one or more jurisdictions shall not affect the validity or enforceability of the balance of this Purchase Contract as to such jurisdiction or jurisdictions or affect in any way such validity or enforceability as to any other jurisdiction. If any provision of this Purchase 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 Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

(e) Waiver or Modification. No waiver or modification of any one or more of the terms and conditions of this Purchase Contract shall be valid unless in writing and signed by the party or parties making such waiver or agreeing to such modification.

(f) State of Arizona Law Governs. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State.

(g) Effectiveness. This Purchase Contract shall become effective upon the acceptance hereof by the District and shall be valid and enforceable at the time of such acceptance.

RBC DAIN RAUSCHER INC.

By.....
Shawn Dralle, Managing Director

Accepted on the date indicated at the head of page 1 hereof:

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

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

ATTEST:

.....
Linda Garrison, District Clerk

APPROVED AS TO FORM:

GUST ROSENFELD P.L.C.,
Attorney for the District

By.....

327871654v3 9/12/2007

SCHEDULE

Maturity (July 15)	Principal Amount	Interest Rate	Price
2012	$ 180,000	4.65%	4.65%
2016	160,000	5.00	5.00
2022	100,000	5.50	5.50
2032	1,095,000	5.80	5.80

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2017, in whole or in part on any date, at the redemption price of the principal amount of the Bonds or portion thereof being redeemed plus accrued interest to the redemption date, but without premium.

Mandatory Redemption. The Bonds maturing on July 15 of the following years will be redeemed on July 15 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

Year Redeemed	Principal Amount Redeemed
Term Bond Maturing 2012	
2008	$50,000
2009	30,000
2010	30,000
2011	35,000
2012 (maturity)	35,000
Term Bond Maturing 2016	
2013	$40,000
2014	35,000
2015	40,000
2016 (maturity)	45,000
Term Bond Maturing 2022	
2017	$15,000
2018	15,000
2019	15,000
2020	15,000
2021	20,000
2022 (maturity)	20,000

Year Redeemed	Principal Amount Redeemed
Term Bond Maturing 2032	
2017	$30,000
2018	30,000
2019	35,000
2020	40,000
2021	40,000
2022	40,000
2023	65,000
2024	65,000
2025	70,000
2026	75,000
2027	80,000
2028	85,000
2029	85,000
2030	95,000
2031	100,000
2032 (maturity)	160,000

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) District General Obligation 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 District General Obligation Bonds, Series 2007, in the aggregate principal amount of $1,535,000 (hereinafter referred to as the "Bonds") and otherwise as counsel to the Issuer. The Bonds are issued under and secured by an Indenture of Trust and Security Agreement, dated as of October 1, 2007 (hereinafter referred to as the "Indenture"), from the District to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee"), are the subject of a Limited Offering Memorandum, dated September 13, 2007 (hereinafter referred to as the "Limited Offering Memorandum"), and are being sold pursuant to a Purchase Contract, dated September 13, 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"), in each case in accordance with a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on July 17, 2007 (hereinafter referred to as the "Resolution"), a Continuing Disclosure Undertaking, dated even date hereof (hereinafter referred to as the "Undertaking"), from the Issuer, a Dissemination Agency Agreement, dated as of October 1, 2007 (hereinafter referred to as the "Dissemination Agency Agreement"), by and between the Issuer and RBC Capital Markets, and a Blanket Issuer Letter of Representations (hereinafter referred to as the "Letter of Representations" and collectively with the Indenture, the Undertaking, the Dissemination Agency Agreement and the Purchase Contract, as the "District Documents"), from the Issuer to The Depository Trust

Company. (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) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Purchase Contract);

(ii) An executed copy of the Indenture;

(iii) An executed copy of the Limited Offering Memorandum;

(iv) An executed copy of the Purchase Contract;

(v) An executed copy of the Undertaking;

(vi) An executed copy of the Dissemination Agency Agreement;

(vii) An executed copy of the Letter of Representations;

(viii) Such other agreements, certificates (including particularly, but not by way of limitation, certificates of Pulte, dated of even date herewith), opinions, 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

(ix) 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 and counsel to the Issuer, the Underwriter, the Trustee and Pulte Home Corporation relating to the District Documents.

We are of the opinion, based upon the foregoing and subject to the reliance hereinabove indicated and 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 a duly organized and validly existing special purpose district, a tax levying public improvement district and a municipal corporation for purposes set forth in Section 48-708(B), Arizona Revised Statutes, as amended, 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 Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum, dated August 22, 2007 (hereinafter referred to as the "Preliminary Limited Offering Memorandum"), with respect to the Bonds) and (d) to carry out and consummate the transactions contemplated by the Limited Offering Memorandum, 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 Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) 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 Limited Offering Memorandum.

4. The Issuer has duly (a) adopted the Resolution and (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 Limited Offering Memorandum, the Bond Resolution, the District Documents and the Bonds. 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 records of the Superior Court in and for the State of Arizona, County of Maricopa and the United States District Court for the District of Arizona through _____, 2007, 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 Limited Offering Memorandum, 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 by the Purchase Contract or by the Limited Offering Memorandum) or (iii) contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum. 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 Limited Offering Memorandum, the Bond Resolution, the District Documents or the Bonds.

7. The information contained in the Limited Offering Memorandum in the tax caption on the cover thereof, under the headings "THE DISTRICT," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT" (except the information included under the subheading "Ad Valorem Taxation in the District"), "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District," "LITIGATION," "TAX EXEMPTION," "QUALIFIED TAX-EXEMPT OBLIGATIONS," "CONTINUING DISCLOSURE" (except as it relates to compliance with prior undertakings) and "RELATIONSHIPS AMONG PARTIES" (only as it relates to Bond Counsel) therein and in Appendix B - "FORM OF LEGAL OPINION OF BOND COUNSEL," Appendix C - "FORMS OF INVESTOR LETTERS," Appendix E - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" and Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" 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 Indenture under the Trust Indenture Act of 1939, as amended.

9. The sale of the Bonds pursuant to the terms described in the Limited Offering Memorandum complies with the requirements of Section 48-719(C), Arizona Revised Statutes, as amended.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the District Documents is 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]

[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
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

WE HAVE ACTED as counsel to Pulte Home Corporation, a corporation incorporated and existing pursuant to the laws of the State of Michigan (hereinafter referred to as "Pulte"), particularly in connection with the transactions provided for by the documents referred to herein and in connection with the issuance and sale of the captioned Bonds, sold pursuant to a Purchase Contract, dated September 13, 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 term used and not defined herein shall have the meaning assigned to it in the Purchase Contract.

For purposes of this opinion, we have examined the following:

(1) The executed Purchase Contract;

(2) The executed Limited Offering Memorandum, dated September 13, 2007 (hereinafter referred to as the "Limited Offering Memorandum"), of the District;

(3) The executed Pulte Indemnity Letter, dated the date of sale of the Bonds by Pulte;

(..) .....
.....; and

(..) Such other documents and instruments as we have considered necessary or appropriate for the purposes of this opinion

and received such other information from representatives of Pulte as we have deemed necessary for the purposes of this opinion (hereinafter referred to, collectively, as "due inquiry"). (The document listed in paragraph (3) above is hereinafter referred to as the "Pulte Document." The documents listed in paragraphs (..) through (..) above are hereinafter referred to as the "Organizational Documents.") Whenever any portion of this opinion is limited to the existence or absence of fact based upon our actual knowledge, it is limited to our actual knowledge of the existence or absence of such fact after due inquiry.

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Pulte Document, except for the signatures of Pulte on the Pulte Document, and the legal capacity of each natural person executing the Pulte Document;

(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 Pulte Document with regard to the parties to those agreements other than Pulte; and

(d) The Pulte Document accurately describes and contains the agreement and mutual understanding of the parties thereto 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 Pulte Document.

Based on the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, it is our opinion that:

1. Pulte is a corporation duly incorporated and validly existing under the laws and Constitution of the State of Michigan.

2. Pulte is qualified to do business under the laws of the State of Arizona.

3. Pulte has the requisite power and authority under the laws of the State of Arizona as well as all consents, approvals, authorizations and other actions by, and filings with, all federal, State and local governmental authorities required (i) to execute and deliver the Pulte Document and carry out the terms and conditions applicable to it under, and consummate all transactions contemplated by, the Pulte Document; (ii) to own and operate its properties and assets as described in the Limited Offering Memorandum and (iii) to carry out its business as such business is currently being conducted as described in the Limited Offering Memorandum.

4. The execution, delivery and performance of the Pulte Document by Pulte and the carrying out, giving effect to and consummation of the transactions contemplated thereby have been duly authorized by all necessary partnership action on the part of Pulte, and the Pulte Document has been duly executed and delivered by Pulte.

5. The Pulte Document is in full force and effect as of the date hereof and constitutes legal, valid and binding obligation of Pulte, enforceable in accordance with its terms.

6. The execution and delivery of the Pulte Document by Pulte, and the performance of its obligations thereunder, do not and will not conflict with or result in a violation of, or a default pursuant to, the Organizational Documents.

7. To our actual knowledge, the execution and delivery of the Pulte Document by Pulte will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which Pulte is a party or by which it or its properties are bound.

8. No consent, approval, authorization or other action by, or filing with, any federal, State or local governmental authority is required in connection with the execution and delivery by Pulte of the Pulte Document.

9. We have no actual knowledge that Pulte is 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 other) of Pulte.

10. We have no actual knowledge of any legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to which Pulte

is a party or of which any property of Pulte is subject, except as described in the Limited Offering Memorandum.

11. To our actual knowledge, the information contained in the Limited Offering Memorandum under the headings ""LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "THE OWNER" and "RISK FACTORS" does not contain any untrue statement of 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 participation with the Limited Offering Memorandum, we have not undertaken to independently determine the accuracy, completeness or fairness of the 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 participation, we have not acquired any knowledge that the Limited Offering Memorandum 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 opinions set forth above are subject to the following qualifications and limitations: (i) enforceability of the Pulte Document may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, arrangement or laws or court decisions affecting the enforcement of creditors' rights generally; (ii) enforceability of the Pulte Document is subject to general principles of equity, whether remedies are sought in equity or at law; (iii) enforceability of the Pulte Document is further subject to the qualification that certain waivers, procedures, remedies, indemnities and other provisions of the Pulte Document 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 Pulte Document; (iv) we are expressing no opinion as to the enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or misconduct of any indemnitee or the failure of any indemnitee to act in a commercially reasonable manner and (v) we are expressing no opinion as to the compliance of the Pulte Document or the offer and sale of the Bonds with any securities law or regulation except as provided in paragraph 11 hereof.

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. With respect to law of the State of Arizona, 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. Any opinion as to the enforceability of any document is limited to enforceability as between the original parties thereto. We do not render any opinion with respect to any matters other than those expressly set forth above.

This opinion is being furnished to you solely for your benefit and only with respect to the captioned Bonds. Accordingly, it may not be relied upon or quoted to any person or entity without, in each instance, our prior written consent.

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) District General Obligation Bonds, Series 2007

This opinion is rendered pursuant to the Purchase Contract, dated September 13, 2007 (hereinafter referred to as the "Purchase Contract"), by and between the Festival Ranch Community Facilities District (hereinafter referred to as the "District") and RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets (the "Underwriter"), relating to the purchase by the Underwriter from the District of its $1,535,000 principal amount of District General Obligation 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 Limited Offering Memorandum relating to the Bonds, dated as of even date with the Purchase Contract (hereinafter referred to as the "Limited Offering Memorandum"). We have also examined originals, or copies certified or otherwise identified to our satisfaction, of other documents, resolutions, instruments, records, certificates and opinions, have reviewed such 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 Limited Offering Memorandum including the aforesaid examination. 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 Limited Offering Memorandum and representatives of the District, concerning the contents of the Limited Offering Memorandum 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 Limited Offering Memorandum, on the basis of the information which was developed in the course of our performance of the services referred to above 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 Limited Offering Memorandum, 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 Limited Offering Memorandum, in light of the circumstances under which they were made, not misleading. Reference in this paragraph to the Limited Offering Memorandum does not include the information included in the Limited Offering Memorandum under the headings "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE" and "THE OWNER," the financial information or other technical or statistical data included in the Limited Offering Memorandum or the information included in Appendix D to the Limited Offering Memorandum, as to all of which we express no opinion.

Respectfully submitted,

ATTACHMENT

"Pulte Indemnity Letter"

September 13, 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
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

This Indemnity Letter is delivered by Pulte Home Corporation, a corporation incorporated and existing pursuant to the laws of the State of Arizona (hereinafter referred to as "Pulte"), 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, a community facilities district organized and existing pursuant to the laws of the State of Arizona (the "District"), to enter into the Purchase Contract, dated even date herewith (hereinafter referred to as the "Purchase Contract") related to the purchase by the Underwriter and sale by the 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, Pulte represents and warrants to the Underwriter and the District that:

(a) Pulte is a corporation 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) The information in the Limited Offering Memorandum with respect to the Bonds under the headings "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "THE OWNER" and "RISK FACTORS" 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 (hereinafter referred to as the "Pulte Document") nor the consummation of any other of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms hereof, shall contravene the organizational documents of Pulte or conflict with or result in a breach by Pulte of any of the terms, conditions or provisions of, or constitute a default by Pulte under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which Pulte is a party or by which it is or may be bound or to which any of the property or assets of Pulte is or may be subject, or any law or any order, rule or regulation applicable to Pulte of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over Pulte or any of the properties or operations of Pulte, or (except as contemplated by the Pulte Document) 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 Pulte under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation.

(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 Pulte, threatened against Pulte 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 Pulte, or which would materially and adversely affect the properties (taken as a whole) of Pulte, and which has not been disclosed in the Limited Offering Memorandum, (ii) materially adversely affect the transactions contemplated by the Purchase Contract or the Pulte Document or (iii) adversely affect the validity or enforceability of the Pulte Document.

(e) Pulte has the full power and authority to execute and deliver the Pulte Document and perform its obligations hereunder and engage in the transactions contemplated by the Purchase Contract and the Pulte Document, and the Pulte Document has been duly authorized by Pulte and, when executed and delivered by the respective

parties thereto, will constitute a valid, binding and enforceable obligation of Pulte except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights 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 Pulte of the transactions contemplated by the Purchase Contract and the Pulte Document.

2. Pulte shall indemnify and hold harmless the Underwriter and the District and, as applicable each director, trustee, partner, member, officer, official, independent contractor or employee thereof and each person, if any, who controls the Underwriter or the District within the meaning of the Securities Act of 1933, as amended (hereinafter referred to as the "Securities Act") (any such person being herein sometimes called an "Indemnified Party"), for, from and against any and all losses, claims, damages or liabilities, joint or several, (i) to which an 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 sections identified in Section 1(b) above in the Limited Offering Memorandum 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 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 Limited Offering Memorandum and (ii) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened 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 Pulte (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 Pulte, notify Pulte in writing of the commencement thereof. Failure of the Indemnified Party to give such notice shall reduce the liability of Pulte by the amount of damages attributable to the failure of the Indemnified Party to give such notice to Pulte, but the omission to notify Pulte of any such action shall not relieve Pulte 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 Pulte of the commencement thereof, Pulte may, or, if so requested by such Indemnified Party, shall, participate therein or assume the defenses thereof, with counsel satisfactory to such Indemnified Party and Pulte (it being understood that, except as hereinafter provided, Pulte shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from Pulte to such Indemnified Party of an election so to assume the defenses thereof, Pulte shall 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 Pulte assumes the defense of any such action at the request of such Indemnified Party, Pulte shall have the right to participate at its own expense in the defense of any such action. If Pulte 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 Pulte (in which case Pulte 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 Pulte.

3. All of the representations, warranties, and agreements of Pulte contained in the Pulte Document shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Underwriter, the District, any controlling person referred to in paragraph 2 hereof or Pulte or (ii) delivery of and payment for the Bonds.

4. This letter is solely for the benefit of the Underwriter and the District and their 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. Pulte shall pay all costs and expenses of its counsel with respect to the issuance and delivery of the Bonds.

6. Pulte consents to the references to Pulte in the Limited Offering Memorandum.

7. The letter shall be governed by, and construed in accordance with, the laws of the State of Arizona.

Respectfully submitted,

PULTE HOME CORPORATION, an Arizona corporation

By.....
Printed Name: Rich Gallagher
Title: Atty. In Fact

CONTINUING DISCLOSURE UNDERTAKING

$1,535,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

(CUSIP BASE NUMBER 315598)

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 indenture of trust and security agreements and the resolutions authorizing the issuance of 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 Pricing and Reference Data, Inc.
Attn: NRMSIR
100 William 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.

"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.

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, 2009, 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 2, 3, 4 and 5 of the Limited Offering Memorandum, dated September 13, 2007, with respect to the Securities as well as with respect to tax collections and delinquencies in the preceding tax year of the Issuer.

(B) 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 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 Issuer 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 willful 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 3, 2007

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By.....
Chairman, District Board

327871609v1 9/24/2007

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

and

RBC CAPITAL MARKETS

DISSEMINATION AGENCY AGREEMENT

Dated as of October 1, 2007

$1,535,000
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation 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 Minnesota 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 July 17, 2007, the Board has authorized the issuance of certain general obligation 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.

By.....
Shawn Dralle, Managing Director

327871622v1 9/24/2007

$1,535,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2007

ASSESSOR'S CERTIFICATE

I, the undersigned, hereby certify that the full cash value of all the taxable property within the Festival Ranch Community Facilities District (Town of Buckeye, Arizona), is $ 39,669,370 .

DATED: October 3, 2007.

MARICOPA COUNTY ASSESSOR

Timothy L Burns, Chief Deputy

JTG:jlu 763913.1 09/12/07

$1,535,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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:

A. To partially finance the projects listed on *Exhibit A* hereto, we have executed $1,535,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation 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 3, 2007, and are in the denomination of $5000 each or any integral multiples in excess thereof. The Bonds mature on July 15 in the years and bear interest at the rates set forth on the attached *Exhibit B*.

The Bonds are subject to call for redemption prior to maturity in accordance with the terms set forth in the attached *Exhibit B*.

Interest is payable on January 15 and July 15 of each year during the term of each of the Bonds, commencing on January 15, 2008.

B. We further certify that, to the best of our knowledge, information and belief:

(i) (a) On July 17, 2007, Resolution 07-07 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) The Resolution duly authorized the issuance and sale of the Bonds and execution and delivery of the Purchase Contract for the Bonds, dated September 13, 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 Dain Rauscher Inc., doing business under the name RBC Capital Markets, and the Continuing Disclosure Undertaking, dated October 3, 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) The District has no rules of procedure which would invalidate or make ineffective the Resolution.

(d) 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 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 Limited Offering Memorandum, dated September 13, 2007 relating to the Bonds (the "*Limited Offering Memorandum*"), 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 levy and receipt of ad valorem taxes 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.

(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 of the payment for and initial delivery of the Bonds.

(vi) Based on the Assessor's Certificate included in the transcript of proceeds for the captioned Bonds, the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged does not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District has been completed.

(vii) The Limited Offering Memorandum was, as of its date and is, as of the date hereof, true, correct and complete in all material respects and did not, as of its date, and does not, as of the date hereof, 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 Limited Offering Memorandum which should be disclosed in the Limited Offering Memorandum which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; provided that, as to the information provided by the Owner relating to the Owner and the Owner's project, and DTC and the book-entry system, the District relies solely on the information so provided.

DATED: October 3, 2007.

Chairman, Festival Ranch Community Facilities District (Town of Buckeye, Arizona)

Clerk, Festival Ranch Community Facilities District (Town of Buckeye, Arizona)

JTG:jlu 763945.2 09/24/07

EXHIBIT A

LIST OF PROJECTS TO BE PARTIALLY FINANCED
WITH BOND PROCEEDS

"Project" shall mean the acquisition of public infrastructure (as such term is defined in the Act) described in the Feasibility Report, including particularly the acquisition by the District of the following:

	Project Descriptions	Estimated Costs
1.	Festival Ranch Infrastructure Trunk Sewer Lines*	$1,391,450

* Represents installation of approximately 11,121 linear feet of sewer lines and includes engineering, survey, permits and fees and other labor, tools and equipment.

JTG:jlu 763945.2 09/24/07

EXHIBIT B

Maturity Schedule

$1,535,000
District General Obligation Bonds, Series 2007

Maturity Date (July 15)		Principal Amount	Interest Rate	Maturity Date (July 15)		Principal Amount	Interest Rate
2008	*	$ 50,000.00	4.650%	2018	****	$ 30,000.00	5.800%
2009	*	30,000.00	4.650%	2019	****	35,000.00	5.800%
2010	*	30,000.00	4.650%	2020	****	40,000.00	5.800%
2011	*	35,000.00	4.650%	2021	****	40,000.00	5.800%
2012		35,000.00	4.650%	2022	****	40,000.00	5.800%
2013	**	40,000.00	5.000%	2023	****	65,000.00	5.800%
2014	**	35,000.00	5.000%	2024	****	65,000.00	5.800%
2015	**	40,000.00	5.000%	2025	****	70,000.00	5.800%
2016		45,000.00	5.000%	2026	****	75,000.00	5.800%
2017	***	15,000.00	5.500%	2027	****	80,000.00	5.800%
2018	***	15,000.00	5.500%	2028	****	85,000.00	5.800%
2019	***	15,000.00	5.500%	2029	****	85,000.00	5.800%
2020	***	15,000.00	5.500%	2030	****	95,000.00	5.800%
2021	***	20,000.00	5.500%	2031	****	100,000.00	5.800%
2022		20,000.00	5.500%	2032		160,000.00	5.800%
2017	****	30,000.00	5.800%				

* Mandatory redemption amounts of Term Bond #1 maturing July 15, 2012
** Mandatory redemption amounts of Term Bond #2 maturing July 15, 2016
*** Mandatory redemption amounts of Term Bond #3 maturing July 15, 2022
**** Mandatory redemption amounts of Term Bond #4 maturing July 15, 2032

(1) The Bonds maturing on and after July 15, 2022 are subject to optional redemption prior to their stated maturity dates, at the option of the District, in whole or in part on or after July 15, 2017 upon payment of a 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 redemption date but without premium.

(2) The Bonds maturing on July 15, 2012 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2008	$50,000
2009	30,000
2010	30,000
2011	35,000
2012 (maturity)	35,000

(3) The Bonds maturing on July 15, 2016 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2013	$40,000
2014	35,000
2015	40,000
2016 (maturity)	45,000

(4) The Bonds maturing on July 15, 2022 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2017	$15,000
2018	15,000
2019	15,000
2020	15,000
2021	20,000
2022 (maturity)	20,000

(5) The Bonds maturing on July 15, 2032 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2017	$ 30,000
2018	30,000
2019	35,000
2020	40,000
2021	40,000
2022	40,000
2023	65,000
2024	65,000
2025	70,000
2026	75,000
2027	80,000
2028	85,000
2029	85,000
2030	95,000
2031	100,000
2032 (maturity)	160,000

$1,535,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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 $1,535,000 principal amount of Festival Ranch Community Facilities (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (the "*Bonds*"), dated October 3, 2007. The Bonds mature on the dates and in the amounts and bear interest as shown on *Exhibit D* attached hereto and incorporated by reference

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 September 13, 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 a Limited Offering Memorandum dated September 13, 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**. In making the representations in this certificate, the District relies on the certifications and 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 October 3, 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 for the acquisition and construction of the projects (the "Project") set forth in the District's Closing Certificate dated October 3, 2007, and 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 *Exhibit A* 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 3, 2007, and are in the denomination of $5,000 each or $5,000 integral multiples in excess thereof. Interest on the Bonds shall be payable semiannually on January 15 and July 15 of each year during the term of the Bonds, commencing on January 15, 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 B*, 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 C* hereto.

Section 2.5. **Single Issue**. No 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; Temporary Periods**. As shown on *Exhibit B*, attached hereto, the following funds and accounts will be funded at Closing: Acquisition and Construction 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 $46,050 will be retained by the Underwriter from the Issue Price otherwise paid to the District to purchase the Bonds as Underwriter's discount.

(ii) Issuance Costs. An amount of $97,500 will be deposited in the Acquisition and Construction Fund and used to pay Issuance Costs of the Bonds.

(iii) Project Costs.

(a) An amount of $1,391,450 will be deposited in the Acquisition and Construction Fund and used by the District to acquire certain real property and acquire or construct certain facilities and improvements comprising the project.

(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 3, 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 Acquisition and Construction Fund may be invested in obligations without regard to yield limitation for the period ending on October 3, 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. Therefore, it is 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 Over-issuance**. 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 hereof.

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 $1,535,000, which represents the price at which, there being no pre-issuance 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 5.6987%.

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 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 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 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 1.148-7(e)(1) of the Treasury Regulations, 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 $140,000.00.

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 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 hereof shall bind and inure to the benefit of the respective successors and assigns of the District.

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

DATED: October 3, 2007

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

By _____
Chairman, Board of Directors

By _____
Clerk

JTG:jlu 763996.2 09/24/07

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 ¼% (.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©(3) Organization, any member of the same Controlled Group, and, in reference to any person that is not a Governmental Unit or 501©(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

SOURCES AND USES OF BOND PROCEEDS AND OTHER MONEYS

SOURCES	
Principal amount of Bonds	$1,535,000.00
Net Premium	0.00
Accrued Interest	0.00
TOTAL SOURCES	$1,535,000.00
USES	
Deposit to Acquisition and Construction Fund	$1,391,450.00
Deposit to the Acquisition and Construction Fund to pay Costs of Issuance	97,500.00
Underwriter's Compensation	46,050.00
TOTAL USES	$1,535,000.00

EXHIBIT C

Principal Amount of Bonds	$1,535,000.00
Reoffering Premium	0.00
Pre-Issuance Accrued Interest	0.00
ISSUE PRICE	$1,535,000.00
Less Pre-Issuance Accrued Interest	(0.00)
SALE PROCEEDS	$1,535,000.00
Less: Minor Portion	(100,000.00)
NET SALE PROCEEDS	$1,435,000.00

EXHIBIT D

TERMS OF THE BONDS

Maturity Date (July 15)		Principal Amount	Interest Rate	Maturity Date (July 15)		Principal Amount	Interest Rate
2008	*	$ 50,000.00	4.650%	2018	****	$ 30,000.00	5.800%
2009	*	30,000.00	4.650%	2019	****	35,000.00	5.800%
2010	*	30,000.00	4.650%	2020	****	40,000.00	5.800%
2011	*	35,000.00	4.650%	2021	****	40,000.00	5.800%
2012		35,000.00	4.650%	2022	****	40,000.00	5.800%
2013	**	40,000.00	5.000%	2023	****	65,000.00	5.800%
2014	**	35,000.00	5.000%	2024	****	65,000.00	5.800%
2015	**	40,000.00	5.000%	2025	****	70,000.00	5.800%
2016		45,000.00	5.000%	2026	****	75,000.00	5.800%
2017	***	15,000.00	5.500%	2027	****	80,000.00	5.800%
2018	***	15,000.00	5.500%	2028	****	85,000.00	5.800%
2019	***	15,000.00	5.500%	2029	****	85,000.00	5.800%
2020	***	15,000.00	5.500%	2030	****	95,000.00	5.800%
2021	***	20,000.00	5.500%	2031	****	100,000.00	5.800%
2022		20,000.00	5.500%	2032		160,000.00	5.800%
2017	****	30,000.00	5.800%				

* Mandatory redemption amounts of Term Bond #1 maturing July 15, 2012
** Mandatory redemption amounts of Term Bond #2 maturing July 15, 2016
*** Mandatory redemption amounts of Term Bond #3 maturing July 15, 2022
**** Mandatory redemption amounts of Term Bond #4 maturing July 15, 2032

(1) The Bonds maturing on or after July 15, 2022 are subject to optional redemption prior to their stated maturity dates, at the option of the District, in whole or in part on or after July 15, 2017 upon payment of a 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 redemption date but without premium.

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(2) The Bonds maturing on July 15, 2012 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2008	$50,000
2009	30,000
2010	30,000
2011	35,000
2012 (maturity)	35,000

(3) The Bonds maturing on July 15, 2016 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2013	$40,000
2014	35,000
2015	40,000
2016 (maturity)	45,000

(4) The Bonds maturing on July 15, 2022 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2017	$15,000
2018	15,000
2019	15,000
2020	15,000
2021	20,000
2022 (maturity)	20,000

(5) The Bonds maturing on July 15, 2032 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2017	$ 30,000
2018	30,000
2019	35,000
2020	40,000
2021	40,000
2022	40,000
2023	65,000
2024	65,000
2025	70,000
2026	75,000
2027	80,000
2028	85,000
2029	85,000
2030	95,000
2031	100,000
2032 (maturity)	160,000

$1,535,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2007

Delivery Date: October 3, 2007

ISSUER REQUEST FOR DISBURSEMENT
OF COSTS OF ISSUANCE

The Trustee is hereby requested to pay from the Acquisition and Construction Fund established by the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (the "*Indenture*"), between Wells Fargo Bank, N.A., the trustee ("*Trustee*"), and Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*") to the parties designated below as Payees. The amount shown below is due and payable and has not formed the basis of any prior request for payment.

Check applicable paragraph:

■ The disbursement is for payment or reimbursement of a Delivery Cost properly chargeable to the Acquisition and Construction Fund; or

☐ The disbursement is for payment or reimbursement of an Acquisition and Construction Cost and (i) no more than 5% of the amount requested is or will be used for any private business use within the meaning of Section 141(b)(2) of the Code and (ii) the amount is properly chargeable to the Acquisition and Construction Fund.

Payee: See Exhibit A

Address: See Exhibit A

Amounts: See Exhibit A

Dated: October 3, 2007.

By_____
District Manager

JTG:jlu 763955.2 09/24/07

EXHIBIT A

COSTS OF ISSUANCE

The following expenses are to be paid by the Trustee from the Acquisition and Construction Fund deposited with the Trustee for that purpose:

Bond counsel (Gust Rosenfeld P.L.C., 201 East Washington Street, Suite 800, Phoenix, Arizona 85004) fees and expenses	$40,000.00
Underwriter's counsel (Greenberg Traurig, LLP, 2375 E. Camelback Road, Suite 700, Phoenix, Arizona 85016) fees and expenses	30,000.00
Financial advisor (Stone & Youngberg LLC, (2555 E. Camelback Road, Suite 700 Phoenix, Arizona 85016)	12,500.00
Trustee fees (Wells Fargo Bank, N.A., 100 W. Washington Street, 22nd Floor Phoenix, Arizona 85003)	5,000.00
Preliminary and final Offering Memorandum (Wold Printing)	5,000.00
TOTAL	$92,500.00

$1,535,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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 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 and that on October 3, 2007, the following persons are the duly qualified and acting Mayor and members of the Council of the Town:

Bobby Bryant	Mayor
Levi Beard	Vice Mayor
W. Robert Doster	Council Member
Robert Garza	Council Member
David Hardesty	Council Member
Elaine May	Council Member
David Rioux	Council Member

3. (a) That on April 19, 2005, Resolution No. 39-05 (the "*Resolution*") of the Mayor and Council of the Town of Buckeye, Arizona, 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 twenty-four (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 actual 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; restricting or preventing the Town from performing its obligations under the Resolution; or attempting to limit, enjoin or otherwise restrict or prevent the Mayor and Council of the Town or the Town from functioning pursuant to the terms of the Resolution.

6. That all of the findings and the representations and warranties of the Town made and contained in the Resolution (which findings and representations and warranties, respectively, 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 findings and representations and warranties, respectively, were set forth herein as of the date hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and the seal of the Town on October 3, 2007.

TOWN OF BUCKEYE, ARIZONA

By_____
Bobby Bryant, Mayor

By_____
Linda Garrison, Town Clerk

By_____
David Wilcox, Town Manager

JTG:jlu 763934.1 09/12/07

$1,535,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2007

CERTIFICATE

I, the undersigned Interim Town Manager of the Town of Buckeye, Arizona, ex officio Interim District Manager of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), hereby certify that I am the appointed and acting Interim District Manager stated herein as of the date set forth below. As such officer, I hereby reaffirm all covenants and representations made by the former Town Manager of the Town of Buckeye, ex officio District Manager of the District, in the closing certificates and other financing documents with respect to the issuance of the District's General Obligation Bonds, Series 2007 (the "*Bonds*").

Further, for purposes of the issuance of the Bonds, I hereby adopt for my signature, the signature of the former Town Manager, ex officio District Manager.

DATED: October 3, 2007

Jeanne Guy
Interim Town Manager, ex officio
Interim District Manager

JTG:gmh 770883.1 10/03/07

$1,535,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2007

CLOSING CERTIFICATE OF
PULTE HOME CORPORATION

The undersigned, the Vice President and the Assistant Secretary of Pulte Home Corporation, a Michigan corporation (the "*Owner*"), acting for and on behalf of the Owner, HEREBY CERTIFY as follows:

1. That they are duly qualified and acting Vice President and Assistant Secretary of the Owner, respectively, and as such officers are familiar with the books and corporate records of the Owner.

2. That the Owner is duly organized and validly existing under the laws of the State of Michigan, and authorized to transact business in the state of Arizona has no proceedings pending or contemplated with a view to liquidation or dissolution and is governed by a Board of Directors (the "*Board*") and that, from September 1, 2007, the following persons were and now are the duly qualified acting members of the Board:

Richard J. Dugas, Jr.
Vincent J. Frees
Steven M. Cook

3. That the Owner has the power and authority to execute and deliver the Indemnity Letter dated September 13, 2007 (the "*Indemnity Letter*") from the Owner to 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*") (the "*Document*") as executed and delivered by the duly authorized officers of the Owner were approved or the execution and deliver thereof was authorized by the Board at a meeting of the Board to the extent necessary to approve and authorize execution and delivery of the Document (the "*Meeting*").

4. (a) That a resolution (the "*Resolution*") authorizing among other things, the execution and delivery of Documents was duly adopted by a majority of the members of the Board at the Meeting; that the Meeting was duly called and that a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof and that notice of the Meeting was provided as necessary; or that no resolution is necessary to authorize such execution and delivery.

(b) That the Owner has no rules of procedure which would invalidate or make ineffective the Resolution and that the Resolution has been adopted in accordance with the Articles of Incorporation and the Bylaws of the Corporation.

5. That the officers executing and delivering the Document had the authority to execute and deliver the Document.

6. That the persons named below were on the date or dates of the execution or acceptance of the Document, and are on the date hereof, the duly qualified and acting incumbents of the offices of the Owner set forth below their respective signatures and the signatures appearing above their respective names are the genuine official signatures of said officers.

7. That the Document will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which the Owner is a party or by which it or its properties are bound.

8. That 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 Owner of the obligations of the Owner under the Document or to conduct the business of the Owner as presently being conducted and as described in the Limited Offering Memorandum dated September 13, 2007 (the "*Limited Offering Memorandum*").

9. That the Owner 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.

10. That the consummation of the transactions contemplated by the Document and compliance by the Owner 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 indenture, agreement or other instrument to which the Owner is a party or by which the Owner may be bound.

11. That 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 the Resolution or the Document or the performance by the Owner of its obligations set forth in the Document or the conduct of the Owner's business as described in the Limited Offering Memorandum, or contesting or questioning the proceedings and authority under which the Document have been authorized and are delivered and executed.

12. That attached hereto as *Exhibit A* is a true, complete and correct copy of the Articles of Incorporation of the Owner which were in full force and effect on September 1, 2007 and which have been in effect from that date to the date hereof and that no amendments to the Articles of Incorporation of the Owner have been filed subsequent to the last date on which they were certified by the Arizona Corporation Commission.

13. Attached hereto as *Exhibit B* is true, complete and correct copy of Certificates of Good Standing as to the Owner issued by the Michigan Department of Labor & Economic Growth dated September 24, 2007 and the Arizona Corporation Commission dated September 21, 2007. Nothing has occurred since the dates of the Certificates of Good Standing that would cause the Owner to no longer be in good standing.

14. That the officers of the Owner hereby represent that the real property within the District owned by the Owner (the "*Property*") is subject to ad valorem taxation to secure payment of the

above-captioned bonds and that the Owner is proceeding with all reasonable speed to develop and sell the Property to members of the general public for residential and commercial use.

15. That all of the representations and warranties of the Owner made and contained in the Document (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 set forth herein as of the date hereof.

16. That the information pertaining to the Owner and the Project contained in the Limited Offering Memorandum dated September 13, 2007 under the headings "THE DISTRICT", "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "THE OWNER" and "RISK FACTORS", respectively, 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. Additionally, in connection with our participation in the preparation of the Limited Offering Memorandum, we have not acquired any knowledge that the Limited Offering Memorandum 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.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on October 3, 2007.

PULTE HOME 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 —Certificates of Good Standing

Exhibit A

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 24th day of September, 2007

, 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;

GOLD SEAL APPEARS ONLY ON ORIGINAL

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

RK9a

GOLD SEAL APPEARS ONLY ON ORIGINAL

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

GOLD SEAL APPEARS ONLY ON ORIGINAL

CAS-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

CIS-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-850 (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 — 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.

PPEARS ONLY ON ORIGINAL

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

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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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CAS-530 (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

CBS-510 (Rev. 11-85)

874E#8584 0430 ORG&FI $10.00

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, West Bloomfield, Michigan 48033
(Street Address) (City) (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 ORIGINAL

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

CBS-520 (Rev. 12-85)

872##7162 1009 DRG&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 Richard C. Staky
(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

C&S-515 (Rev 5-87) 874EM6604 1200 DRG&FI $10.00

(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.

Z

[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)

[redacted]EARS ONLY ON ORIGINAL

C4S-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

S ONLY ON ORIGINAL

C&S-550.(Rev 1-84)

874E06604 1200 ORG&FI $50.00

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.

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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 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)

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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 162, P.A. of 1962. 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

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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.

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(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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CS&S-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

9329#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] (Signature)

John R. Stoller, Vice President - General Counsel
(Type or Print Name and Title)

BM

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CSS-620 (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.

Name of person or organization remitting fees:

Pulte Home Corporation

Preparer's name and business telephone number:

Nancy Gawthrop

(313) 433-4568

Nancy Gawthrop
Pulte Home Corporation
33 Bloomfield Hills Parkway
Suite 200
Bloomfield Hills, MI 48304

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 11986850 - 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

GOLD SEAL APPEARS ONLY ON ORIGINAL

UCS/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

CJ/R

GOLD SEAL APPEARS ONLY ON ORIGINAL

Exhibit B

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 24th day of September, 2007.

Andrew L. Mitchell Jr., 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 21st Day of September, 2007, A. D.

Executive Director

Order Number: 175886

$1,535,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2007

ACKNOWLEDGEMENT AND REQUEST FOR AUTHENTICATION AND DELIVERY OF BONDS

I, Douglas Allen, ex officio Treasurer of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), hereby acknowledge that, pursuant to the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (the "*Indenture*"), the Trustee received from RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, the purchaser (the "*Underwriter*"), on the date of this Certificate the following amounts for the purchase of Festival Ranch Community Facilities District(Town of Buckeye, Arizona), District General Obligation Bonds, Series 2007:

Principal	$1,535,000.00
Less: Underwriter's Compensation	(46,050.00)
TOTAL	$1,488,950.00

The total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged does not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the above-referenced Bonds.

The undersigned hereby requests that Wells Fargo Bank, N.A., acting pursuant to the Indenture, authenticate $1,535,000 principal amount of the bonds in the amounts and interest rates and maturing on the dates shown in the Indenture and cause the same to be delivered to the Underwriter.

Dated: October 3, 2007

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

By _____

JTG:jlu 763959.1 09/12/07

$1,535,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2007

TRUSTEE'S CERTIFICATE OF COMPLETION
AND AUTHENTICATION

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 (the "*District*") and the Trustee hereby certifies that:

(a) The performance of its duties and obligations under the Indenture has been duly authorized by all necessary corporate action on the part of the Trustee and under present law does not contravene the Articles of Association or By-Laws of the Trustee or to the best of its knowledge, after due inquiry, conflict with or constitute a breach of or default under any law, administrative regulation, consent decree or any material agreement or instrument to which the Trustee is subject.

(b) By all necessary action, the Trustee has authorized the execution, delivery and due performance by it of the Indenture and the execution, delivery and due performance by it of the Certificate of Authentication appearing on 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 resolution of the District adopted on July 17, 2007, authorizing the issuance and sale of the Bonds.

(c) Pursuant to the written request and authorization from the District, the Trustee has executed the Bonds and caused the Bonds to be delivered in accordance with such written authorization and direction to the Trustee. The persons executing the Bonds and all documents relating to the Bonds on behalf of the Trustee were and are representatives duly authorized to execute the Bonds and all documents relating to the Bonds on behalf of the Trustee. Their signatures appearing on the Bonds and other documents are their true and correct signatures.

(d) The Bonds have been properly and accurately completed.

(e) Attached hereto is a true, complete and correct copy of a resolution of the Trustee demonstrating the authority of the officer executing documents in the name of the Trustee to act on behalf of the Trustee. Said authority was in effect on the date or dates that said officer acted and remains in full force and effect on the date hereof.

Dated: October 3, 2007

WELLS FARGO BANK, N.A.

By _____
Authorized Representative

JTG:jlu 763916.1 09/12/07

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

$1,535,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2007

RECEIPT OF TRUSTEE

The undersigned, does hereby acknowledge for and on behalf of the Trustee for the hereinafter described Indenture as follows:

1. $1,535,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (the "*Bonds*"), maturing in the years 2012, 2016, 2022 and 2032, and bearing interest from October 3, 2007 (payable semiannually on January 15 and July 15 in each year, commencing on January 15, 2008) have this day been delivered to, or upon the order of, RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets upon payment to the Trustee of the purchase price of the Bonds as follows:

Par Amount of the Bonds	$1,535,000.00
less: Underwriting Compensation	(46,050.00)
Total Amount Received	$1,488,950.00

2. Pursuant to the provisions of Section 5.05 of the Indenture, proceeds of the Bonds have been applied by deposit of the following amounts to the following funds or accounts:

FUND OR ACCOUNT	AMOUNT
Acquisition and Construction Fund	$1,488,950.00
Total:	$1,488,950.00

Dated: October 3, 2007

WELLS FARGO BANK, N.A.

By: Nancy L Eaton
Its: Vice President

JTG:jlu 763925.2 09/24/07

RBC Capital Markets

** FINAL **

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

Issue:	$1,535,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007
Bonds Dated:	Date of Delivery (October 3, 2007)
Interest Payment Dates:	January 15 and July 15 of each year, commencing January 15, 2008.
Ratings:	Not Rated
Maturity Dates, Principal Amounts, Interest Rates:	$180,000 4.650% Term Bonds due July 15, 2012 @ 100% $160,000 5.000% Term Bonds due July 15, 2016 @ 100% $100,000 5.500% Term Bonds due July 15, 2022 @ 100% $1,095,000 5.800% Term Bonds due July 15, 2032 @ 100%
Mandatory Sinking Fund Redemption:	See Exhibit A
Base CUSIP Number:	315598
Pre-Closing:	**Tuesday, October 2, 2007** 3:00 P.M. (Arizona Time) Gust Rosenfeld P.L.C. 201 East Washington Street Suite 800 Phoenix, Arizona 85004 Scott Ruby, Esq. Phone:(602) 257-7432 Fax: (602) 340-1538
Closing:	**Wednesday, October 3, 2007** 8:00 A.M. (Arizona Time) Gust Rosenfeld P.L.C. (At above listed location)
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	$1,535,000.00
Less: Underwriter's Discount	(46,050.00)
Amount Payable at Closing	$1,488,950.00

Flow of Funds:

SOURCES OF FUNDS

On the morning of closing, RBC Capital Markets will wire transfer **$1,488,950.00**, representing the purchase price of the Bonds to:

Wells Fargo Bank, N.A.
ABA #: 121000248
Trust Clearing Account #: 00010-38-377
For Credit To: Festival Ranch 07
Account #: 22527601
Attention: Ms. Nancy Eatros, (602) 378-2337

USES OF FUNDS

$1,488,950.00 will be deposited to a District account and applied to pay costs of issuance of the Bonds **($97,500.00)** and costs of acquisition and construction of infrastructure **($1,391,450.00)**.

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 Donna Hoagland (312) 559-5491.

Exhibit A

$1,535,000.00
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

Dated: October 3, 2007 Delivery: October 3, 2007

Date	Principal (a)	Coupon	Interest	Total P+I	Fiscal Year Debt Service	CUSIP# (315598)
10/03/2007						
01/15/2008			$24,191.00	$24,191.00		
07/15/2008	$50,000.00 (b)	4.650%	42,690.00	92,690.00	$116,881.00	AD4
01/15/2009			41,527.50	41,527.50		
07/15/2009	30,000.00 (b)	4.650%	41,527.50	71,527.50	113,055.00	AD4
01/15/2010			40,830.00	40,830.00		
07/15/2010	30,000.00 (b)	4.650%	40,830.00	70,830.00	111,660.00	AD4
01/15/2011			40,132.50	40,132.50		
07/15/2011	35,000.00 (b)	4.650%	40,132.50	75,132.50	115,265.00	AD4
01/15/2012			39,318.75	39,318.75		
07/15/2012	35,000.00	4.650%	39,318.75	74,318.75	113,637.50	AD4
01/15/2013			38,505.00	38,505.00		
07/15/2013	40,000.00 (c)	5.000%	38,505.00	78,505.00	117,010.00	AE2
01/15/2014	-		37,505.00	37,505.00		
07/15/2014	35,000.00 (c)	5.000%	37,505.00	72,505.00	110,010.00	AE2
01/15/2015	-		36,630.00	36,630.00		
07/15/2015	40,000.00 (c)	5.000%	36,630.00	76,630.00	113,260.00	AE2
01/15/2016	-		35,630.00	35,630.00		
07/15/2016	45,000.00	5.000%	35,630.00	80,630.00	116,260.00	AE2
01/15/2017			34,505.00	34,505.00		
07/15/2017	45,000.00 (d)	5.5000% / 5.8000%	34,505.00	79,505.00	114,010.00	AF9 / AG7
01/15/2018	-		33,222.50	33,222.50		
07/15/2018	45,000.00 (d)	5.5000% / 5.8000%	33,222.50	78,222.50	111,445.00	AF9 / AG7
01/15/2019	-		31,940.00	31,940.00		
07/15/2019	50,000.00 (d)	5.5000% / 5.8000%	31,940.00	81,940.00	113,880.00	AF9 / AG7
01/15/2020	-		30,512.50	30,512.50		
07/15/2020	55,000.00 (d)	5.5000% / 5.8000%	30,512.50	85,512.50	116,025.00	AF9 / AG7
01/15/2021	-		28,940.00	28,940.00		
07/15/2021	60,000.00 (d)	5.5000% / 5.8000%	28,940.00	88,940.00	117,880.00	AF9 / AG7
01/15/2022	-		27,230.00	27,230.00		
07/15/2022	60,000.00 (e)	5.5000% / 5.8000%	27,230.00	87,230.00	114,460.00	AF9 / AG7
01/15/2023			25,520.00	25,520.00		
07/15/2023	65,000.00 (f)	5.800%	25,520.00	90,520.00	116,040.00	AG7
01/15/2024	-		23,635.00	23,635.00		
07/15/2024	65,000.00 (f)	5.800%	23,635.00	88,635.00	112,270.00	AG7
01/15/2025	-		21,750.00	21,750.00		
07/15/2025	70,000.00 (f)	5.800%	21,750.00	91,750.00	113,500.00	AG7
01/15/2026	-		19,720.00	19,720.00		
07/15/2026	75,000.00 (f)	5.800%	19,720.00	94,720.00	114,440.00	AG7
01/15/2027	-		17,545.00	17,545.00		
07/15/2027	80,000.00 (f)	5.800%	17,545.00	97,545.00	115,090.00	AG7
01/15/2028	-		15,225.00	15,225.00		
07/15/2028	85,000.00 (f)	5.800%	15,225.00	100,225.00	115,450.00	AG7
01/15/2029	-		12,760.00	12,760.00		
07/15/2029	85,000.00 (f)	5.800%	12,760.00	97,760.00	110,520.00	AG7
01/15/2030	-		10,295.00	10,295.00		
07/15/2030	95,000.00 (f)	5.800%	10,295.00	105,295.00	115,590.00	AG7
01/15/2031	-		7,540.00	7,540.00		
07/15/2031	100,000.00 (f)	5.800%	7,540.00	107,540.00	115,080.00	AG7
01/15/2032	-		4,640.00	4,640.00		
07/15/2032	160,000.00	5.800%	4,640.00	164,640.00	169,280.00	AG7
	$1,535,000.00		$1,376,998.50	$2,911,998.50	$2,911,998.50	

(a) The Bonds are subject to optional redemption on July 15, 2017 at a redemption price of 100%.
(b) Represents mandatory sinking fund amounts for term bond due July 15, 2012.
(c) Represents mandatory sinking fund amounts for term bond due July 15, 2016.
(d) Represents mandatory sinking fund amounts for term bond due July 15, 2022 and term bond due July 15, 2032.
(e) Represents maturity of term bond due July 15, 2022 and mandatory sinking fund amount for term bond due July 15, 2032.
(f) Represents mandatory sinking fund amounts for term bond due July 15, 2032.

RBC Capital Markets

EXHIBIT B

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

ISSUER

Festival Ranch Community Facilities District
100 Apache
Suite A
Buckeye, Arizona 85326
FAX: (623) 386-7832

Dave Wilcox
District Manager
(623) 386-4691
E-mail: dwilcox@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.org

LANDOWNER

Pulte Homes Corporation
15111 North Pima Road
Suite 100
Scottsdale, Arizona 85260
FAX: (480) 391-6109

Bobbi Johnson
Project Manager, Land Development
(480) 314-7948
E-mail: bobbi.johnson@pulte.com

Hans Koppenhoefer
Manager of Planning & Entitlement
(480) 314-7969
E-mail: hans.koppenhoefer@pulte.com

James Phillips
Director of Finance
(480) 314-7917
E-mail: james.phillips@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 Uibelhoer
(602) 257-7435
E-mail: juibelhoer@gustlaw.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

Brigitte Finley Green, Esq.
(602) 445-8467
E-mail: greenb@gtlaw.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

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

$1,535,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2007

CERTIFICATE OF UNDERWRITER
REGARDING INITIAL OFFERING PRICE
OF THE BONDS TO THE PUBLIC
AND AS TO YIELD

The undersigned (the "*Underwriter*") 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, interest and fees for qualified guarantees on the issue and amounts reasonably expected to be paid as fees for qualified guarantees 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 Underwriter 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 Underwriter certifies that a *bona fide* public offering of the Bonds 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 underwriters 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 September 13, 2007, is as follows:

Maturity or Redemption Date (July 15)		Par Amount	Offering Price	Total for Maturity
2008	*	$ 50,000.00	100.00%	$ 50,000.00
2009	*	30,000.00	100.00%	30,000.00
2010	*	30,000.00	100.00%	30,000.00
2011	*	35,000.00	100.00%	35,000.00
2012		35,000.00	100.00%	35,000.00
2013	**	40,000.00	100.00%	40,000.00
2014	**	35,000.00	100.00%	35,000.00
2015	**	40,000.00	100.00%	40,000.00
2016		45,000.00	100.00%	45,000.00
2017	***	15,000.00	100.00%	15,000.00
2018	***	15,000.00	100.00%	15,000.00
2019	***	15,000.00	100.00%	15,000.00
2020	***	15,000.00	100.00%	15,000.00
2021	***	20,000.00	100.00%	20,000.00
2022		20,000.00	100.00%	20,000.00
2017	****	30,000.00	100.00%	30,000.00
2018	****	30,000.00	100.00%	30,000.00
2019	****	35,000.00	100.00%	35,000.00
2020	****	40,000.00	100.00%	40,000.00
2021	****	40,000.00	100.00%	40,000.00
2022	****	40,000.00	100.00%	40,000.00
2023	****	65,000.00	100.00%	65,000.00
2024	****	65,000.00	100.00%	65,000.00
2025	****	70,000.00	100.00%	70,000.00
2026	****	75,000.00	100.00%	75,000.00
2027	****	80,000.00	100.00%	80,000.00
2028	****	85,000.00	100.00%	85,000.00
2029	****	85,000.00	100.00%	85,000.00
2030	****	95,000.00	100.00%	95,000.00
2031	****	100,000.00	100.00%	100,000.00
2032		160,000.00	100.00%	160,000.00
	TOTAL			$1,535,000.00

* Mandatory redemption dates of Term Bond maturing July 15, 2012
** Mandatory redemption dates of Term Bond maturing July 15, 2016
*** Mandatory redemption dates of Term Bond maturing July 15, 2022
**** Mandatory redemption dates of Term Bond maturing July 15, 2032

To the knowledge of the Underwriter, the Bonds were sold at prices that would induce willing buyers to purchase such investments from willing sellers in *bona fide*, arms-length transactions.

Based upon the purchase price so certified, the under-signed hereby certifies that the yield on the Bonds is 5.6987%.

DATED: October 3, 2007.

RBC DAIN RAUSCHER INC.

By Shawn Brall

JTG:jlu 763964.2 09/24/07

$1,535,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2007

RECEIPT FOR BONDS

On behalf of RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, the purchaser of the $1,535,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (the "*Bonds*"), the undersigned hereby acknowledges receipt of all such Bonds on the date set forth in this receipt.

The undersigned represents and certifies that it: (i) made a limited offering of all of the Bonds; and (ii) has reoffered and sold the Bonds only to SMMP's [or Qualified Investors], as defined in the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (the "*Indenture*") and will not redeliver the Bonds to any purchaser without receiving an executed Certificate of Sophisticated Municipal Market Professional [or Certificate of Qualified Investor], in the form set forth in the Indenture, from such purchaser.

DATED: October 3, 2007

RBC DAIN RAUSCHER INC.

By Shawn Nale
Authorized Agent

JTG:jlu 763970.2 09/24/07

REGISTERED

REGISTERED

No. R-1

$180,000

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.

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE (1) IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER OF A PRINCIPAL AMOUNT OF $100,000 OR MORE PURSUANT TO THE RULES AND REGULATIONS APPLICABLE TO SALES TO "SOPHISTICATED MUNICIPAL MARKET PROFESSIONALS" OR (2) IN CONNECTION WITH A SALE OR TRANSFER TO A QUALIFIED INVESTOR UPON RECEIPT BY THE HEREINAFTER DESCRIBED TRUSTEE OF A "QUALIFIED INVESTOR LETTER" IN THE FORM INCLUDED IN THIS BOND.

UNITED STATES OF AMERICA
STATE OF ARIZONA

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

INTEREST RATE	MATURITY DATE	ORIGINAL DATED DATE	CUSIP NO.:
4.650%	July 15, 2012	October 3, 2007	315598 AD4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED EIGHT THOUSAND DOLLARS AND NO/100 DOLLARS ($180,000.00)

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 (the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (the "*Holder*"), on the "Maturity Date" specified above unless earlier redeemed as provided herein, 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 Dated 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 defined in the hereinafter described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 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 is defined in the Indenture) payable on the Bonds (as such term is hereinafter defined) shall be paid to CEDE & Co. or its registered assigns in same-day funds no later than the time established by The Depository Trust Company (the "*Depository*") on the date due (or in accordance with then existing arrangements between the Issuer and the Depository).

If the specified date for any such payment shall be 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 designated corporate trust office of Paying Agent is located then such payment may be made on the next succeeding day which is not one of the foregoing days 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.

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

SPECIMEN BOND

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.

This bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (the "*Bonds*"), issued and to be issued in one series under, and all equally and ratably secured, with the limitations described herein, by 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 (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. The Bonds are authorized to be issued by a resolution of the District Board of the Issuer adopted on July 17, 2007 (the "*Bond Resolution*") for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*").

The Bonds are payable, equally and ratably with such other obligations of the Issuer payable from such sources as may be outstanding from time to time and to the extent provided in the Bond Resolution, from the proceeds of an *ad valorem* tax, unlimited as to rate or amount, to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer sufficient together with any other moneys from sources available pursuant to the Enabling Act to pay debt service on the Bonds when due.

Notwithstanding any provisions 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 (as such term is defined in the Indenture) sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of $5,000 and any integral multiples thereof.

Optional Redemption. The Bonds maturing on and after July 15, 2022, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2017, as a whole or in part, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the 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 Redemption Date but without premium.

Mandatory Redemption. The Bonds maturing on July 15, 2012, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the 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 Redemption Date but without premium.

Redemption Date (July 15)	Principal Amount
2008	$50,000
2009	30,000
2010	30,000
2011	35,000
2012 (maturity)	35,000

The Bonds maturing on July 15, 2016 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

SPECIMEN BOND

Redemption Date (July 15)	Principal Amount
2013	$40,000
2014	35,000
2015	40,000
2016 (maturity)	45,000

The Bonds maturing on July 15, 2022 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2017	$15,000
2018	15,000
2019	15,000
2020	15,000
2021	20,000
2022 (maturity)	20,000

The Bonds maturing on July 15, 2032 are subject to mandatory redemption on July 15 of the following years and in the following amounts upon payment of the redemption price which consists of the principal amount of the Project Bonds so redeemed plus accrued interest, if any, but without premium:

Redemption Date (July 15)	Principal Amount
2017	$30,000
2018	30,000
2019	35,000
2020	40,000
2021	40,000
2022	40,000
2023	65,000
2024	65,000
2025	70,000
2026	75,000
2027	80,000
2028	85,000
2029	85,000
2030	95,000
2031	100,000
2032 (maturity)	160,000

Whenever Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the Trustee for cancellation, the principal amount of the Bonds of such maturity so retired shall satisfy and be credited against the mandatory redemption requirements for such maturity on a pro rate basis, to the extent practicable provided, however, that each remaining mandatory payment shall be in an amount which is an Authorized Denomination.

Upon any partial redemption of any Bond, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same maturity in authorized form for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds are to be redeemed, the particular Bonds of a maturity to be redeemed or, as applicable, shall, unless otherwise provided herein, be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds of such maturity or, as applicable, which have not previously been called for redemption, by lot and the Trustee may provide for the selection for redemption of portions (equal to an Authorized Denomination) of the principal of Bonds.

SPECIMEN BOND

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 the Depository or a nominee thereof, this Bond may be transferred in whole but not in part only to the Depository or a nominee thereof or to a successor depository 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 an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository 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 Owners; (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 the Depository as Owner.

The Owner of this bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

The liability of the Issuer and obligations of the Issuer pursuant to the Indenture with respect to all or any portion of the Bonds may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Indenture.

No covenant or agreement contained in the Bonds, the Indenture or in the Bond Resolution shall be deemed to be the covenant or agreement of any elected or appointed official, officer, agent, servant or employee of the Issuer in his or her individual capacity or of any officer, director, agent, servant or employee of the Trustee or the Owner in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Terms used, but not defined, herein have the meanings set forth in the Indenture. Copies of the Bond Resolution and Indenture are on file at the designated office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the terms and source of payment and security for the Bonds, the limited liability of the Issuer, the custody and application of the proceeds of the Bonds, the rights and remedies of the Owners of the Bonds, amendments, and the rights, duties and obligations of the Issuer and the Trustee, to all of which the Owner hereof, by acceptance of this bond, assents.

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. Notwithstanding any other provision of this bond to the contrary, but except as otherwise provided in Section 3.04(F) of the Indenture, this bond is nontransferable unless the transferee or transferees provide the Trustee a completed certificate of qualified investor in the form included in this bond.

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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) 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 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 in order to render the same a legal, valid, and binding general obligation of the Issuer have been performed, exist and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation. 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 and the federal laws of the United States of America.

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

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By _____
Chairman

ATTEST:

_____
District Clerk

Dated: October 3, 2007

SPECIMEN BOND

[The following certificate shall be required only to the extent required by Section 3.04(F) of the Indenture.]

["CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL"]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Wells Fargo Bank, N.A., as Trustee

Re: Fesitval Ranch Community Facilities District
(Town of Buckeye, Arizona) District General Obligation
Bonds, Series 2007

1. Please be advised that the undersigned is purchasing one of the captioned bonds or an interest therein (hereinafter referred to as the *"Bonds"*), such Bond being in the original aggregate principal amount of $_________, bearing the number ___________. Such purchase is solely for the account of the undersigned or for accounts managed by the undersigned, for the purpose of investment and not with an intent for distribution or resale.

2. The undersigned acknowledges that it is a "Qualified Institutional Buyer," as such term is defined in Rule 144A of the Securities Act of 1933, as amended, with total assets of at least $100 million invested in municipal securities in the aggregate in its portfolio and/or under management.

3. In the event that the undersigned transfers such Bond or any part thereof, the undersigned agrees that such transfer shall be through a "broker," or to a "dealer" or "municipal securities dealer," as those terms are defined in the Securities Exchange Act of 1934.

4. The undersigned acknowledges that it received the Limited Offering Memorandum dated September 13, 2007 related to the Bonds.

5. The undersigned understands that: (i) the Bonds are not being registered under the Securities Act of 1933, as amended, (ii) the Bonds 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) any transfer of the Bonds must comply with federal and state securities laws, (iv) the broker or dealer must sell the Bonds, or interests therein, to sophisticated municipal market professionals, (v) the Bonds will not be listed on any stock or other securities exchange, and (vi) the Bonds will not carry any bond rating from any rating service.

6. The undersigned had access to all information regarding the Bonds and the Issuer that the undersigned deemed material in connection with its evaluation of and decision to purchase the Bonds. The undersigned acknowledges that the undersigned has not requested and none of the Issuer, the Town of Buckeye, Arizona, or the respective officials, officers, directors, council members, advisors, employees and agents has undertaken to furnish information to the undersigned from any third party in connection with investment in the Bonds.

7. This letter and all rights and responsibilities described in it shall be governed by, and interpreted in accordance with the laws of the State of Arizona. The federal and state courts of the State of Arizona shall have sole and exclusive jurisdiction over any dispute arising from the purchase and sale of the Bonds.

____
(PURCHASER)

By______________________________
Printed Name: ____________________
Title: ___________________________

SPECIMEN BOND

["CERTIFICATE OF QUALIFIED INVESTOR"]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) District General Obligation
Bonds, Series 2007

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in case the bonds are held by a securities depository, one of the captioned bonds (hereinafter referred to as the "*Bonds*"), such Bond, or beneficial interest therein, being in the original aggregate principal amount of $________, bearing the number ____________. Such purchase is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (hereinafter referred to as the "*Indenture*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned acknowledges that it is a qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or an accredited investor as defined in Rule 501 of Regulation D of the United States Securities Exchange Commission (either of which shall constitute a "Qualified Investor").

4. The undersigned acknowledges that it is one of the following:

(i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5,000,000;

(iv) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000 and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth;

SPECIMEN BOND

(v) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with the person's spouse in excess of $300,000 in each of those years and who reasonably expects reaching the same income level the current year and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth; or

(vi) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i), (ii), (iii), (iv) or (v) above.

Collectively, the purchasers meeting one or more of the criteria set forth above shall be referred to as a "Qualified Investor".

5. The undersigned acknowledges that the undersigned has had an opportunity and has obtained all information necessary and has evaluated the factors associated with its investment decision and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including but not limited to, limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the owners of land in the District, failure or inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays and the probable lack of any secondary market for the Bonds. The undersigned acknowledges that it is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The undersigned is not relying on the Issuer or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

6. 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, and (v) are not likely to be readily marketable.

7. The undersigned acknowledges that the Issuer, the Town and the respective officers, directors, council members, advisors, employees and agents of either of the foregoing have not undertaking to furnish, nor has the undersigned requested, any other information or to ascertain the accuracy or completeness of any other information that may have been furnished by any other party.

____
[PURCHASER]

By______________________________________
Printed Name:____________________________
Title:__________________________________

- -

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:________________

SPECIMEN BOND

Form of Assignment

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 - ______________ (Custodian)
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 ,subject to the transfer restrictions described in the within Bond, subject to the transfer restrictions described in the within Bond, 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 book kept for registration thereof, with full power of substitution in the premises.

DATED: ____________________

____

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.

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.

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: _____

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)

DTCC

The Depository Trust & Clearing Corporation

[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.

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): 100 N. Apache	Room/suite: A	4 Report number: 3 2007-02	
5 City, town, or post office, state, and ZIP code: Buckeye, Arizona 85326		6 Date of issue: October 3, 2007	
7 Name of issue: District General Obligation Bonds, Series 2007		8 CUSIP number: 315598 AG7	
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, Irrigation	18	1,535,000
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	7/15/32	$ 1,535,000	$ 1,535,000	15.7 years	5.6987 %

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	1,535,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	143,550		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
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	143,550
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,391,450

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

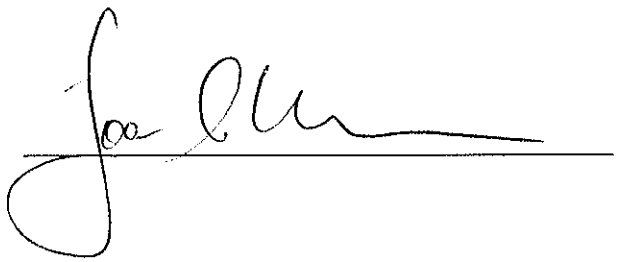
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

▶ Signature of issuer's authorized representative	October 3, 2007 Date	▶ Douglas Allen, Treasurer Type or print name and title

$1,535,000
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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 October 9, 2007.



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: District General Obligation Bonds, Series 2007	
3. Dated Date: October 3, 2007 Closing Date: October 3, 2007	4. Par Amount: $1,535,000
5. Overall Interest Rate (TIC OR NIC): 5.913988% (NIC)	6. Type of Bond or Security: general obligation bond
7. Repayment sources: ad valorem taxes levied on property in the district	
8. Total amount outstanding: $2,305,000	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (principal amount) $1,535,000.00	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: 60% of market value plus value of improvements
c. Premium Amount (+) $0.00	c. Total debt limit: not less than $1,535,000
d. Original Issue Price (=) $1,535,0000.00	12. Available debt limit: not less than $0
e. Underwriter Compensation (Discount) (-) ($46,050.00)	13. Total amount authorized: $175,000,000
f. Net Proceeds (=) $1,488,950.00	
14. Remaining authorized amount: $172,665,000	15. If voter authorized, election dates: May 25, 2005

16. Attach a detailed listing of Issue Costs.

17. Attach the Debt Service Schedule.

18. Attach Form 8038.

19. Attach Final Official Statement.

Signature

09/27/02
Date

Title, address and phone number
Douglas Allen
Treasurer
Festival Ranch Community Facilities District
100 N. Apache, Suite A
Buckeye, Arizona 85326
623-386-4691

Trustee name, address and phone number
Wells Fargo Bank, N.A.
100 W. Washington Street
22nd Floor
Phoenix, Arizona 85003
602-378-2337

Political Subdivision Contact
name, address, phone number
Treasurer
Festival Ranch Community Facilities District
100 N. Apache, Suite A
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

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 COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007**

Par Amount: $1,535,000

Date Closed: October 3, 2007

Mandatory Redemption Date (July 1)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2008 *	$ 50,000.00	4.650%	4.650%	$ 50,000.00	0
2009 *	30,000.00	4.650%	4.650%	30,000.00	0
2010 *	30,000.00	4.650%	4.650%	30,000.00	0
2011 *	35,000.00	4.650%	4.650%	35,000.00	0
2012	35,000.00	4.650%	4.650%	35,000.00	0
2013 **	40,000.00	5.000%	5.000%	40,000.00	0
2014 **	35,000.00	5.000%	5.000%	35,000.00	0
2015 **	40,000.00	5.000%	5.000%	40,000.00	0
2016	45,000.00	5.000%	5.000%	45,000.00	0
2017 ***	15,000.00	5.500%	5.500%	15,000.00	0
2018 ***	15,000.00	5.500%	5.500%	15,000.00	0
2019 ***	15,000.00	5.500%	5.500%	15,000.00	0
2020 ***	15,000.00	5.500%	5.500%	15,000.00	0
2021 ***	20,000.00	5.500%	5.500%	20,000.00	0
2022	20,000.00	5.500%	5.500%	20,000.00	0
2017 ****	30,000.00	5.800%	5.800%	30,000.00	0
2018 ****	30,000.00	5.800%	5.800%	30,000.00	0
2019 ****	35,000.00	5.800%	5.800%	35,000.00	0
2020 ****	40,000.00	5.800%	5.800%	40,000.00	0
2021 ****	40,000.00	5.800%	5.800%	40,000.00	0
2022 ****	40,000.00	5.800%	5.800%	40,000.00	0
2023 ****	65,000.00	5.800%	5.800%	65,000.00	0
2024 ****	65,000.00	5.800%	5.800%	65,000.00	0
2025 ****	70,000.00	5.800%	5.800%	70,000.00	0
2026 ****	75,000.00	5.800%	5.800%	75,000.00	0
2027 ****	80,000.00	5.800%	5.800%	80,000.00	0
2028 ****	85,000.00	5.800%	5.800%	85,000.00	0
2029 ****	85,000.00	5.800%	5.800%	85,000.00	0
2030 ****	95,000.00	5.800%	5.800%	95,000.00	0
2031 ****	100,000.00	5.800%	5.800%	100,000.00	0
2032	160,000.00	5.800%	5.800%	160,000.00	0
TOTAL	**$1,535,000.00**	**N/A**	**N/A**	**$1,535,000.00**	**0**
10e Underwriter's Discount and/or Placement Agent Fee, if any				(46,050.00)	
10f Net Proceeds (as shown on issuance form)				$1,488,950.00	

* mandatory redemption dates of Term Bond maturing July 15, 2012
** mandatory redemption dates of Term Bond maturing July 15, 2016
*** mandatory redemption dates of Term Bond maturing July 15, 2022
**** mandatory redemption dates of Term Bond maturing July 15, 2032

Name of Issue: **FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007**

Costs of Issuance

Underwriter compensation	$46,050.00
Bond counsel fee	40,000.00
Underwriter's counsel fee	30,000.00
Financial advisor fees	12,500.00
Trustee, Registrar, transfer and paying agent fees	5,000.00
Official Statement printing	5,000.00
Miscellaneous	5,000.00
TOTAL	$143,550.00

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) 100 N. Apache — Room/suite: A	4	Report number 3 2007-02
5	City, town, or post office, state, and ZIP code Buckeye, Arizona 85326	6	Date of issue October 3, 2007
7	Name of issue District General Obligation Bonds, Series 2007	8	CUSIP number 315598 AG7
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, Irrigation	18	1,535,000
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	7/15/32	$ 1,535,000	$ 1,535,000	15.7 years	5.6987 %

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	1,535,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	143,550		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
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	143,550
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,391,450

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	October 3, 2007 Date	▶ Douglas Allen, Treasurer Type or print name and title

Exhibit A

$1,535,000.00
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

Dated: October 3, 2007 Delivery: October 3, 2007

Date	Principal (a)	Coupon	Interest	Total P+I	Fiscal Year Debt Service	CUSIP# (315598)
10/03/2007						
01/15/2008			$24,191.00	$24,191.00		
07/15/2008	$50,000.00 (b)	4.650%	42,690.00	92,690.00	$116,881.00	AD4
01/15/2009			41,527.50	41,527.50		
07/15/2009	30,000.00 (b)	4.650%	41,527.50	71,527.50	113,055.00	AD4
01/15/2010			40,830.00	40,830.00		
07/15/2010	30,000.00 (b)	4.650%	40,830.00	70,830.00	111,660.00	AD4
01/15/2011			40,132.50	40,132.50		
07/15/2011	35,000.00 (b)	4.650%	40,132.50	75,132.50	115,265.00	AD4
01/15/2012			39,318.75	39,318.75		
07/15/2012	35,000.00	4.650%	39,318.75	74,318.75	113,637.50	AD4
01/15/2013			38,505.00	38,505.00		
07/15/2013	40,000.00 (c)	5.000%	38,505.00	78,505.00	117,010.00	AE2
01/15/2014	-		37,505.00	37,505.00		
07/15/2014	35,000.00 (c)	5.000%	37,505.00	72,505.00	110,010.00	AE2
01/15/2015	-		36,630.00	36,630.00		
07/15/2015	40,000.00 (c)	5.000%	36,630.00	76,630.00	113,260.00	AE2
01/15/2016	-		35,630.00	35,630.00		
07/15/2016	45,000.00	5.000%	35,630.00	80,630.00	116,260.00	AE2
01/15/2017			34,505.00	34,505.00		
07/15/2017	45,000.00 (d)	5.5000% / 5.8000%	34,505.00	79,505.00	114,010.00	AF9 / AG7
01/15/2018	-		33,222.50	33,222.50		
07/15/2018	45,000.00 (d)	5.5000% / 5.8000%	33,222.50	78,222.50	111,445.00	AF9 / AG7
01/15/2019	-		31,940.00	31,940.00		
07/15/2019	50,000.00 (d)	5.5000% / 5.8000%	31,940.00	81,940.00	113,880.00	AF9 / AG7
01/15/2020	-		30,512.50	30,512.50		
07/15/2020	55,000.00 (d)	5.5000% / 5.8000%	30,512.50	85,512.50	116,025.00	AF9 / AG7
01/15/2021	-		28,940.00	28,940.00		
07/15/2021	60,000.00 (d)	5.5000% / 5.8000%	28,940.00	88,940.00	117,880.00	AF9 / AG7
01/15/2022	-		27,230.00	27,230.00		
07/15/2022	60,000.00 (e)	5.5000% / 5.8000%	27,230.00	87,230.00	114,460.00	AF9 / AG7
01/15/2023			25,520.00	25,520.00		
07/15/2023	65,000.00 (f)	5.800%	25,520.00	90,520.00	116,040.00	AG7
01/15/2024	-		23,635.00	23,635.00		
07/15/2024	65,000.00 (f)	5.800%	23,635.00	88,635.00	112,270.00	AG7
01/15/2025	-		21,750.00	21,750.00		
07/15/2025	70,000.00 (f)	5.800%	21,750.00	91,750.00	113,500.00	AG7
01/15/2026	-		19,720.00	19,720.00		
07/15/2026	75,000.00 (f)	5.800%	19,720.00	94,720.00	114,440.00	AG7
01/15/2027	-		17,545.00	17,545.00		
07/15/2027	80,000.00 (f)	5.800%	17,545.00	97,545.00	115,090.00	AG7
01/15/2028	-		15,225.00	15,225.00		
07/15/2028	85,000.00 (f)	5.800%	15,225.00	100,225.00	115,450.00	AG7
01/15/2029	-		12,760.00	12,760.00		
07/15/2029	85,000.00 (f)	5.800%	12,760.00	97,760.00	110,520.00	AG7
01/15/2030	-		10,295.00	10,295.00		
07/15/2030	95,000.00 (f)	5.800%	10,295.00	105,295.00	115,590.00	AG7
01/15/2031	-		7,540.00	7,540.00		
07/15/2031	100,000.00 (f)	5.800%	7,540.00	107,540.00	115,080.00	AG7
01/15/2032	-		4,640.00	4,640.00		
07/15/2032	160,000.00	5.800%	4,640.00	164,640.00	169,280.00	AG7
	$1,535,000.00		$1,376,998.50	$2,911,998.50	$2,911,998.50	

(a) The Bonds are subject to optional redemption on July 15, 2017 at a redemption price of 100%.
(b) Represents mandatory sinking fund amounts for term bond due July 15, 2012.
(c) Represents mandatory sinking fund amounts for term bond due July 15, 2016.
(d) Represents mandatory sinking fund amounts for term bond due July 15, 2022 and term bond due July 15, 2032.
(e) Represents maturity of term bond due July 15, 2022 and mandatory sinking fund amount for term bond due July 15, 2032.
(f) Represents mandatory sinking fund amounts for term bond due July 15, 2032.

RBC Capital Markets

$1,535,000
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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 October 9, 2007.

LIMITED OFFERING MEMORANDUM

NEW ISSUE - FULL BOOK-ENTRY 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 has designated the Bonds as "qualified tax-exempt" obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The District will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations which will be issued by the District in calendar year 2007 will not exceed $10,000,000. See "QUALIFIED TAX EXEMPT OBLIGATIONS" herein.

$1,535,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2007

DATED: Date of Initial Delivery **DUE: As shown on the inside front cover**

The Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation 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 initially to ultimate purchasers through the book-entry system maintained by DTC in amounts of $5,000 of principal amount or integral multiples in excess thereof due on specified maturity dates. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on each January 15 and July 15 of each year, commencing January 15, 2008. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants which will remit such payments to the beneficial owners of the Bonds. See Appendix D - "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, and an election in and for Festival Ranch Community Facilities District, a community facilities district formed within the boundaries of the Town of Buckeye, Arizona (the "District"), held on May 25, 2005, and will be issued pursuant to an Indenture of Trust and Security Agreement, to be dated as of October 1, 2007, from the District and a resolution of the District Board of the District. The Bonds will be payable as to both principal and interest from *ad valorem* taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount.

The Bonds will be subject to optional and mandatory redemption by the District prior to maturity as described herein.

Proceeds of the sale of the Bonds will be used to finance the acquisition of a portion of certain trunk sewer lines by the District and to pay the costs of issuance of the Bonds.

The Bonds are not being sold in a public offering. The Bonds may be purchased by "Qualified Investors" only and, except as described herein, will be transferable to Qualified Investors only. See "THE BONDS - Investor Suitability Standards And Transfer Restrictions" herein.

Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS" herein.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN OF BUCKEYE, ARIZONA, THE STATE OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

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 Limited Offering Memorandum 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 District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona, for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for Pulte Home Corporation by its counsel, Gallagher & Kennedy, P.A., Phoenix, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about October 3, 2007.

RBC CAPITAL MARKETS

September 13, 2007

MATURITY SCHEDULE

$180,000 4.65% Term Bond Due July 15, 2012 - Price 100%

$160,000 5.00% Term Bond Due July 15, 2016 - Price 100%

$100,000 5.50% Term Bond Due July 15, 2022 - Price 100%

$1,095,000 5.80% Term Bond Due July 15, 2032 - Price 100%

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

District Financial Advisor

Stone & Youngberg LLC
Phoenix, Arizona

THIS LIMITED OFFERING MEMORANDUM, 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 INDENTURE, THE BOND RESOLUTION, THE SECURITY FOR THE BONDS, THE DISTRICT, PULTE HOME CORPORATION ("PULTE") AND OTHER INFORMATION ARE INCLUDED IN THIS LIMITED OFFERING MEMORANDUM. SUCH DESCRIPTIONS DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES HEREIN TO THE BONDS, THE INDENTURE, THE BOND RESOLUTION AND ANY 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.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT, PULTE 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. THIS LIMITED OFFERING MEMORANDUM 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. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF *AD VALOREM* TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IN THIS LIMITED OFFERING MEMORANDUM 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.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS LIMITED OFFERING MEMORANDUM: "THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM 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."

ANY STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM INVOLVING MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO STATED, ARE INTENDED AS SUCH AND NOT AS REPRESENTATIONS OF FACT. THIS LIMITED OFFERING MEMORANDUM 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 LIMITED OFFERING MEMORANDUM 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 PULTE OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN SINCE THE DATE OF THIS LIMITED OFFERING MEMORANDUM.

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 LIMITED OFFERING MEMORANDUM, 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 LIMITED OFFERING MEMORANDUM, WHICH INCLUDES THE COVER PAGE AND THE APPENDICES HERETO, 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 DISTRICT HAS COVENANTED TO PROVIDE CONTINUING DISCLOSURE PURSUANT TO RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION AS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX E - "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL, INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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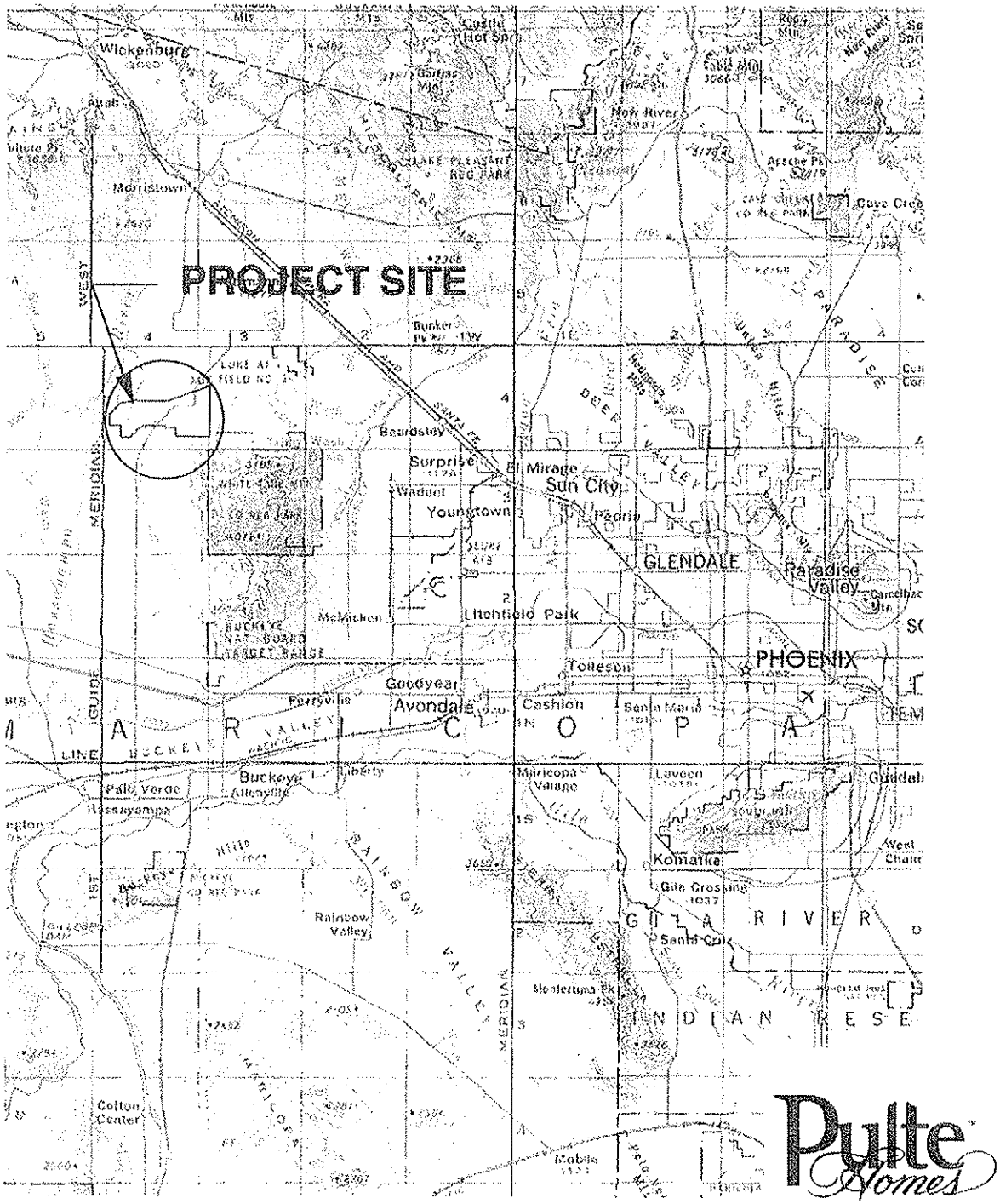
MAP SHOWING LOCATION OF THE DISTRICT
WITHIN METROPOLITAN PHOENIX AREA

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

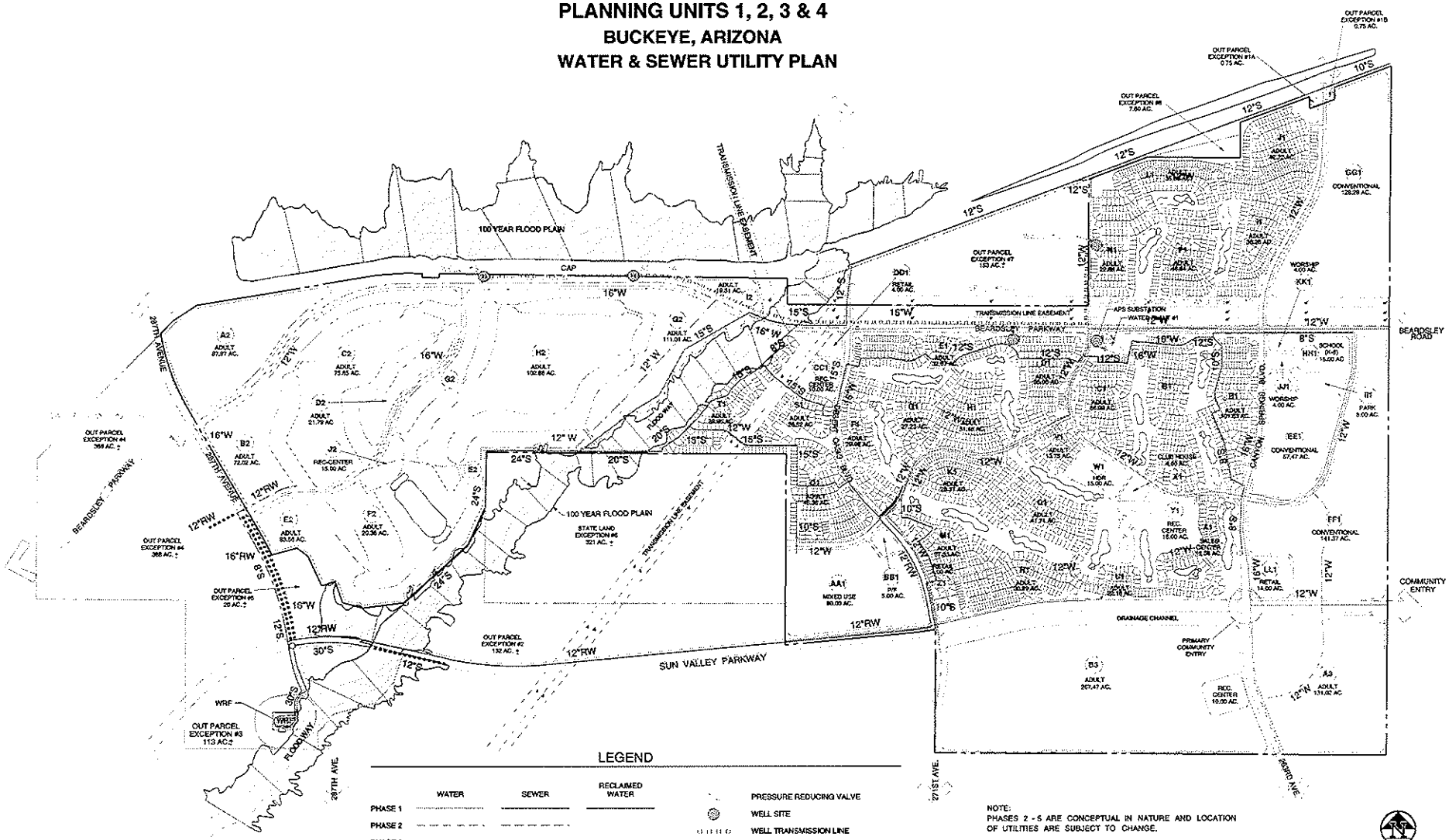
JOB NO.	FIGURE
680001-01	1

MAP SHOWING LOCATION OF THE DISTRICT AND FESTIVAL RANCH
IN CONTEXT OF SURROUNDING AREA

SUN CITY FESTIVAL

by Del Webb

PLANNING UNITS 1, 2, 3 & 4
BUCKEYE, ARIZONA
WATER & SEWER UTILITY PLAN



$1,535,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2007

This Limited Offering Memorandum, which includes the cover page and the appendices hereto, provides certain information concerning the issuance of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (the "Bonds"), in the aggregate principal amount of $1,535,000.

THE DISTRICT

Pursuant to the Community Facilities Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Enabling 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 April 19, 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 thirty-four (34) miles west of downtown Phoenix, Arizona, north of Interstate 10. See the maps at pages (iii) and (iv) 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." The District has the authority to issue general obligation bonds payable from *ad valorem* taxes levied on all taxable property within the boundaries of the District to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds.

THE BONDS

Authority and Election

The Bonds are authorized pursuant to the Enabling Act and an election held on May 25, 2005 (the "Election") and will be issued pursuant to a resolution adopted by the Board on July 17, 2007 (the "Bond Resolution"), and the Indenture of Trust and Security Agreement, to be dated as of October 1, 2007 (the "Indenture"), from the District to Wells Fargo Bank, N.A. (the "Trustee"). (See Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.") The Bonds will be the second series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, $172,665,000 principal amount of such bonds will remain authorized but unissued. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Taxation in the District" and "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District." The Bonds are being issued in order to finance a portion of the cost for the District to acquire from the Owner the "Public Infrastructure" and to pay costs of issuance of the Bonds. See "THE PUBLIC INFRASTRUCTURE."

General Description

The Bonds will be dated the date of their initial delivery, and will mature and bear interest at the rates as set forth on the inside front cover page of this Limited Offering Memorandum.

Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing January 15, 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. See Appendix D - "BOOK-ENTRY ONLY SYSTEM."

The principal of, redemption price for and premium, if any, and interest on the Bonds will be payable when due to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Bonds for a book-entry-only system. The Bonds will be available initially to ultimate purchasers under such system in amounts of $5,000 of principal amount or integral multiples in excess thereof due on specified maturity dates. No document of any nature whatsoever need be surrendered as a condition to payment of the principal and interest on the Bonds. See, however, "Investor Suitability Standards and Transfer Restrictions." See also Appendix D - "BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions

Optional Redemption. The Bonds maturing on and after July 15, 2022, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2017, in whole or in part

on any date, at the redemption price of the principal amount of the Bonds or portion thereof being redeemed plus accrued interest to the redemption date and without premium.

Mandatory Redemption. The Bonds maturing on July 15 of the following years will be redeemed on July 15 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

Year Redeemed	Principal Amount Redeemed
Term Bond Maturing 2012	
2008	$50,000
2009	30,000
2010	30,000
2011	35,000
Term Bond Maturing 2016	
2013	$40,000
2014	35,000
2015	40,000
Term Bond Maturing 2022	
2017	$15,000
2018	15,000
2019	15,000
2020	15,000
2021	20,000
Term Bond Maturing 2032	
2017	$ 30,000
2018	30,000
2019	35,000
2020	40,000
2021	40,000
2022	40,000
2023	65,000
2024	65,000
2025	70,000
2026	75,000
2027	80,000
2028	85,000
2029	85,000
2030	95,000
2031	100,000

Whenever Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the Trustee for cancellation, the principal amount of the Bonds of such maturity so retired shall satisfy and be credited against the mandatory redemption requirements

for such maturity on a pro rata basis, to the extent practicable provided, however, that each remaining mandatory payment shall be in an amount of at least $5,000 of principal.

Notice of Redemption. Notice of redemption 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 D - "BOOK ENTRY ONLY SYSTEM."

Effect of Redemption. If on the date of redemption of the Bonds sufficient moneys for payment of the redemption price and accrued interest are held under the Indenture, interest on the Bonds so called for redemption will cease to accrue and such 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 Bonds.

Investor Suitability Standards And Transfer Restrictions

Beneficial interests with respect to the Bonds may be purchased only by Qualified Investors. As used herein, "Qualified Investor" means any purchaser of such an interest through a broker/dealer which is either (A) a "sophisticated municipal market professional" (as such term is interpreted by and applied to the rules of the Municipal Securities Rulemaking Board) which is buying an interest of a principal amount of $100,000 or more or (B) providing a qualified investor letter in the form attached hereto as Appendix C-1. A letter in the form set forth in Appendix C-1 must be provided by all Qualified Investors described in clause (B) hereinabove in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds and by any transferee not described in clause (A) hereinabove in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds and by any transferee not described in clause (A) hereinabove upon any transfer of any beneficial interest in a Bond after the initial sale and delivery of the Bonds. Qualified Investors described in clause (A) hereinabove must provide a qualified investor letter in the form set forth in Appendix C-2 only in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds.

Prior to any of (i) the District being informed that the Bonds have a rating (a) in one of the two highest rating categories from Moody's Investors Service, Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, or any successor entity (collectively, a "Rating Agency") or (b) in the third or fourth highest rating category from a Rating Agency with written approval of the District Board as to the elimination of transfer restrictions, or (ii) the Bonds being defeased pursuant to the Indenture, beneficial interests in the Bonds will be transferable only to Qualified Investors and under the terms and conditions described hereinabove. (Thereafter, the Bonds will be available in amounts of $5,000 of principal amount or integral multiples in excess thereof due on specified maturity dates.) Any owner of a beneficial interest in a

Bond by its acceptance of such interest agrees that it will not transfer such interest to a person other than a Qualified Investor and under the terms and conditions described hereinabove.

SECURITY FOR AND SOURCES OF PAYMENT

General

The Board will annually levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any amounts from the sources described in the Enabling Act and available pursuant to the Indenture, to pay debt service with respect to the Bonds (whether at maturity or prior redemption) when due. Amounts derived from the levy of such tax when collected constitute funds to pay the debt service on the outstanding general obligation bonds of the District (including debt service with respect to the hereinafter described Series 2006 Bonds and with respect to the Bonds) and will be kept separately from other funds of the District. With respect to *ad valorem* property taxes, the Series 2006 Bonds and the Bonds will be payable from such taxes on the same basis as issues of general obligation bonds of the District which may be issued in the future. The Board also levies an additional *ad valorem* tax of $0.30 per $100 of secondary assessed valuation which amount will be used for operation and maintenance expenses of the District. *See* "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN NOR THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

Ad Valorem Taxation in the District

General. The State has two different valuation bases for levying *ad valorem* property taxes. They are "limited property" and "full cash value." Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations. (See "Assessment Ratios.")

Primary Taxes. Taxes levied against the assessed limited property value (after application of the assessment ratio) 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. The State does not currently levy *ad valorem* taxes. 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 from a base year using one of the following two procedures:

> (a) 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 is 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.
>
> (b) The limited property value for parcels that were omitted from the tax roll in the prior year, that underwent a change in use or modification through construction, destruction or demolition or that have been split, subdivided or consolidated, and for new parcels, is established at a level or percentage of the limited property value to full cash value of existing properties of the same use or legal classification.

The primary taxes levied by a county, city/town and community college district are constitutionally limited to a maximum increase of two percent over the maximum allowable 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.

Secondary Taxes. Taxes levied against the assessed value (after application of the assessment ratio to full cash value) are referred to as secondary taxes, which are used for debt retirement (including debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts. There is no limitation

on the annual increases in full cash value of any property, and annual levies for voter-approved bonded indebtedness and special district assessments are unlimited.

Determination of Full Cash Value. The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Most property is valued by the various county assessors including for the county in which the District is located, Maricopa County, Arizona (the "County"), the County Assessor for the County (the "Assessor"), with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally include the market approach, the cost approach and the income approach. As a general matter, the Assessor uses a cost approach for commercial/industrial property and a sales data (market) approach for residential property. Arizona law allows taxpayers to appeal the Assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

County assessors, upon meeting certain conditions, may value residential, agricultural and vacant land at the same full cash valuation for up to three years. The Assessor currently values existing properties on an annual basis.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owners total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate". The property owner must apply for the Property Valuation Protection Option and, if approved by the Assessor, must renew the application every three years. If the property is sold to a person who does not qualify, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Assessment Ratios. The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized during the 2007-08 tax year for each class of property are set forth below:

TABLE 1

Property Classification (a)	Assessment as Percent of Full Cash Value
Mining, Utility, Commercial and Industrial (b)	24.0%
Agriculture and Vacant Land (b)	16.0
Owner Occupied Residential	10.0
Leased or Rented Residential	10.0
Railroad, Private Car Company and Airline Flight Property (c)	N/A

(a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.

(b) With respect to 2007-08, the first $61,142 of full cash value of commercial, industrial and agricultural personal property is not taxable. Any portion of the full cash value in excess of such amount will be assessed at 24% or 16% as applicable. The assessment ratio for mining, utility, commercial and industrial property is being reduced, starting at 25%, by one percent annually through 2010, resulting in an assessment ratio of 20% from and after December 31, 2010.

(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Collection. On or before the third (3rd) Monday in August of each tax year based on valuation as of that date, the District will (i) fix, levy and assess the amount to be raised from *ad valorem* property taxes which, together with the amount estimated to be available from all other sources of revenue and any unencumbered balances from the previous tax year, will equal the total of amounts proposed to be expended in the budget for the current fiscal year and (ii) fix and determine the necessary *ad valorem* tax rates for the District. After review of such amount and rate for compliance with any applicable statutory and constitutional limitations by the property tax oversight commission of the State of Arizona, a final assessment and tax roll for the District must be delivered to the County Treasurer for the County (the "Treasurer"). The Assessor may, however, change such roll any time before December 20 of such year. *Any subsequent decrease in the volume of the tax roll as it existed on the date of the tax levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.*

The *ad valorem* property taxes levied and assessed by the District pursuant to the assessment and tax roll delivered to the

Treasurer are billed along with State and County *ad valorem* property taxes and are due and payable in two equal installments on October 1 of that calendar year and on March 1 of the subsequent calendar year. The two *ad valorem* property tax installments become delinquent and begin to accrue interest at the rate of sixteen percent (16%) per annum simple interest prorated monthly on November 1 of that calendar year and May 1 of the subsequent calendar year, respectively. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.

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, subject to the possible exception of *ad valorem* property taxes levied against the real property of a property owner in bankruptcy. See "RISK FACTORS - Bankruptcy and Foreclosure Delays." 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. An *ad valorem* 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 sixteen percent (16%) 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 as the purchase price the amount of taxes, interest and penalties due on the property, in cash at the time of sale. 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 levied by the District should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered by the District within fifteen (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 right to redeem tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

The District's semiannual payments of debt service will be funded with installments of tax payments collected on or about the immediately preceding tax payment date. If, for any reason, a material portion of the *ad valorem* property taxes due and payable to the District are not paid in a timely manner, the payment of debt service could be delayed. It cannot be determined with any certainty when delinquent *ad valorem* property taxes could be collected and available for the payment of debt service and what impact such delay could have on the secondary market for the Bonds. See "RISK FACTORS - Bankruptcy and Foreclosure Delays."

Property Valuations. The full cash value and secondary assessed value of taxable property within the boundaries of the District for the indicated tax years are shown in the table below:

TABLE 2

Tax Year	Full Cash Value	Secondary Assessed Value
2007-08	$39,669,370	$6,102,478
2006-07	13,124,457	2,099,913

Source: Maricopa County Assessor's Office

Net Secondary Assessed Valuation by Property Classification. The following is a breakdown of the above described secondary assessed valuation for tax years 2006-07 and 2007-08 for the District by property classifications:

TABLE 3

Legal Class	Description	2006-07	2007-08	2007-08 Percent of Total
1	Commercial	$ 0	$ 888,756	14.564%
2	Agricultural & Vacant	2,099,913	4,339,055	71.103%
3	Residential (owner occupied)	0	874,617	14.332%
3	Residential (rental occupied)	0	50	0.001%
	Total	$2,099,913	$6,102,478	100.000%

Source: Maricopa County Assessor's Office.

See also in this respect the discussion under the subheading "LAND DEVELOPMENT."

Net Secondary Assessed Valuations of Major Taxpayers. As reported by the Assessor of the County, shown below with respect to tax year 2007-08 are the major property taxpayers located within the

District, the then current net secondary assessed value of their property and its relative proportion of the total net secondary assessed value of property within the District.

TABLE 4

Taxpayer	2007-08 Net Secondary Assessed Valuation	As Percent of District's 2007-08 Net Secondary Assessed Valuation
Pulte Home Corporation (a)	$3,824,089	62.66%
Sun City Festival Community Association Inc.	155,255	2.54%
Ten Thousand West LLC	73,694	1.21%

(a) See "THE OWNER."

Source: Maricopa County Treasurer's Office and the Arizona Department of Revenue

See "RISK FACTORS - General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences."

Record of Taxes Levied and Collected in the District. Under Arizona law, the Board of Supervisors of the County is required to establish and levy a tax in an amount sufficient to satisfy debt service requirements of the District. Property taxes are levied and collected on property within the District and certified by Treasurer on behalf of the District. The following table sets forth the tax levy of the District for the indicated tax years.

TABLE 5

Fiscal Year	Real and Secured Personal Property Tax Levy(a)	Collected to June 30th(b)(c)		Total Collections(c)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2007-08	$201,382	(d)	(d)	(d)	(d)
2006-07	69,297	$68,998	99.57%	$69,029	99.61%

(a) Tax levy is as reported by the Treasurer as of August of each tax year. Amount does not include adjustments made to levy amounts after the August report. The District's tax rate includes a $3.00 tax rate for debt service as well as a $0.3000 tax rate for maintenance and operation expenses for the District.

(b) Reflects collections made through June 30, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due the first day of

October and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment becomes due the first day of March and is delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.

(c) Reflects collections made through July 31, 2007.

(d) The next installment of taxes will be due October 1, 2007, but is not delinquent until November 1, 2007.

Source: Maricopa County Treasurer's Office

General Obligation Bonded Indebtedness to be Outstanding. The following table lists the general obligation bonded indebtedness of the District that will be outstanding after issuance of the Bonds:

TABLE 6

Date of Issue	Original Amount	Maturity Date	Average Interest Rate	Balance Outstanding
10-31-06(a)	$800,000	07-15-16, 26 & 31	5.467%	$ 770,000
Plus the Bonds				1,535,000
Total General Obligation Bonds to be Outstanding				$2,305,000

(a) Hereinafter referred to as the Series 2006 Bonds

Annual Debt Service Requirements of General Obligation Bonded Indebtedness To Be Outstanding. The District will have the following annual debt service requirements after the issuance of the Bonds:

TABLE 7

Fiscal Year	Debt Service Requirements for the Bonds: Principal	Debt Service Requirements for the Bonds: Interest	Total Debt Service Requirements for the Series 2006 Bonds(f)	Total Combined Debt Service Requirements(f)
2008	$ 50,000(a)	$ 66,881	$ 54,715	$ 171,596
2009	30,000(a)	83,055	58,980	172,035
2010	30,000(a)	81,660	58,000	169,660
2011	35,000(a)	80,265	57,020	172,285
2012	35,000	78,638	56,040	169,678
2013	40,000(b)	77,010	55,060	172,070
2014	35,000(b)	75,010	59,080	169,090
2015	40,000(b)	73,260	57,855	171,115
2016	45,000	71,260	56,630	172,890
2017	45,000(c)	69,010	55,405	169,415
2018	45,000(c)	66,445	59,105	170,550
2019	50,000(c)	63,880	57,545	171,425
2020	55,000(c)	61,025	55,985	172,010
2021	60,000(c)	57,880	54,425	172,305
2022	60,000(d)	54,460	57,865	172,325
2023	65,000(e)	51,040	56,045	172,085
2024	65,000(e)	47,270	59,225	171,495
2025	70,000(e)	43,500	57,145	170,645
2026	75,000(e)	39,440	55,065	169,505
2027	80,000(e)	35,090	57,985	173,075
2028	85,000(e)	30,450	55,600	171,050
2029	85,000(e)	25,520	58,215	168,735
2030	95,000(e)	20,590	55,565	171,155
2031	100,000(e)	15,080	57,915	172,995
2032	160,000	9,280	--	169,280
	$1,535,000	$1,376,999	$1,366,470	$4,278,469

(a) Represents mandatory sinking fund amounts for term bond due July 15, 2012.

(b) Represents mandatory sinking fund amounts for term bond due July 15, 2016.

(c) Represents mandatory sinking fund amounts for term bond due July 15, 2022 and term bond due July 15, 2032.

(d) Represents maturity of term bond due July 15, 2022 and mandatory sinking fund amount for term bond due July 15, 2032.

(e) Represents mandatory sinking fund amounts for term bond due July 15, 2032.

(f) Totals may not add due to rounding.

OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net assessed valuation and combined tax rate per $100 assessed valuation. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each jurisdiction's assessed valuation which lies within the District's boundaries was derived from information obtained from the Assessor. **See "RISK FACTORS - Direct and Overlapping Indebtedness."**

TABLE 8

Direct and Overlapping Jurisdiction	2007-2008 Secondary Assessed Valuation	Net Outstanding Bonded Debt(a)	Proportion Applicable to the District Based on Assessed Valuation		2007-2008 Combined Tax Rate Per $100 Assessed(b)
			Approx. Percent	Net Amount	
State of Arizona	$71,852,630,420	None	0.00%	None	$ 0.0000
Maricopa County (d)	49,534,573,831	None	0.00%	None	1.4958(c)
Maricopa County Community College District (e)	49,534,573,831	$557,390,000	0.01%	$ 68,668	0.9760
Western Maricopa Education Center (West-MEC)	17,648,505,706	None	0.03%	0	0.0500
Wickenburg Unified School District No. 9	165,889,499	20,000,000	3.68%	735,728	6.3518
Town of Buckeye (f)	369,230,204	310,000	1.65%	5,124	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				$3,114,520	$13.3157

(a) This table includes general obligation bonds outstanding and general obligation bonds scheduled for sale as of September 1, 2007. This table does not include 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 Department of the Interior. The

obligation is evidenced by a master contract between CAWCD and the Department of the Interior. 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. It is not possible to predict whether the agreement will become finally effective, be amended, or terminate, or whether litigation will resume. If litigation resumes, it is not possible to predict the outcome of such litigation. CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. 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 Limited Offering Memorandum, 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, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

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) 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 generally is based on the primary assessed valuation of jurisdictions other than special districts and on the secondary assessed valuation of special districts such as the District.

(c) 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 Special 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.

(d) Does not include 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.

(e) Does not include revenue bonds outstanding in the aggregate principal amount of $18,300,000.

(f) Does not include excise tax obligations of the Town outstanding in the aggregate principal amount of $28,480,000.

Additional General Obligation Bonded Indebtedness of the District

In addition to the Series 2006 Bonds and the Bonds, the District retains the right to issue, in accordance with the procedures set forth in the Enabling Act, additional series of bonds payable from *ad valorem* taxes. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Taxation in the District -- General Obligation Bonded Indebtedness to be Outstanding." **See also "RISK FACTORS - Direct and Overlapping Debt."**

The Enabling Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (The District has made a finding that issuance of the Bonds will meet the test set forth above.)

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $175,000,000 and will have $172,665,000 of such amount remaining after issuance of the Bonds in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds.

Additional indebtedness could be authorized for the District in the future pursuant to other elections.

Additional Overlapping General Obligation Bonded Indebtedness

The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to the Town, Maricopa County, Arizona, Wickenburg Unified School District No. 9 of Maricopa County, Arizona, Maricopa County Community College District or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. **See "RISK FACTORS - Direct and Overlapping Debt."**

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonds available for future issuance as of September 1, 2007:

TABLE 9

Maricopa County Community College District	$521,093,000

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, amounting to $2,000 per lot. 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. 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 such public infrastructure has been paid by the Owner. The District also issued Assessment District 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 a subsequent portion of public infrastructure for such development. 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, amounting to $2,000 per lot. The public infrastructure was composed of almost 42,000 linear feet of local roadways in the Second and Third Assessment Area which is expected to cost more than $4,700,000 and to all be completed by July 2008. (See the map at page (iv) for the location of the First Area and the Second and Third Assessment Area.) The District is expected to sell Assessment District Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (the "Second Series 2007 Assessment Bonds")

in the aggregate principal amount of approximately $2,000,000 to finance a subsequent portion of public infrastructure for such development as early as October, 2007. Approximately 246.19 acres of land within the District (the "Fourth and Fifth Assessment Area") will be assessed to pay debt service on the Series 2007 Assessment Bonds, expected to amount to $2,000 per lot. 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 (including that for the Bonds) 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."**

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.

The District is 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 the first planning unit of Festival Ranch will be developed as part of an "age restricted" community; other units will not. (See the map at page (iii) for the location of the District and such first planning unit and the other planning units referred to herein.)

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. The District is the subject of a Community Master Plan 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.

Although the number of acres devoted to each particular land use may ultimately vary from those presented, the development of the District is currently expected to include the following land uses:

TABLE 10

Total Project	Approximate District Acres
Single Family Residential Units	3,190
3 Golf Courses	600
Recreation Centers	75
Commercial	150
Total	4,015

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, 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 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 here-

by incorporated under this heading by this reference.

The "Public Infrastructure" is composed of approximately 11,120 linear feet of trunk sewer lines throughout the District. Such infrastructure was completed by October 2006 and has been or will be dedicated to the Town. 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.

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.

In addition to the infrastructure described under the subheading "Other Debt of the District" under the heading "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS, certain infrastructure is being constructed in connection with the development and construction of homes as described hereinbelow. None of such infrastructure is being financed with proceeds of the sale of the Bonds, but instead will be financed by the Owner and may be the subject of acquisition from proceeds of future bond offerings by the District.

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. Current development plans would require construction of the second phase (an additional 1.0 million gallons per day capacity) in 2012.

Pulte has 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 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 serves the first four planning units 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 Festival Ranch. 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 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 and the Second and Third 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 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 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. All plans for proposed schools are subject to change, and neither the responsibility nor within the control of the Owner.

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) 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 planning unit have been installed, 132,067 lineal feet of water supply and distribution lines have been installed within the first planning unit, 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 planning unit one, which will serve 1594 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.

Residential Development

The Owner is responsible for the construction of all offsite infrastructure and subdivision improvements necessary to

deliver fully finished lots. The single family residences will be constructed by the Owner on lots ranging in size from 1,250 to 4,068 square feet; homes will be base priced from $149,900 to over $389,900. 486 homes have been built in the First Assessment Area; 434 of such homes have been sold to third party homeowners and 142 are under contract for sale to third party homeowners; 75 homes are under construction in the Second and Third Assessment Area; none of such homes have been sold to third party homeowners but 242 are under contract for sale to third party homeowners.

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.

SOURCES AND APPLICATION OF FUNDS

Sources	
Par Amount of Bonds	$1,535,000
Total	$1,535,000
Applications	
Costs of Acquisition	$1,391,450
Costs of Issuance (including Original Purchaser's Compensation)	143,550
Total	$1,535,000

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The Bonds will be secured solely by ad valorem property taxes generated within the District. Anyone considering investing in the Bonds should carefully examine this Limited Offering Memorandum, including the Appendices hereto. 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 LIMITED OFFERING MEMORANDUM, 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, including, but not limited to, governmental policies to restrict or control development. (Any 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 (including secondary assessed valuation for the purposes described herein under "SECURITY FOR AND SOURCES OF PAYMENT - Ad Valorem Taxation in the District") and reduce the ability or desire of the property owners to pay the ad valorem taxes securing the Bonds. In that event, there could be a default in the payment of principal of and interest on the Bonds.

Vacant lots also provide less security to the Bondholders should it be necessary for the District to foreclose due to nonpayment of ad valorem taxes. Furthermore, an inability to construct houses on the remaining lots within the District will likely reduce the diversity of ownership on land within the District, making the Bondholders more dependent upon timely payment of the ad valorem taxes levied on the vacant lots.

Development 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 land in the District 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 third party lenders, 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 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 is not yet complete. See "LAND DEVELOPMENT" and "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 subheading "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. 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.

Effect of Valuation of Property

Information is provided herein with respect to the valuation of land within the District. SEE "SECURITY FOR AND SOURCES OF PAYMENT - Ad Valorem Taxation in the District." Such valuation and particularly decreases therein may reduce the willingness of landowners to pay the ad valorem taxes securing the Bonds, as well as adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes.

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay the ad valorem taxes of the District could be affected by the existence of other taxes and assessments imposed upon the property (including taxes for the Series 2006 Bonds and, in the First Assessment Area, the assessment for the Series 2005 Assessment Bonds; in the Second and Third Assessment Area, the assessment for the Series 2007 Bonds and in the Fourth and Fifth Assessment Area, the assessment for the Second Series 2007 Assessment Bonds). The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS." In addition, other political subdivisions 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 lien created on the property within the District through the levy of ad valorem taxes would be on a parity with the ad valorem taxes securing the Bonds. The imposition of additional parity liens, or junior liens in the case of, for instance, special assessments, may reduce the ability or willingness of the landowners to pay the ad valorem taxes securing the Bonds as well as, in the case of failure of payment thereof, the existence of buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT - Ad Valorem Taxation in the District."

Bankruptcy and Foreclosure Delays

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 the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes 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 ad valorem taxes on a property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax 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 tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "tax sale

investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post bankruptcy petition tax collections becomes uncertain.

In the event the District is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, 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 taxpayer, nor have they assumed responsibility for the same.

In addition, 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.

Amendment of Documents Referenced

The reports, inspections and other documents described in this Limited Offering Memorandum 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 District is in the early phases. 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 Limited Offering Memorandum 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 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.

Environmental Matters

Festival Ranch 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.

Projections

Included in this Limited Offering Memorandum 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.

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.

LITIGATION

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that 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 Indenture and the Bond Resolution, 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 Bond Resolution, 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 Limited Offering Memorandum 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.

The United States Supreme Court has accepted for review a determination by the Court of Appeals of the State of Kentucky that the practice in Kentucky, which is common in may other states, including Arizona, of taxing interest income on bonds of out-of-state issues and not taxing interest income on bonds of in-state issuers violates the Commerce Clause of the United States Constitution. If the Court determines that the practice violates the United States Constitution and Arizona does not take action to exempt out-of-state bonds, the effect on the exemption of interest on the Bonds for Arizona income tax purposes cannot be determined. Any change in the

treatment of in-state or out-of-state bonds in Arizona or any other states may affect the marketability or market price of the Bonds. The decision does not affect the treatment of interest on the Bonds for federal income tax purposes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The District has certified 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 the District in calendar year 2007, will not exceed $10,000,000. Bond Counsel will rely on such certification with respect to its opinion on this matter.

BONDOWNERS' RISKS REGARDING LACK OF 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 market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

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, a form of which is included herein as Appendix B. (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. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona; for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona; and for Pulte by their counsel, Gallagher & Kennedy, P.A., Phoenix, Arizona.

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 issues 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 a net effective aggregate purchase price of $1,488,950.00 (reflecting the aggregate principal amount of the Bonds, less compensation of the Underwriter of $46,050.00). The Underwriter will offer and sell the Bonds in a limited distribution only to Qualified Investors who have agreed to the transfer restrictions described herein. See "THE BONDS - Investor Suitability Standards and Transfer Restrictions." The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The offering prices set forth on the cover page hereof may be changed after the initial offering by the Underwriter.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the District 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 with each Nationally Recognized Municipal Securities Information Repository and the appropriate State Information Depository, if any, or with a Central Post Office. The Notices of Material Events will be filed by the District 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 are set forth herein in Appendix E - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" which includes the form of undertaking which will be executed by the District with respect to the Bonds.

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 not comply with such covenants, it has covenanted to provide notice of such fact to each Nationally Recognized Securities Information Repository and the State Information Depository, if any, or to a Central Post office and the Municipal Securities Rulemaking Board. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District has complied materially with the continuing disclosure undertakings entered into by it for purposes of the Rule,

which were with respect to the Series 2006 Bonds, the Series 2005 Assessment Bonds and the Series 2006 Assessment Bonds.

RELATIONSHIPS AMONG PARTIES

Greenberg Traurig, LLP, Phoenix, Arizona, Counsel to the Underwriter, and Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel and Counsel to the District, have acted as bond counsel in other transactions underwritten by the Underwriter and Stone & Youngberg, LLC, the Financial Advisor to the District, and have acted as underwriter's counsel to the Underwriter and the Financial Advisor in other transactions. 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.

The Underwriter and the Financial Advisor have underwritten or acted as financial advisor with respect to bonds issued by the Town and other overlapping political subdivisions.

This Limited Offering Memorandum has been approved, executed and delivered by the District.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By /s/ Bobby Bryant
Chairman, District Board

APPENDIX A

INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

The following information concerning the Town is for background information only as the District lies within the geographical limits of the Town. The Bonds are not an obligation of the Town in any respect. THE BONDS ARE DIRECT GENERAL OBLIGATIONS OF THE DISTRICT, PAYABLE FROM AD VALOREM TAXES LEVIED AGAINST ALL TAXABLE PROPERTY IN THE DISTRICT, AS DESCRIBED UNDER THE HEADING "SECURITY FOR AND SOURCES OF PAYMENT."

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 LEGAL OPINION OF BOND COUNSEL

[Letterhead of Gust Rosenfeld P.L.C.]

(Dated the Date of Initial Delivery of the Bonds)

District Board of the Festival Ranch
Community Facilities District

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

At your request we have examined the official proceedings leading to the issuance of $1,535,000 aggregate principal amount of District General Obligation Bonds, Series 2007, dated the date hereof, issued by Festival Ranch Community Facilities District (the "District").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, FESTIVAL RANCH CFD RESOLUTION NO. 07-....., passed and adopted by the District Board on July 17, 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 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 and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, *ad valorem* tax to pay the principal of and interest on the bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes, an annual tax upon all taxable property in the District sufficient, together with any money from other sources lawfully available therefor, to pay the principal of and interest on the bonds when due.

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 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.

Bond Counsel

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APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in case the bonds are held by a securities depository, one of the captioned bonds (hereinafter referred to as the "*Bonds*"), such Bond, or beneficial interest therein, being in the original aggregate principal amount of $....., bearing the number ..... Such purchase is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (hereinafter referred to as the "*Indenture*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Trustee (or any successor thereto as provided in the Indenture, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned acknowledges that it is one of the following:

(i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company

licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5,000,000;

(iv) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000 and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth;

(v) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with the person's spouse in excess of $300,000 in each of those years and who reasonably expects reaching the same income level the current year and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth; or

(vi) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i), (ii), (iii), (iv) or (v) above.

Collectively, the purchasers meeting one or more of the criteria set forth above shall be referred to as a "Qualified Investor".

4. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bond or an interest therein, and agrees to hold the Issuer and the Town of Buckeye, Arizona (hereinafter referred to as the "*Town*") harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such failure to comply.

5. The undersigned acknowledges that the undersigned has had an opportunity to obtain and has obtained all information necessary and has independently evaluated the factors associated with its investment decision and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including but not limited to, limited security and source for payment of the Bonds, the status of development and its impact on

taxation for payment of the Bonds, the possible transfer of land by the owners of land in the District, failure or inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays as such term is defined in the Indenture, and the probable lack of any secondary market for the Bonds. The undersigned acknowledges that it is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The undersigned is not relying on the Issuer or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

6. 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, and (v) are not likely to be readily marketable.

7. The undersigned acknowledges that the Issuer and the Town, their respective officers, directors, council members, advisors, employees and agents of either of the foregoing, have not undertaken to furnish, nor has the undersigned requested, any other information, or to ascertain the accuracy or completeness of any other information that may have been furnished by any other party.

.....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

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APPENDIX C-2

FORM OF INVESTOR LETTER (SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

1. Please be advised that the undersigned is purchasing one of the captioned bonds or an interest therein (hereinafter referred to as the "Bonds"), such Bond being in the original aggregate principal amount of $....., bearing the number ..... Such purchase is solely for the account of the undersigned or for accounts managed by the undersigned, for the purpose of investment and not with an intent for distribution or resale.

2. The undersigned acknowledges that it is a "Qualified Institutional Buyer" as such term is defined in Rule 144A of the Securities Act of 1933, as amended, with total assets of at least $100 million invested in municipal securities in the aggregate in its portfolio and/or under management.

3. In the event that the undersigned transfers such Bond or any part thereof, the undersigned agrees that such transfer shall be through a "broker," or to a "dealer" or "municipal securities dealer," as those terms are defined in the Securities Exchange Act of 1934.

4. The undersigned acknowledges that it received the Limited Offering Memorandum dated September 13, 2007, related to the Bonds.

5. The undersigned understands that: (i) the Bonds are not being registered under the Securities Act of 1933, as amended, (ii) the Bonds 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) any transfer of the Bonds must comply with federal and state securities laws, (iv) the broker or dealer must sell the Bonds, or interests therein, to sophisticated municipal market professionals, (v) the Bonds will not be listed on any stock or other securities exchange, and (vi) the Bonds will not carry any bond rating from any rating service.

6. The undersigned had access to all information regarding the Bonds and the Issuer that the undersigned deemed material in

connection with its evaluation of and decision to purchase the Bonds. The undersigned acknowledges that the undersigned has not requested and neither the Issuer or the Town of Buckeye, Arizona, nor their respective officials, officers, directors, council members, advisors, employees and agents have undertaken to furnish information to the undersigned from any third party in connection with investment in the Bonds.

7. This letter and all rights and responsibilities described in it shall be governed by, and interpreted in accordance with, the laws of the State of Arizona. The federal and state courts of the State of Arizona shall have sole and exclusive jurisdiction over any dispute arising from the purchase and sale of the Bonds.

.....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

APPENDIX D

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 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 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 other 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.

Purchase of the 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 Direct Participant's and Indirect 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 Direct Participant or

Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds 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 interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the 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 the 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 Direct Participants and Indirect 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.

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 the 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 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).

Payment of principal of and interest on the Bonds, and the redemption price of any 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 and information funds and corresponding detail information from the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect 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 Direct Participants and Indirect Participants and not of DTC (or its

nominee) or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds 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 Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds 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, physical Bonds will be printed and delivered.

Under DTC's rules, DTC now advises that upon receipt of a withdrawal request from an issuer, such as the District, DTC will take the following actions: (1) DTC will issue an Important Notice notifying its participants of the receipt of a withdrawal request from the issuer reminding participants that they may utilize DTC's withdrawal procedures if they wish to withdraw their securities from DTC; and (2) DTC will process withdrawal requests submitted by participants in the ordinary course of business, but will not effectuate withdrawals based upon a request from the issuer.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

$1,535,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

(CUSIP BASE NUMBER 315598)

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 indenture of trust and security agreements and the resolutions authorizing the issuance of 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 Pricing and Reference Data, Inc.
Attn: NRMSIR
100 William 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.

"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.

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, 2009, 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 2, 3, 4 and 5 of the Limited Offering Memorandum, dated September 13, 2007, with respect to the Securities as well as with respect to tax collections and delinquencies in the preceding tax year of the Issuer.

(B) 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 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 Issuer 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 willful 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 F

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 Limited Offering Memorandum.

"Bond Fund" means the fund of that name created pursuant to the Indenture.

"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 secondary costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, legal fees and charges, insurance 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 and charges and fees in connection with the foregoing as well as costs relating to the election held to authorize the Bonds.

"Debt Service" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds, when due, (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.

"Governmental Obligations" means (1) direct obligations of, or obligations the timely payment of principal of which is fully and unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Code, provision for the payment of the principal of and premium, if any, and interest on

which shall have been made by the irrevocable 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 and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in Clause (1) are not available to satisfy any claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating categories of S&P Moody's, but in the case of both Clause (1) and Clause (2) of this paragraph, for purposes of Section 6.02, only if such obligations are non-callable prior to the Maturity of the Bonds or (3) REFCORP STRIPS as defined in "Permitted Investments." Governmental Obligation also includes for purposes other than Section 6.02, a "no load," open-end management investment company or trust (mutual fund), registered with the federal 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, and repurchase agreements secured by the same and which money market fund has a rating by S&P of AAAm-G; AAm; or AAm or better and a rating of Moody's of "VMIG-1" 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, A Division of The McGraw Hill Companies, or any entity succeeding the duties and obligations thereof.

"Opinion of Counsel" means a written opinion of counsel who may (except as otherwise expressly provided in this 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 in under the heading "Defeasance" below.

"Permitted Investments" means:

1. 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.

2. 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:

   a. U.S. Export-Import Bank - direct obligations or fully guaranteed certificates of beneficial ownership

   b. Farmers Home Administration - certificates of beneficial ownership

   c. Federal Financing Bank

   d. Federal Housing Administration Debentures

   e. General Services Administration - participation certificates

   f. Government National Mortgage Association ("GNMA") - guaranteed Mortgage-backed bonds; guaranteed pass-through obligations

g. U.S. Maritime Administration - guaranteed Title XI financing

h. New Communities Debentures - U.S. Government guaranteed debentures

i. U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

j. U.S. Department of Housing and Urban Development - Project Notes; Local Authority Bonds

3. 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):

   a. Federal Home Loan Bank System - senior debt obligations

   b. Federal Home Loan Mortgage Corporation - Participation Certificates; senior debt obligations

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

   d. Student Loan Marketing Association - senior debt obligations

4. Money market funds registered with the Securities and Exchange Commission, 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 being a rating by Moody's of "VMIG-1" or better.

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

6. 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 by 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 unless each

rating agency which has rated the Bonds has confirmed that the rating of such rating agency on the Bonds will not be withdrawn or lowered upon the effective date of such amendment or substitute investment agreement.

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

8. 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.

9. 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.

10. Repurchase agreements ("Repos") 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.

a. Repos must be between the Issuer and a dealer bank or securities firm

   (1) Primary dealers on the Federal Reserve reporting dealer list, or

   (2) Banks rated "A" or above by S&P and "A" or above by Moody's.

b. The written repo contract must include the following:

   (1) Securities which are acceptable for transfer are:

      (a) Direct U.S. government, or

      (b) Federal agencies backed by the full faith and credit of the U.S. government

   (2) The term of the repo may be up to 30 days

   (3) The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment

(perfection by possession of certificated securities)

(4) Valuation of collateral

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

(b) 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 repo 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%.

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

(1) Repo meets guidelines under state law for legal investment of public funds

11. Governmental Obligations

12. REFCORP Strips

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

"Rebate" means the payment system established by Section 148 of the Code with respect to certain arbitrage earnings by a political subdivision or amounts treated as the proceeds of certain obligations of such political subdivision and shall include all costs and expenses incurred in connection with, and allocable to, determining the amount due pursuant to such system.

"Redemption Price" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed 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 Group, 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. 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 is required to be held by the Trustee in trust and applied solely as provided in the Indenture. The District is required to deposit to the Bond Fund amounts collected by or remitted to the District as *ad valorem* taxes to the extent provided in the Indenture. The Bond Fund is required to be applied by the Trustee solely to pay Debt Service when due in any form and in the order described below under "**Application of Moneys Collected**: Second."

Acquisition and Construction Fund. The District is required to deposit to the Acquisition and Construction Fund the balance of the proceeds of the sale of the Bonds remaining after the deposit of the amounts described above to the Bond Fund. The money deposited to the Acquisition and Construction Fund is required to be applied to pay the Costs of Issuance and the Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the District to transfer such unexpended proceeds or income to the Bond Fund; provided, however, that if any such amounts remain on deposit in the Acquisition and Construction Fund on December 1, 2008, such amounts shall be transferred by the Trustee to the Bond Fund. It is anticipated that the Costs of Acquisition will be paid out immediately after delivery of the Bonds.

Investment of and Security for Funds. The Indenture provides that money held for the credit of (i) the Bond Fund will be invested by the Trustee in Governmental Obligations and (ii) the Acquisition and Construction Fund will be invested by the Trustee in Permitted Investments. The Trustee will sell or present for redemption any obligations so purchased as an investment pursuant to the Indenture whenever it is necessary to do so in order to provide money to make any payment or transfer of money required thereby. Investments will mature, or will 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 pursuant to the Indenture will be deemed at all times to be a part of such fund. The interest accruing on obligations so purchased and any profit realized from such investment will be credited to such fund and any loss resulting from such investment will be charged to such fund. All money held by the Trustee pursuant to the Indenture will 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 will not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from its own negligence.

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 legal, equitable, or other remedy, as the Trustee, being advised by counsel, 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 premium, if any, on) 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 the Indenture, the Trustee will be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of 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, therefore, 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

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 District will pay or cause to be paid to the Trustee for the benefit on 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 will 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 District fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, 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 the application of the proceeds of sale as aforesaid, the Trustee, in its own name and as trustee of an express trust, will be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Bonds, for the benefit of the Holders thereof, and will 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 District will affect or impair the lien on the Indenture upon the trust estate or any rights, powers, or remedies of the Trustee thereunder, or any rights, powers, or remedies of the Holders of the Bonds.

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 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 the Indenture;

B. Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds, for principal of and premium, if any, and interest on the Bonds and (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 will be sufficient to pay in full the whole amount so 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 District, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Control by Bondholders

The Holders of a majority in principal amount of any series of Outstanding Bonds will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds of such series and the foreclosure of the Indenture, the sale of the trust estate established pursuant to the Indenture, 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 which is not inconsistent with such direction,

    c. the Trustee has not determined 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.

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 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 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 in its discretion 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 Issuer 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; (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 which will not be inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Bondholders or (vi) to provide for the issuance of additional bonds.

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 any other provisions to or changing in any other manner or eliminating any of the 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 any installment of 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 the Outstanding Bonds the consent of the Holders of which is required for any supplemental indenture, or

the consent of Holders of which is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the proviso to 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 in its discretion 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, whether theretofore or thereafter authenticated and delivered under the Trust Indenture. 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 and only 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, 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 of the Indenture. However, in the case of any such certificates or opinions which by any provision of the Indenture 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 on their face 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, its own negligent failure to act, or its own willful misconduct, except that

1. this paragraph will not be construed to limit the effect of the preceding paragraph;

2. the Trustee will not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, 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 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, 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 under the Indenture, 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, 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

   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 request of the District, and any order or resolution of the District may be sufficiently evidenced by a resolution of the board of the District;

3. whenever in the administration of the Indenture the Trustee will deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action described hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an officer of the District;

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, suffered, or omitted by the Trustee under the Indenture in good faith and in reliance thereon;

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, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document, 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 determines to make such further inquiry or investigation, 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 hereunder or perform any duties under the Indenture either directly or by 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 City of Casa Grande, 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 the Indenture 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 the 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 the giving of 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 any such Bondholder, or

2. the Trustee becomes incapable of acting or adjudged insolvent or a receiver of the Trustee or of its property 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 Trustee. 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 Trustee so appointed will, forthwith upon its acceptance of such appointment, 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 the following conditions exist:

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

    a. Bonds for the payment of which money has been deposited with the Trustee or a paying agent, as provided by the provisions of the Indenture relating to redemption of the Bonds;

    b. Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in the Indenture, except for any such

Bond which prior to the satisfaction and discharge of the Indenture 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 of which there has been deposited with the Trustee in accordance with the provisions of the Indenture in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on such Bonds for principal and interest to the stated maturity or redemption date of such Bonds, as the case may be; and

d. Bonds deemed no longer outstanding as a result of the deposit or escrow or money or Governmental Obligations as described below; and

2. the District has paid or caused to be paid all other sums payable by the District under the Indenture.

Any Bond will be deemed to be no longer outstanding when payment of the principal of such Bond, plus interest thereon to its Maturity (whether such Maturity is 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 and/or REFCORP Strips as such term is defined in the definition of "Permitted Investments" 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 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 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 of such deposit 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 Trust Indenture for the selection of Bonds to be redeemed.

No such deposit will have the effect specified above, however, (i) if made during the existence of a default under the Trust 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.

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or solicitation of an offer to buy, nor shall there by 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 LIMITED OFFERING MEMORANDUM DATED AUGUST 22, 2007

NEW ISSUE - FULL BOOK-ENTRY 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 has designated the Bonds as "qualified tax-exempt" obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The District will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations which will be issued by the District in calendar year 2007 will not exceed $10,000,000. See "QUALIFIED TAX EXEMPT OBLIGATIONS" herein.

$1,530,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2007

DATED: Date of Initial Delivery **DUE: As shown on the inside front cover**

The Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation 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 initially to ultimate purchasers through the book-entry system maintained by DTC in amounts of $5,000 of principal amount or integral multiples in excess thereof due on specified maturity dates. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on each January 15 and July 15 of each year, commencing January 15, 2008. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants which will remit such payments to the beneficial owners of the Bonds. See Appendix D - "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, and an election in and for Festival Ranch Community Facilities District, a community facilities district formed within the boundaries of the Town of Buckeye, Arizona (the "District"), held on May 25, 2005, and will be issued pursuant to an Indenture of Trust and Security Agreement, to be dated as of September 1, 2007, from the District and a resolution of the District Board of the District. The Bonds will be payable as to both principal and interest from *ad valorem* taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount.

The Bonds will be subject to optional and mandatory redemption by the District prior to maturity as described herein.

Proceeds of the sale of the Bonds will be used to finance the acquisition of a portion of certain trunk sewer lines by the District and to pay the costs of issuance of the Bonds.

The Bonds are not being sold in a public offering. The Bonds may be purchased by "Qualified Investors" only and, except as described herein, will be transferable to Qualified Investors only. See "THE BONDS - Investor Suitability Standards And Transfer Restrictions" herein.

Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS" herein.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN OF BUCKEYE, ARIZONA, THE STATE OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

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 Limited Offering Memorandum 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 District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona, for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for Pulte Home Corporation by its counsel, Gallagher & Kennedy, P.A., Phoenix, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about September 26, 2007.*

RBC CAPITAL MARKETS

_____, 2007

*Subject to change.

MATURITY SCHEDULE*

$170,000 ___% Term Bond Due July 15, 2012 - Price ___%

$215,000 ___% Term Bond Due July 15, 2017 - Price ___%

$270,000 ___% Term Bond Due July 15, 2022 - Price ___%

$875,000 ___% Term Bond Due July 15, 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

District Financial Advisor

Stone & Youngberg LLC
Phoenix, Arizona

THIS LIMITED OFFERING MEMORANDUM, 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 INDENTURE, THE BOND RESOLUTION, THE SECURITY FOR THE BONDS, THE DISTRICT, PULTE HOME CORPORATION ("PULTE") AND OTHER INFORMATION ARE INCLUDED IN THIS LIMITED OFFERING MEMORANDUM. SUCH DESCRIPTIONS DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES HEREIN TO THE BONDS, THE INDENTURE, THE BOND RESOLUTION AND ANY 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.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT, PULTE 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. THIS LIMITED OFFERING MEMORANDUM 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. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF *AD VALOREM* TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IN THIS LIMITED OFFERING MEMORANDUM 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.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS LIMITED OFFERING MEMORANDUM: "THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM 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."

ANY STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM INVOLVING MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO STATED, ARE INTENDED AS SUCH AND NOT AS REPRESENTATIONS OF FACT. THIS LIMITED OFFERING MEMORANDUM 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 LIMITED OFFERING MEMORANDUM 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 PULTE OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN SINCE THE DATE OF THIS LIMITED OFFERING MEMORANDUM.

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 LIMITED OFFERING MEMORANDUM, 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 LIMITED OFFERING MEMORANDUM, WHICH INCLUDES THE COVER PAGE AND THE APPENDICES HERETO, 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 DISTRICT HAS COVENANTED TO PROVIDE CONTINUING DISCLOSURE PURSUANT TO RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION AS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX E - "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL, INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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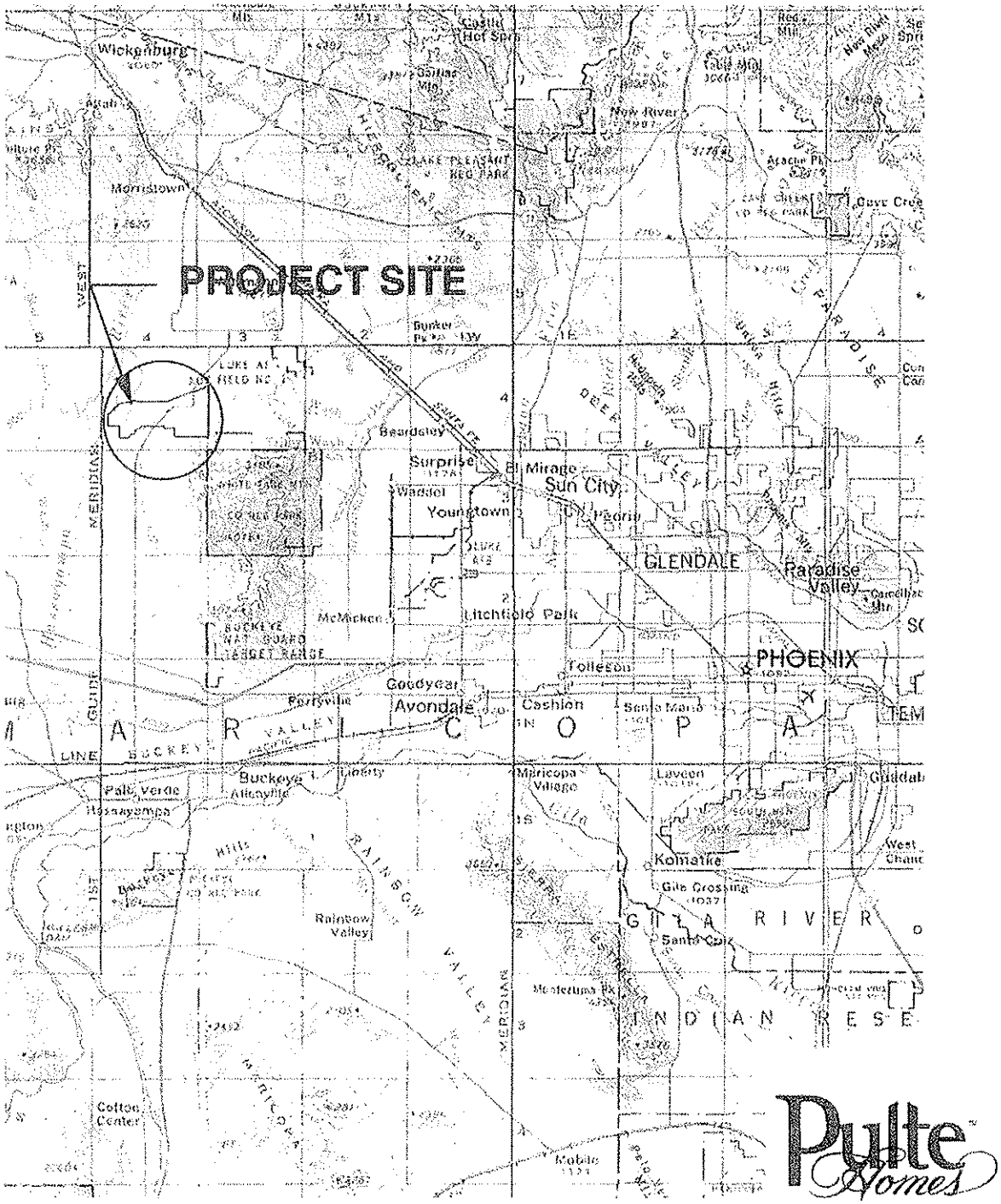
MAP SHOWING LOCATION OF THE DISTRICT
WITHIN METROPOLITAN PHOENIX AREA

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

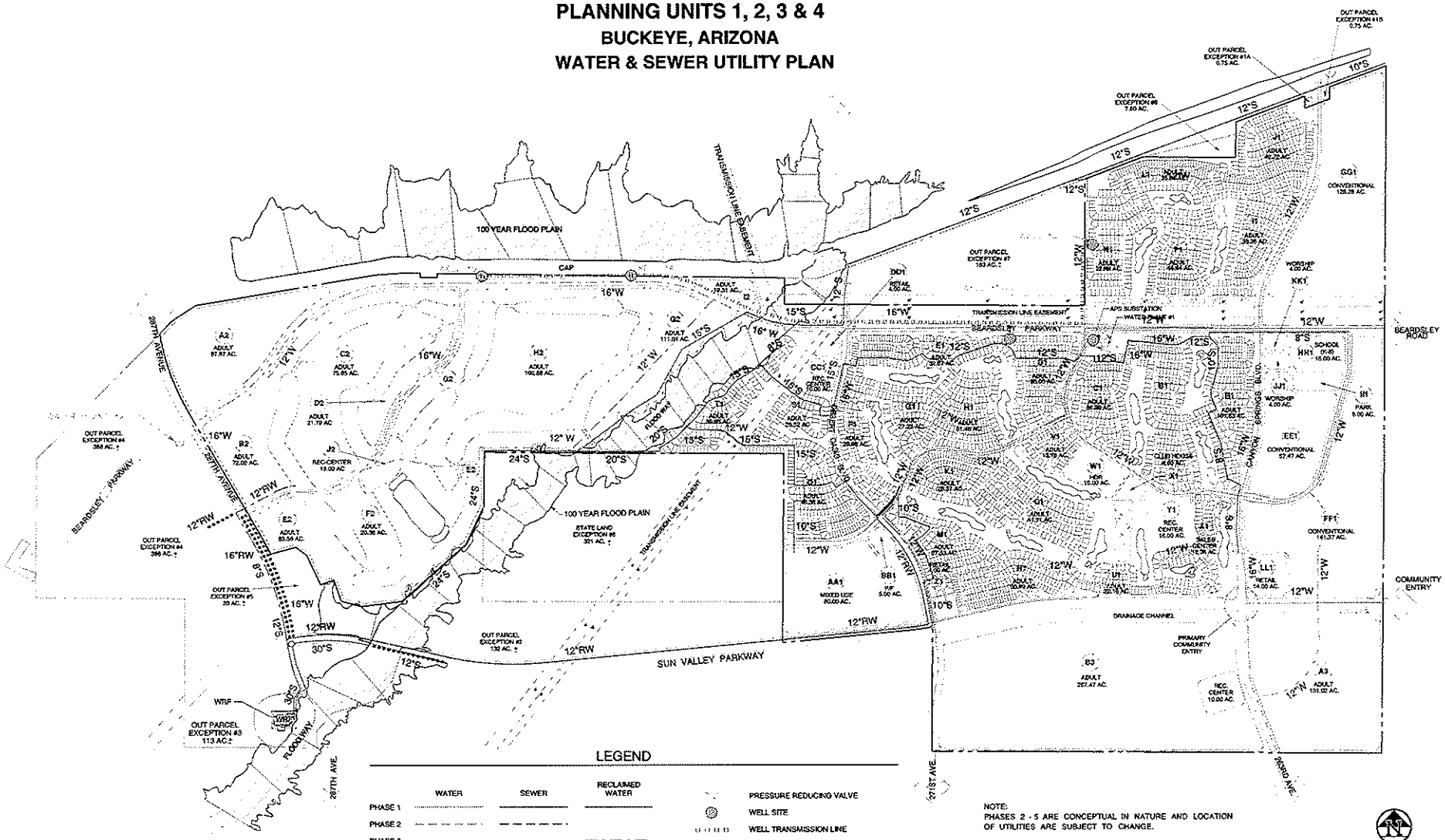
JOB NO.	FIGURE
680001-01	1

DATE:- [illegible]
TIME:- [illegible]
FILE:- [illegible]

MAP SHOWING LOCATION OF THE DISTRICT AND FESTIVAL RANCH
IN CONTEXT OF SURROUNDING AREA

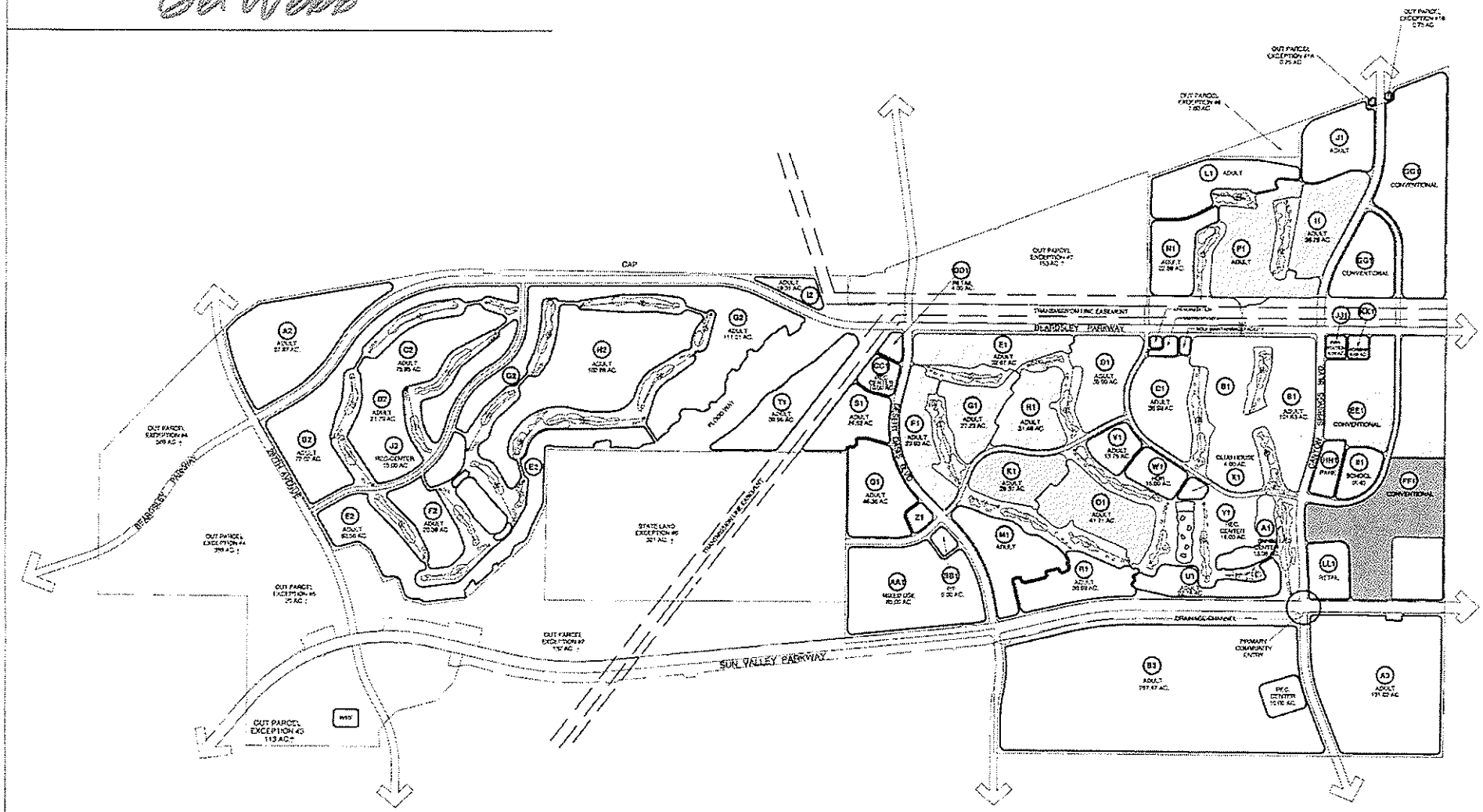
SUN CITY FESTIVAL
by Del Webb

PLANNING UNITS 1, 2, 3 & 4
BUCKEYE, ARIZONA
WATER & SEWER UTILITY PLAN



FESTIVAL RANCH

Del Webb™



FESTIVAL RANCH CFD
SPECIAL ASSESSMENT AREAS

LEGEND

SA#1
SA#2
SA#3
SA#4
SA#5

N.T.S.

N:\05\0001\bond\SA-AREAS.DGN

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4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

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$1,530,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2007

This Limited Offering Memorandum, which includes the cover page and the appendices hereto, provides certain information concerning the issuance of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007 (the "Bonds"), in the aggregate principal amount of $1,530,000.*

THE DISTRICT

Pursuant to the Community Facilities Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Enabling 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 April 19, 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 thirty-four (34) miles west of downtown Phoenix, Arizona, north of Interstate 10. See the maps at pages (iii) and (iv) 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." The District has the authority to issue general obligation bonds payable from *ad valorem* taxes levied on all taxable property within the boundaries of

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*Subject to change.

the District to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds.

THE BONDS

Authority and Election

The Bonds are authorized pursuant to the Enabling Act and an election held on May 25, 2005 (the "Election") and will be issued pursuant to a resolution adopted by the Board on July 17, 2007 (the "Bond Resolution"), and the Indenture of Trust and Security Agreement, to be dated as of September 1, 2007 (the "Indenture"), from the District to Wells Fargo Bank, N.A. (the "Trustee"). (See Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.") The Bonds will be the second series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, $172,670,000* principal amount of such bonds will remain authorized but unissued. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Taxation in the District" and "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District." The Bonds are being issued in order to finance a portion of the cost for the District to acquire from the Owner the "Public Infrastructure" and to pay costs of issuance of the Bonds. See "THE PUBLIC INFRASTRUCTURE."

General Description

The Bonds will be dated the date of their initial delivery, and will mature and bear interest at the rates as set forth on the inside front cover page of this Limited Offering Memorandum.

Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing January 15, 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. See Appendix D - "BOOK-ENTRY ONLY SYSTEM."

The principal of, redemption price for and premium, if any, and interest on the Bonds will be payable when due to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Bonds for a book-entry-only system. The Bonds will be available initially to ultimate purchasers under such system in amounts of $5,000 of principal amount or integral multiples in excess thereof due on specified maturity dates. No document of any nature whatsoever need be surrendered as a condition to payment of the principal and interest on the Bonds. See,

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*Subject to change.

however, "Investor Suitability Standards and Transfer Restrictions." See also Appendix D - "BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions*

Optional Redemption. The Bonds maturing on and after July 15, 2022, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2017, in whole or in part on any date, at the redemption price of the principal amount of the Bonds or portion thereof being redeemed plus accrued interest to the redemption date and without premium.

Mandatory Redemption. The Bonds maturing on July 15 of the following years will be redeemed on July 15 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

Year Redeemed	Principal Amount Redeemed
Term Bond Maturing 2012	
2008	$40,000
2009	30,000
2010	30,000
2011	35,000
Term Bond Maturing 2017	
2013	$40,000
2014	40,000
2015	40,000
2016	45,000
Term Bond Maturing 2022	
2018	$45,000
2019	50,000
2020	55,000
2021	60,000
Term Bond Maturing 2032	
2023	$65,000
2024	65,000
2025	70,000
2026	75,000
2027	80,000
2028	85,000
2029	85,000
2030	95,000
2031	95,000

*Subject to change.

Whenever Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the Trustee for cancellation, the principal amount of the Bonds of such maturity so retired shall satisfy and be credited against the mandatory redemption requirements for such maturity on a pro rata basis, to the extent practicable provided, however, that each remaining mandatory payment shall be in an amount of at least $5,000 of principal.

Notice of Redemption. Notice of redemption 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 D - "BOOK ENTRY ONLY SYSTEM."

Effect of Redemption. If on the date of redemption of the Bonds sufficient moneys for payment of the redemption price and accrued interest are held under the Indenture, interest on the Bonds so called for redemption will cease to accrue and such 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 Bonds.

Investor Suitability Standards And Transfer Restrictions

Beneficial interests with respect to the Bonds may be purchased only by Qualified Investors. As used herein, "Qualified Investor" means any purchaser of such an interest through a broker/dealer which is either (A) a "sophisticated municipal market professional" (as such term is interpreted by and applied to the rules of the Municipal Securities Rulemaking Board) which is buying an interest of a principal amount of $100,000 or more or (B) providing a qualified investor letter in the form attached hereto as Appendix C-1. A letter in the form set forth in Appendix C-1 must be provided by all Qualified Investors described in clause (B) hereinabove in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds and by any transferee not described in clause (A) hereinabove in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds and by any transferee not described in clause (A) hereinabove upon any transfer of any beneficial interest in a Bond after the initial sale and delivery of the Bonds. Qualified Investors described in clause (A) hereinabove must provide a qualified investor letter in the form set forth in Appendix C-2 only in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds.

Prior to any of (i) the District being informed that the Bonds have a rating (a) in one of the two highest rating categories from Moody's Investors Service, Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, or any successor entity (collectively, a "Rating Agency") or (b) in the third or fourth highest rating category from a Rating Agency with written approval of the District Board as to the elimination of transfer restrictions, or (ii) the Bonds being defeased pursuant to the Indenture, beneficial interests in the Bonds will be transferable only to Qualified

Investors and under the terms and conditions described hereinabove. (Thereafter, the Bonds will be available in amounts of $5,000 of principal amount or integral multiples in excess thereof due on specified maturity dates.) Any owner of a beneficial interest in a Bond by its acceptance of such interest agrees that it will not transfer such interest to a person other than a Qualified Investor and under the terms and conditions described hereinabove.

SECURITY FOR AND SOURCES OF PAYMENT

General

The Board will annually levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any amounts from the sources described in the Enabling Act and available pursuant to the Indenture, to pay debt service with respect to the Bonds (whether at maturity or prior redemption) when due. Amounts derived from the levy of such tax when collected constitute funds to pay the debt service on the outstanding general obligation bonds of the District (including debt service with respect to the hereinafter described Series 2006 Bonds and with respect to the Bonds) and will be kept separately from other funds of the District. With respect to *ad valorem* property taxes, the Series 2006 Bonds and the Bonds will be payable from such taxes on the same basis as issues of general obligation bonds of the District which may be issued in the future. The Board also levies an additional *ad valorem* tax of $0.30 per $100 of secondary assessed valuation which amount will be used for operation and maintenance expenses of the District. *See* "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN NOR THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

Ad Valorem Taxation in the District

General. The State has two different valuation bases for levying *ad valorem* property taxes. They are "limited property" and "full cash value." Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations. (See "Assessment Ratios.")

Primary Taxes. Taxes levied against the assessed limited property value (after application of the assessment ratio) 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. The State does not currently levy *ad valorem* taxes. 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 from a base year using one of the following two procedures:

(a) 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 is 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.

(b) The limited property value for parcels that were omitted from the tax roll in the prior year, that underwent a change in use or modification through construction, destruction or demolition or that have been split, subdivided or consolidated, and for new parcels, is established at a level or percentage of the limited property value to full cash value of existing properties of the same use or legal classification.

The primary taxes levied by a county, city/town and community college district are constitutionally limited to a maximum increase of two percent over the maximum allowable 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.

Secondary Taxes. Taxes levied against the assessed value (after application of the assessment ratio to full cash value) are

referred to as secondary taxes, which are used for debt retirement (including debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts. There is no limitation on the annual increases in full cash value of any property, and annual levies for voter-approved bonded indebtedness and special district assessments are unlimited.

Determination of Full Cash Value. The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Most property is valued by the various county assessors including for the county in which the District is located, Maricopa County, Arizona (the "County"), the County Assessor for the County (the "Assessor"), with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally include the market approach, the cost approach and the income approach. As a general matter, the Assessor uses a cost approach for commercial/industrial property and a sales data (market) approach for residential property. Arizona law allows taxpayers to appeal the Assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

County assessors, upon meeting certain conditions, may value residential, agricultural and vacant land at the same full cash valuation for up to three years. The Assessor currently values existing properties on a two year cycle.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owners total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate". The property owner must apply for the Property Valuation Protection Option and, if approved by the Assessor, must renew the application every three years. If the property is sold to a person who does not qualify, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Assessment Ratios. The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized during the 2007-08 tax year for each class of property are set forth below:

TABLE 1

Property Classification (a)	Assessment as Percent of Full Cash Value
Mining, Utility, Commercial and Industrial (b)	24.0%
Agriculture and Vacant Land (b)	16.0
Owner Occupied Residential	10.0
Leased or Rented Residential	10.0
Railroad, Private Car Company and Airline Flight Property (c)	N/A

(a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.

(b) With respect to 2007-08, the first $61,142 of full cash value of commercial, industrial and agricultural personal property is not taxable. Any portion of the full cash value in excess of such amount will be assessed at 24% or 16% as applicable. The assessment ratio for mining, utility, commercial and industrial property is being reduced, starting at 25%, by one percent annually through 2010, resulting in an assessment ratio of 20% from and after December 31, 2010.

(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Collection. On or before the third (3rd) Monday in August of each tax year based on valuation as of that date, the District will (i) fix, levy and assess the amount to be raised from *ad valorem* property taxes which, together with the amount estimated to be available from all other sources of revenue and any unencumbered balances from the previous tax year, will equal the total of amounts proposed to be expended in the budget for the current fiscal year and (ii) fix and determine the necessary *ad valorem* tax rates for the District. After review of such amount and rate for compliance with any applicable statutory and constitutional limitations by the property tax oversight commission of the State of Arizona, a final assessment and tax roll for the District must be delivered to the County Treasurer for the County (the "Treasurer"). The Assessor may, however, change such roll any time before December 20 of such year. *Any subsequent decrease in the volume of the tax roll as it existed on the date of the tax levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.*

The *ad valorem* property taxes levied and assessed by the District pursuant to the assessment and tax roll delivered to the

Treasurer are billed along with State and County *ad valorem* property taxes and are due and payable in two equal installments on October 1 of that calendar year and on March 1 of the subsequent calendar year. The two *ad valorem* property tax installments become delinquent and begin to accrue interest at the rate of sixteen percent (16%) per annum simple interest prorated monthly on November 1 of that calendar year and May 1 of the subsequent calendar year, respectively. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.

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, subject to the possible exception of *ad valorem* property taxes levied against the real property of a property owner in bankruptcy. See "RISK FACTORS - Bankruptcy and Foreclosure Delays." 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. An *ad valorem* 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 sixteen percent (16%) 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 as the purchase price the amount of taxes, interest and penalties due on the property, in cash at the time of sale. 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 levied by the District should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered by the District within fifteen (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 right to redeem tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

The District's semiannual payments of debt service will be funded with installments of tax payments collected on or about the immediately preceding tax payment date. If, for any reason, a material portion of the *ad valorem* property taxes due and payable to the District are not paid in a timely manner, the payment of debt service could be delayed. It cannot be determined with any certainty when delinquent *ad valorem* property taxes could be collected and available for the payment of debt service and what impact such delay could have on the secondary market for the Bonds. See "RISK FACTORS - Bankruptcy and Foreclosure Delays."

Property Valuations. The full cash value and secondary assessed value of taxable property within the boundaries of the District for the indicated tax years are shown in the table below:

TABLE 2

Tax Year	Full Cash Value	Secondary Assessed Value
2007-08	$39,669,370	$6,102,478
2006-07	13,124,457	2,099,913

Source: Maricopa County Assessor's Office

Net Secondary Assessed Valuation by Property Classification. The following is a breakdown of the above described secondary assessed valuation for tax years 2006-07 and 2007-08 for the District by property classifications:

TABLE 3

Legal Class	Description	2006-07	2007-08	2007-08 Percent of Total
1	Commercial	$ 0	$ 888,756	14.564%
2	Agricultural & Vacant	2,099,913	4,339,055	71.103%
3	Residential (owner occupied)	0	874,617	14.332%
3	Residential (rental occupied)	0	50	0.001%
	Total	$2,099,913	$6,102,478	100.000%

Source: Maricopa County Assessor's Office.

See also in this respect the discussion under the subheading "LAND DEVELOPMENT."

Net Secondary Assessed Valuations of Major Taxpayers. As reported by the Assessor of the County, shown below with respect to tax year 2007-08 are the major property taxpayers located within the

District, the then current net secondary assessed value of their property and its relative proportion of the total net secondary assessed value of property within the District.

TABLE 4

Taxpayer	2007-08 Net Secondary Assessed Valuation	As Percent of District's 2007-08 Net Secondary Assessed Valuation
Pulte Home Corporation	$3,824,089	62.66%
Sun City Festival Community Association Inc.	155,255	2.54%
Ten Thousand West LLC	73,694	1.21%

(a) See "THE OWNER."

Source: Maricopa County Treasurer's Office and the Arizona Department of Revenue

See "RISK FACTORS - General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences."

Record of Taxes Levied and Collected in the District. Under Arizona law, the Board of Supervisors of the County is required to establish and levy a tax in an amount sufficient to satisfy debt service requirements of the District. Property taxes are levied and collected on property within the District and certified by Treasurer on behalf of the District. The following table sets forth the tax levy of the District for the indicated tax years.

TABLE 5

		Collected to June 30th(b)(c)		Total Collections(c)	
Fiscal Year	Real and Secured Personal Property Tax Levy(a)	Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2007-08	$201,382	(d)	(d)	(d)	(d)
2006-07	69,297	$68,998	99.57%	$69,029	99.61%

(a) Tax levy is as reported by the Treasurer as of August of each tax year. Amount does not include adjustments made to levy amounts after the August report. The District's tax rate includes a $3.00 tax rate for debt service as well as a $0.3000 tax rate for maintenance and operation expenses for the District.

(b) Reflects collections made through June 30, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due the first day of

October and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment becomes due the first day of March and is delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.

(c) Reflects collections made through July 31, 2007.

(d) The next installment of taxes will be due October 1, 2007, but is not delinquent until November 1, 2007.

Source: Maricopa County Treasurer's Office

General Obligation Bonded Indebtedness to be Outstanding. The following table lists the general obligation bonded indebtedness of the District that will be outstanding after issuance of the Bonds:

TABLE 6

Date of Issue	Original Amount	Maturity Date	Average Interest Rate	Balance Outstanding
10-31-06(a)	$800,000	07-15-16, 26 & 31	5.467%	$ 770,000
Plus the Bonds				1,530,000*
Total General Obligation Bonds to be Outstanding				$2,300,000*

(a) Hereinafter referred to as the Series 2006 Bonds

Annual Debt Service Requirements of General Obligation Bonded Indebtedness To Be Outstanding. The District will have the following annual debt service requirements after the issuance of the Bonds:

*Subject to change.

TABLE 7

Fiscal Year	Debt Service Requirements for the Bonds: Principal*	Debt Service Requirements for the Bonds: Interest(f)	Total Debt Service Requirements for the Series 2006 Bonds(e)	Total Combined Debt Service Requirements(e)*
2008	$ 40,000(a)	$ 73,398	54,715	$ 168,113
2009	30,000(a)	81,950	58,980	170,930
2010	30,000(a)	80,300	57,020	168,300
2011	35,000(a)	78,650	56,040	170,670
2012	35,000	76,725	55,060	167,765
2013	40,000(b)	74,800	59,080	169,860
2014	40,000(b)	72,600	57,855	171,680
2015	40,000(b)	70,400	56,630	168,255
2016	45,000(b)	68,200	55,405	169,830
2017	50,000	65,725	59,105	171,130
2018	45,000(c)	62,975	57,545	167,080
2019	50,000(c)	60,500	55,985	168,045
2020	55,000(c)	57,750	54,425	168,735
2021	60,000(c)	54,725	57,865	169,150
2022	60,000	51,425	56,045	169,290
2023	65,000(d)	48,125	59,225	169,170
2024	65,000(d)	44,550	57,145	168,775
2025	70,000(d)	40,975	55,065	168,120
2026	75,000(d)	37,125	57,985	167,190
2027	80,000(d)	33,000	55,600	170,985
2028	85,000(d)	28,600	58,215	169,200
2029	85,000(d)	23,925	55,565	167,140
2030	95,000(d)	19,250	55,565	169,815
2031	95,000(d)	14,025	57,915	166,940
2032	160,000	8,800	--	168,880
	$1,530,000	$1,328,498	$1,366,470	$4,224,968

*Subject to change.

(a) Represents mandatory sinking fund amounts for term bond due July 15, 2012.

(b) Represents mandatory sinking fund amounts for term bond due July 15, 2017.

(c) Represents mandatory sinking fund amounts for term bond due July 15, 2022.

(d) Represents mandatory sinking fund amounts for term bond due July 15, 2032.

(e) Totals may not add due to rounding.

(f) Interest is estimated at 5.50% per annum.

OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net assessed valuation and combined tax rate per $100 assessed valuation. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each jurisdiction's assessed valuation which lies within the District's boundaries was derived from information obtained from the Assessor. **See "RISK FACTORS - Direct and Overlapping Indebtedness."**

TABLE 8

Direct and Overlapping Jurisdiction	2007-2008 Secondary Assessed Valuation	Net Outstanding Bonded Debt(a)	Proportion Applicable to the District Based on Assessed Valuation		2007-2008 Combined Tax Rate Per $100 Assessed(b)
			Approx. Percent	Net Amount	
State of Arizona	$71,852,630,420	None	0.00%	None	$ 0.0000
Maricopa County (d)	49,534,573,831	None	0.00%	None	1.4958(c)
Maricopa County Community College District (e)	49,534,573,831	$557,390,000	0.01%	$ 55,739	0.9760
Western Maricopa Education Center (West-MEC)	17,648,505,706	None	0.03%	0	0.0500
Wickenburg Unified School District No. 9	165,889,499	20,000,000	3.63%	726,000	6.3518
Town of Buckeye (f)	369,230,204	310,000	1.63%	5,053	1.1421
The District	6,027,435	2,300,000*	100.00%	2,300,000*	3.3000
Total Net Direct and Overlapping General Obligation Bonded Debt				$3,086,792*	$13.3157

*Subject to change.

(a) This table includes general obligation bonds outstanding and general obligation bonds scheduled for sale as of September 1, 2007. This table does not include 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 Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. 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. It is not possible to predict whether the agreement will become finally effective, be amended, or terminate, or whether litigation will resume. If litigation resumes, it is not possible to predict the outcome of such litigation. CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. 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 Limited Offering Memorandum, 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, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

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) 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 generally is based on the primary assessed valuation of jurisdictions other than special districts and on the secondary assessed valuation of special districts such as the District.

(c) 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 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.

(d) Does not include 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.

(e) Does not include revenue bonds outstanding in the aggregate principal amount of $18,300,000.

(f) Does not include excise tax obligations of the Town outstanding in the aggregate principal amount of $28,480,000.

Additional General Obligation Bonded Indebtedness of the District

In addition to the Series 2006 Bonds and the Bonds, the District retains the right to issue, in accordance with the procedures set forth in the Enabling Act, additional series of bonds payable from *ad valorem* taxes. See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Taxation in the District -- General Obligation Bonded Indebtedness to be Outstanding." **See also "RISK FACTORS - Direct and Overlapping Debt."**

The Enabling Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (The District has made a finding that issuance of the Bonds will meet the test set forth above.)

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to

exceed $175,000,000 and will have $172,670,000* of such amount remaining after issuance of the Bonds in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds. Additional indebtedness could be authorized for the District in the future pursuant to other elections.

Additional Overlapping General Obligation Bonded Indebtedness

The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to the Town, Maricopa County, Arizona, Wickenburg Unified School District No. 9 of Maricopa County, Arizona, Maricopa County Community College District or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. **See "RISK FACTORS - Direct and Overlapping Debt."**

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonds available for future issuance as of September 1, 2007:

TABLE 9

Maricopa County Community College District	$761,093,000

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, amounting to $2,000 per lot. 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. 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 such public infrastructure has been paid by the Owner. The District also issued Assessment District 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 a subsequent portion of public infrastructure for such development. 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, amounting to $2,000 per

*Subject to change.

lot. The public infrastructure was composed of almost 42,000 linear feet of local roadways in the Second and Third Assessment Area which is expected to cost more than $4,700,000 and to all be completed by July 2008. (See the map at page (iv) for the location of the First Area and the Second and Third Assessment Area.) The District is expected to sell Assessment District Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (the "Second Series 2007 Assessment Bonds") in the aggregate principal amount of approximately $2,000,000 to finance a subsequent portion of public infrastructure for such development as early as October, 2007. Approximately 246.19 acres of land within the District (the "Fourth and Fifth Assessment Area") will be assessed to pay debt service on the Series 2007 Assessment Bonds, expected to amount to $2,000 per lot. 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 (including that for the Bonds) 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."**

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.

The District is 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 the first planning unit of Festival Ranch will be developed as part of an "age restricted" community; other units will not. (See the map at page (iii) for the location of the District and such first planning unit and the other planning units referred to herein.)

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. The District is the subject of a Community Master Plan 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.

Although the number of acres devoted to each particular land use may ultimately vary from those presented, the development of the District is currently expected to include the following land uses:

TABLE 10

Total Project	Approximate District Acres
Single Family Residential Units	3,190
3 Golf Courses	600
Recreation Centers	75
Commercial	150
Total	4,015

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, 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 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 11,120 linear feet of trunk sewer lines throughout the District. Such infrastructure was completed by October 2006 and has been or will be dedicated to the Town. 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.

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.

In addition to the infrastructure described under the subheading "Other Debt of the District" under the heading "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS, certain infrastructure is being constructed in connection with the development and construction of homes as described hereinbelow. None of such infrastructure is being financed with proceeds of the sale of the Bonds, but instead will be financed by the Owner and may be the subject of acquisition from proceeds of future bond offerings by the District.

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. Current development plans would require construction of the second phase (an additional 1.0 million gallons per day capacity) in 2012.

Pulte has 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 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 serves the first four planning units 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 Festival Ranch. 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 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 and the Second and Third 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 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 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. All plans for proposed schools are subject to change, and neither the responsibility nor within the control of the Owner.

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) 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 planning unit have been installed, 132,067 lineal feet of water supply and distribution lines have been installed within the first planning unit, 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 planning unit one, which will serve 1594 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.

Residential Development

The Owner is responsible for the construction of all offsite infrastructure and subdivision improvements necessary to deliver fully finished lots. The single family residences will be constructed by the Owner on lots ranging in size from 1,250 to 4,068 square feet; homes will be base priced from $149,900 to over $389,900. 486 homes have been built in the First Assessment Area; 434 of such homes have been sold to third party homeowners and 142 are under contract for sale to third party homeowners; 75 homes are under construction in the Second and Third Assessment Area; none of such homes have been sold to third party homeowners but 242 are under contract for sale to third party homeowners.

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.

SOURCES AND APPLICATION OF FUNDS

Sources

Par Amount of Bonds
Total

Applications

Costs of Acquisition
Costs of Issuance (including Original Purchaser's Compensation)

Total

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The Bonds will be secured solely by ad valorem property taxes generated within the District. Anyone considering investing in the Bonds should carefully examine this Limited Offering Memorandum, including the Appendices hereto. 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 LIMITED OFFERING MEMORANDUM, 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, including, but not limited to, governmental policies to restrict or control development. (Any 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 (including secondary assessed valuation for the purposes described herein under "SECURITY FOR AND SOURCES OF PAYMENT - Ad Valorem Taxation in the District") and reduce the ability or desire of the property owners to pay the ad valorem taxes securing the Bonds. In that event, there could be a default in the payment of principal of and interest on the Bonds.

Vacant lots also provide less security to the Bondholders should it be necessary for the District to foreclose due to nonpayment of ad valorem taxes. Furthermore, an inability to construct houses on the remaining lots within the District will likely reduce the diversity of ownership on land within the District, making the Bondholders more dependent upon timely payment of the ad valorem taxes levied on the vacant lots.

Development 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 land in the District 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 third party lenders, 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 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 is not yet complete. See "LAND DEVELOPMENT" and "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 subheading "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. 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.

Effect of Valuation of Property

Information is provided herein with respect to the valuation of land within the District. SEE "SECURITY FOR AND SOURCES OF PAYMENT - Ad Valorem Taxation in the District." Such valuation and particularly decreases therein may reduce the willingness of landowners to pay the ad valorem taxes securing the Bonds, as well as

adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes.

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay the ad valorem taxes of the District could be affected by the existence of other taxes and assessments imposed upon the property (including taxes for the Series 2006 Bonds and, in the First Assessment Area, the assessment for the Series 2005 Assessment Bonds; in the Second and Third Assessment Area, the assessment for the Series 2007 Bonds and in the Fourth and Fifth Assessment Area, the assessment for the Second Series 2007 Assessment Bonds). The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS." In addition, other political subdivisions 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 lien created on the property within the District through the levy of ad valorem taxes would be on a parity with the ad valorem taxes securing the Bonds. The imposition of additional parity liens, or junior liens in the case of, for instance, special assessments, may reduce the ability or willingness of the landowners to pay the ad valorem taxes securing the Bonds as well as, in the case of failure of payment thereof, the existence of buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT - Ad Valorem Taxation in the District."

Bankruptcy and Foreclosure Delays

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 the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes 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 ad valorem taxes on a property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax 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 tax liens against the real property of a bankrupt

taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post bankruptcy petition tax collections becomes uncertain.

In the event the District is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, 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 taxpayer, nor have they assumed responsibility for the same.

In addition, 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.

Amendment of Documents Referenced

The reports, inspections and other documents described in this Limited Offering Memorandum 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 District is in the early phases. 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 Limited Offering Memorandum 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 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.

Environmental Matters

Festival Ranch 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.

Projections

Included in this Limited Offering Memorandum 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.

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.

LITIGATION

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that 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 Indenture and the Bond Resolution, 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 Bond Resolution, 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 Limited Offering Memorandum 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.

The United States Supreme Court has accepted for review a determination by the Court of Appeals of the State of Kentucky that the practice in Kentucky, which is common in may other states, including Arizona, of taxing interest income on bonds of out-of-state issues and not taxing interest income on bonds of in-state issuers violates the Commerce Clause of the United States Constitution. If the Court determines that the practice violates the United States

Constitution and Arizona does not take action to exempt out-of-state bonds, the effect on the exemption of interest on the Bonds for Arizona income tax purposes cannot be determined. Any change in the treatment of in-state or out-of-state bonds in Arizona or any other states may affect the marketability or market price of the Bonds. The decision does not affect the treatment of interest on the Bonds for federal income tax purposes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The District has certified 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 the District in calendar year 2007, will not exceed $10,000,000. Bond Counsel will rely on such certification with respect to its opinion on this matter.

BONDOWNERS' RISKS REGARDING LACK OF 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 market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

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, a form of which is included herein as Appendix B. (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. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona; for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona; and for Pulte by their counsel, Gallagher & Kennedy, P.A., Phoenix, Arizona.

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 issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of profes-

sional 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 a net effective aggregate purchase price of $_____ (reflecting the aggregate principal amount of the Bonds, less compensation of the Underwriter of $_____). The Underwriter will offer and sell the Bonds in a limited distribution only to Qualified Investors who have agreed to the transfer restrictions described herein. See "THE BONDS - Investor Suitability Standards and Transfer Restrictions." The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The offering prices set forth on the cover page hereof may be changed after the initial offering by the Underwriter.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the District 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 with each Nationally Recognized Municipal Securities Information Repository and the appropriate State Information Depository, if any, or with a Central Post Office. The Notices of Material Events will be filed by the District 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 are set forth herein in Appendix E - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" which includes the form of undertaking which will be executed by the District with respect to the Bonds.

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 not comply with such covenants, it has covenanted to provide notice of such fact to each Nationally Recognized Securities Information Repository and the State Information Depository, if any, or to a Central Post office and the Municipal Securities Rulemaking Board. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District has complied materially with the continuing disclosure undertakings entered into by it for purposes of the Rule, which were with respect to the Series 2006 Bonds, the Series 2005 Assessment Bonds and the Series 2006 Assessment Bonds.

RELATIONSHIPS AMONG PARTIES

Greenberg Traurig, LLP, Phoenix, Arizona, Counsel to the Underwriter, and Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel and Counsel to the District, have acted as bond counsel in other transactions underwritten by the Underwriter and Stone & Youngberg, LLC, the Financial Advisor to the District, and have acted as underwriter's counsel to the Underwriter and the Financial Advisor in other transactions. 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.

The Underwriter and the Financial Advisor have underwritten or acted as financial advisor with respect to bonds issued by the Town and other overlapping political subdivisions.

This Limited Offering Memorandum 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 concerning the Town is for background information only as the District lies within the geographical limits of the Town. The Bonds are not an obligation of the Town in any respect. THE BONDS ARE DIRECT GENERAL OBLIGATIONS OF THE DISTRICT, PAYABLE FROM AD VALOREM TAXES LEVIED AGAINST ALL TAXABLE PROPERTY IN THE DISTRICT, AS DESCRIBED UNDER THE HEADING "SECURITY FOR AND SOURCES OF PAYMENT."

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 LEGAL OPINION OF BOND COUNSEL

[Letterhead of Gust Rosenfeld P.L.C.]

(Dated the Date of Initial Delivery of the Bonds)

District Board of the Festival Ranch
Community Facilities District

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

At your request we have examined the official proceedings leading to the issuance of $1,530,000* aggregate principal amount of District General Obligation Bonds, Series 2007, dated the date hereof, issued by Festival Ranch Community Facilities District (the "District").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, FESTIVAL RANCH CFD RESOLUTION NO. 07-....., passed and adopted by the District Board on July 17, 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 the Indenture (as such term is defined in the

*Subject to change.

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 and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, *ad valorem* tax to pay the principal of and interest on the bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes, an annual tax upon all taxable property in the District sufficient, together with any money from other sources lawfully available therefor, to pay the principal of and interest on the bonds when due.

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 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.

Bond Counsel

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APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in case the bonds are held by a securities depository, one of the captioned bonds (hereinafter referred to as the "*Bonds*"), such Bond, or beneficial interest therein, being in the original aggregate principal amount of $....., bearing the number ..... Such purchase is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of September 1, 2007 (hereinafter referred to as the "*Indenture*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Trustee (or any successor thereto as provided in the Indenture, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned acknowledges that it is one of the following:

(i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company

licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5,000,000;

(iv) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000 and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth;

(v) a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with the person's spouse in excess of $300,000 in each of those years and who reasonably expects reaching the same income level the current year and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth; or

(vi) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i), (ii), (iii), (iv) or (v) above.

Collectively, the purchasers meeting one or more of the criteria set forth above shall be referred to as a "Qualified Investor".

4. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bond or an interest therein, and agrees to hold the Issuer and the Town of Buckeye, Arizona (hereinafter referred to as the "*Town*") harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such failure to comply.

5. The undersigned acknowledges that the undersigned has had an opportunity to obtain and has obtained all information necessary and has independently evaluated the factors associated with its investment decision and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including but not limited to, limited security and source for payment of the Bonds, the status of development and its impact on

taxation for payment of the Bonds, the possible transfer of land by the owners of land in the District, failure or inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays as such term is defined in the Indenture, and the probable lack of any secondary market for the Bonds. The undersigned acknowledges that it is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The undersigned is not relying on the Issuer or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

6. 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, and (v) are not likely to be readily marketable.

7. The undersigned acknowledges that the Issuer and the Town, their respective officers, directors, council members, advisors, employees and agents of either of the foregoing, have not undertaken to furnish, nor has the undersigned requested, any other information, or to ascertain the accuracy or completeness of any other information that may have been furnished by any other party.

.....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

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APPENDIX C-2

FORM OF INVESTOR LETTER (SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

1. Please be advised that the undersigned is purchasing one of the captioned bonds or an interest therein (hereinafter referred to as the "Bonds"), such Bond being in the original aggregate principal amount of $....., bearing the number ..... Such purchase is solely for the account of the undersigned or for accounts managed by the undersigned, for the purpose of investment and not with an intent for distribution or resale.

2. The undersigned acknowledges that it is a "Qualified Institutional Buyer" as such term is defined in Rule 144A of the Securities Act of 1933, as amended, with total assets of at least $100 million invested in municipal securities in the aggregate in its portfolio and/or under management.

3. In the event that the undersigned transfers such Bond or any part thereof, the undersigned agrees that such transfer shall be through a "broker," or to a "dealer" or "municipal securities dealer," as those terms are defined in the Securities Exchange Act of 1934.

4. The undersigned acknowledges that it received the Limited Offering Memorandum dated ....., 2007, related to the Bonds.

5. The undersigned understands that: (i) the Bonds are not being registered under the Securities Act of 1933, as amended, (ii) the Bonds 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) any transfer of the Bonds must comply with federal and state securities laws, (iv) the broker or dealer must sell the Bonds, or interests therein, to sophisticated municipal market professionals, (v) the Bonds will not be listed on any stock or other securities exchange, and (vi) the Bonds will not carry any bond rating from any rating service.

6. The undersigned had access to all information regarding the Bonds and the Issuer that the undersigned deemed material in

connection with its evaluation of and decision to purchase the Bonds. The undersigned acknowledges that the undersigned has not requested and neither the Issuer or the Town of Buckeye, Arizona, nor their respective officials, officers, directors, council members, advisors, employees and agents have undertaken to furnish information to the undersigned from any third party in connection with investment in the Bonds.

7. This letter and all rights and responsibilities described in it shall be governed by, and interpreted in accordance with, the laws of the State of Arizona. The federal and state courts of the State of Arizona shall have sole and exclusive jurisdiction over any dispute arising from the purchase and sale of the Bonds.

.....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

APPENDIX D

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 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 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 other 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.

Purchase of the 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 Direct Participant's and Indirect 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 Direct Participant or

Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds 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 interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the 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 the 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 Direct Participants and Indirect 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.

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 the 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 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).

Payment of principal of and interest on the Bonds, and the redemption price of any 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 and information funds and corresponding detail information from the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect 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 Direct Participants and Indirect Participants and not of DTC (or its

nominee) or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds 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 Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds 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, physical Bonds will be printed and delivered.

Under DTC's rules, DTC now advises that upon receipt of a withdrawal request from an issuer, such as the District, DTC will take the following actions: (1) DTC will issue an Important Notice notifying its participants of the receipt of a withdrawal request from the issuer reminding participants that they may utilize DTC's withdrawal procedures if they wish to withdraw their securities from DTC; and (2) DTC will process withdrawal requests submitted by participants in the ordinary course of business, but will not effectuate withdrawals based upon a request from the issuer.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

$1,530,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2007

(CUSIP BASE NUMBER .....)

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 indenture of trust and security agreements and the resolutions authorizing the issuance of 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.

*Subject to change.

"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 William 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.

"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.

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, 2009, 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 2, 3, 4 and 5 of the Limited Offering Memorandum, dated _____, 2007, with respect to the Securities as well as with respect to tax collections and delinquencies in the preceding tax year of the Issuer.

(B) 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 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 Issuer 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 willful 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

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APPENDIX F

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 Limited Offering Memorandum.

"Bond Fund" means the fund of that name created pursuant to the Indenture.

"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 secondary costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, legal fees and charges, insurance 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 and charges and fees in connection with the foregoing as well as costs relating to the election held to authorize the Bonds.

"Debt Service" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds, when due, (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.

"Governmental Obligations" means (1) direct obligations of, or obligations the timely payment of principal of which is fully and unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Code, provision for the payment of the principal of and premium, if any, and interest on

which shall have been made by the irrevocable 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 and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in Clause (1) are not available to satisfy any claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating categories of S&P Moody's, but in the case of both Clause (1) and Clause (2) of this paragraph, for purposes of Section 6.02, only if such obligations are non-callable prior to the Maturity of the Bonds or (3) REFCORP STRIPS as defined in "Permitted Investments." Governmental Obligation also includes for purposes other than Section 6.02, a "no load," open-end management investment company or trust (mutual fund), registered with the federal 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, and repurchase agreements secured by the same and which money market fund has a rating by S&P of AAAm-G; AAm; or AAm or better and a rating of Moody's of "VMIG-1" 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, A Division of The McGraw Hill Companies, or any entity succeeding the duties and obligations thereof.

"Opinion of Counsel" means a written opinion of counsel who may (except as otherwise expressly provided in this 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 in under the heading "Defeasance" below.

"Permitted Investments" means:

1. 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.

2. 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:

   a. U.S. Export-Import Bank - direct obligations or fully guaranteed certificates of beneficial ownership

   b. Farmers Home Administration - certificates of beneficial ownership

   c. Federal Financing Bank

   d. Federal Housing Administration Debentures

   e. General Services Administration - participation certificates

   f. Government National Mortgage Association ("GNMA") - guaranteed Mortgage-backed bonds; guaranteed pass-through obligations

g. U.S. Maritime Administration - guaranteed Title XI financing

h. New Communities Debentures - U.S. Government guaranteed debentures

i. U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

j. U.S. Department of Housing and Urban Development - Project Notes; Local Authority Bonds

3. 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):

   a. Federal Home Loan Bank System - senior debt obligations

   b. Federal Home Loan Mortgage Corporation - Participation Certificates; senior debt obligations

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

   d. Student Loan Marketing Association - senior debt obligations

4. Money market funds registered with the Securities and Exchange Commission, 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 being a rating by Moody's of "VMIG-1" or better.

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

6. 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 by 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 unless each

rating agency which has rated the Bonds has confirmed that the rating of such rating agency on the Bonds will not be withdrawn or lowered upon the effective date of such amendment or substitute investment agreement.

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

8. 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.

9. 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.

10. Repurchase agreements ("Repos") 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.

a. Repos must be between the Issuer and a dealer bank or securities firm

   (1) Primary dealers on the Federal Reserve reporting dealer list, or

   (2) Banks rated "A" or above by S&P and "A" or above by Moody's.

b. The written repo contract must include the following:

   (1) Securities which are acceptable for transfer are:

      (a) Direct U.S. government, or

      (b) Federal agencies backed by the full faith and credit of the U.S. government

   (2) The term of the repo may be up to 30 days

   (3) The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment

(perfection by possession of certificated securities)

(4) Valuation of collateral

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

(b) 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 repo 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%.

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

(1) Repo meets guidelines under state law for legal investment of public funds

11. Governmental Obligations

12. REFCORP Strips

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

"Rebate" means the payment system established by Section 148 of the Code with respect to certain arbitrage earnings by a political subdivision or amounts treated as the proceeds of certain obligations of such political subdivision and shall include all costs and expenses incurred in connection with, and allocable to, determining the amount due pursuant to such system.

"Redemption Price" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed 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 Group, 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. 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 is required to be held by the Trustee in trust and applied solely as provided in the Indenture. The District is required to deposit to the Bond Fund amounts collected by or remitted to the District as *ad valorem* taxes to the extent provided in the Indenture. The Bond Fund is required to be applied by the Trustee solely to pay Debt Service when due in any form and in the order described below under "**Application of Moneys Collected**: Second."

Acquisition and Construction Fund. The District is required to deposit to the Acquisition and Construction Fund the balance of the proceeds of the sale of the Bonds remaining after the deposit of the amounts described above to the Bond Fund. The money deposited to the Acquisition and Construction Fund is required to be applied to pay the Costs of Issuance and the Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the District to transfer such unexpended proceeds or income to the Bond Fund; provided, however, that if any such amounts remain on deposit in the Acquisition and Construction Fund on December 1, 2008, such amounts shall be transferred by the Trustee to the Bond Fund. It is anticipated that the Costs of Acquisition will be paid out immediately after delivery of the Bonds.

Investment of and Security for Funds. The Indenture provides that money held for the credit of (i) the Bond Fund will be invested by the Trustee in Governmental Obligations and (ii) the Acquisition and Construction Fund will be invested by the Trustee in Permitted Investments. The Trustee will sell or present for redemption any obligations so purchased as an investment pursuant to the Indenture whenever it is necessary to do so in order to provide money to make any payment or transfer of money required thereby. Investments will mature, or will 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 pursuant to the Indenture will be deemed at all times to be a part of such fund. The interest accruing on obligations so purchased and any profit realized from such investment will be credited to such fund and any loss resulting from such investment will be charged to such fund. All money held by the Trustee pursuant to the Indenture will 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 will not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from its own negligence.

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 legal, equitable, or other remedy, as the Trustee, being advised by counsel, 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 premium, if any, on) 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 the Indenture, the Trustee will be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of 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, therefore, 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

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 District will pay or cause to be paid to the Trustee for the benefit on 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 will 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 District fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, 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 the application of the proceeds of sale as aforesaid, the Trustee, in its own name and as trustee of an express trust, will be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Bonds, for the benefit of the Holders thereof, and will 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 District will affect or impair the lien on the Indenture upon the trust estate or any rights, powers, or remedies of the Trustee thereunder, or any rights, powers, or remedies of the Holders of the Bonds.

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 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 the Indenture;

B. Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds, for principal of and premium, if any, and interest on the Bonds and (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 will be sufficient to pay in full the whole amount so 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 District, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Control by Bondholders

The Holders of a majority in principal amount of any series of Outstanding Bonds will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds of such series and the foreclosure of the Indenture, the sale of the trust estate established pursuant to the Indenture, 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 which is not inconsistent with such direction,

    c. the Trustee has not determined 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.

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 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 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 in its discretion 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 Issuer 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; (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 which will not be inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Bondholders or (vi) to provide for the issuance of additional bonds.

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 any other provisions to or changing in any other manner or eliminating any of the 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 any installment of 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 the Outstanding Bonds the consent of the Holders of which is required for any supplemental indenture, or

the consent of Holders of which is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the proviso to 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 in its discretion 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, whether theretofore or thereafter authenticated and delivered under the Trust Indenture. 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 and only 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, 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 of the Indenture. However, in the case of any such certificates or opinions which by any provision of the Indenture 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 on their face 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, its own negligent failure to act, or its own willful misconduct, except that

1. this paragraph will not be construed to limit the effect of the preceding paragraph;

2. the Trustee will not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, 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 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, 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 under the Indenture, 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, 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

   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 request of the District, and any order or resolution of the District may be sufficiently evidenced by a resolution of the board of the District;

3. whenever in the administration of the Indenture the Trustee will deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action described hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an officer of the District;

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, suffered, or omitted by the Trustee under the Indenture in good faith and in reliance thereon;

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, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document, 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 determines to make such further inquiry or investigation, 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 hereunder or perform any duties under the Indenture either directly or by 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 City of Casa Grande, 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 the Indenture 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 the 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 the giving of 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 any such Bondholder, or

2. the Trustee becomes incapable of acting or adjudged insolvent or a receiver of the Trustee or of its property 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 Trustee. 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 Trustee so appointed will, forthwith upon its acceptance of such appointment, 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 the following conditions exist:

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

   a. Bonds for the payment of which money has been deposited with the Trustee or a paying agent, as provided by the provisions of the Indenture relating to redemption of the Bonds;

   b. Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in the Indenture, except for any such

Bond which prior to the satisfaction and discharge of the Indenture 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 of which there has been deposited with the Trustee in accordance with the provisions of the Indenture in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on such Bonds for principal and interest to the stated maturity or redemption date of such Bonds, as the case may be; and

d. Bonds deemed no longer outstanding as a result of the deposit or escrow or money or Governmental Obligations as described below; and

2. the District has paid or caused to be paid all other sums payable by the District under the Indenture.

Any Bond will be deemed to be no longer outstanding when payment of the principal of such Bond, plus interest thereon to its Maturity (whether such Maturity is 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 and/or REFCORP Strips as such term is defined in the definition of "Permitted Investments" 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 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 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 of such deposit 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 Trust Indenture for the selection of Bonds to be redeemed.

No such deposit will have the effect specified above, however, (i) if made during the existence of a default under the Trust 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.

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 3, 2007

District Board
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2007

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $1,535,000 aggregate principal amount of District General Obligation Bonds, Series 2007, dated October 3, 2007, issued by the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 07-07, passed and adopted by the District Board on July 17, 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 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 and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes, an annual tax upon all taxable property in the District sufficient, together with any money from other sources lawfully available therefor, to pay the principal of and interest on the bonds when due.

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 Indenture and to collection of taxes 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

SWR:gmh
764326

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 3, 2007

RBC Dain Rauscher Inc., doing business
under the name RBC Capital Markets
2398 E. Camelback Road
Suite 700
Phoenix, Arizona 85016

Re: $1,535,000 Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) District General Obligation 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 District General Obligation Bonds, Series 2007, in the aggregate principal amount of $1,535,000 (hereinafter referred to as the "*Bonds*") and otherwise as counsel to the Issuer. The Bonds (i) are issued under and secured by 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*") as authorized by a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on July 17, 2007 (hereinafter referred to as the "*Resolution*"); (ii) are the subject of a Limited Offering Memorandum dated September 13, 2007 (hereinafter referred to as the "*Limited Offering Memorandum*"); and (iii) are being sold pursuant to a Purchase Contract dated September 13, 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 Indenture;

(ii) An executed copy of the Purchase Contract;

(iii) An executed copy of the Limited Offering Memorandum;

(iv) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Purchase Contract);

(v) An executed copy of a Blanket Issuer Letter of Representations (hereinafter referred to as the "*Letter of Representations*") from the Issuer, to The Depository Trust Company.

(vi) An executed copy of a Continuing Disclosure Undertaking, dated of even date hereof (hereinafter referred to as the "*Undertaking*"), from the Issuer;

(vi) An executed copy of a Dissemination Agency Agreement, dated as of October 1, 2007 (hereinafter referred to as the "*Agreement*" and collectively with the Purchase Contract, the Indenture, the Letter of Representations, 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, a certificate of Owner (as defined in the Purchase Contract), dated of even date herewith), opinions (including particularly, but not by way of limitation, an opinion of counsel to 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 and counsel to the Issuer, the Underwriter, the Trustee and Owner relating to the District Documents.

We are of the opinion, based upon the foregoing and subject to the reliance hereinabove indicated and 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 Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum, dated August 22, 2007 (hereinafter referred to as the "*Preliminary Limited Offering Memorandum*") with respect to the Bonds, and (d) to carry out and consummate the transactions contemplated by the Limited Offering Memorandum, 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 Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) 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 Limited Offering Memorandum.

4. The Issuer has duly (a) adopted the Resolution and (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 Limited Offering Memorandum, the Resolution, the District Documents and the Bonds. 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 and the Indenture creates the lien which it purports to create.

6. Based solely upon a search of the records of the Superior Court in and for the State of Arizona, County of Maricopa, and the United States District Court for the District of Arizona through September 25, 2007 and October 1, 2007 respectively, 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 Limited Offering Memorandum, 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, by the Purchase Contract or by the Limited Offering Memorandum) or (iii) contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum. 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 Limited Offering Memorandum, the Resolution, the District Documents or the Bonds.

7. The information contained in the Limited Offering Memorandum in the tax caption on the cover thereof, under the headings "THE BONDS", "SECURITY FOR AND SOURCES OF PAYMENT" (except the information under the subheading "Ad Valorem Taxation in the District"), "OVERLAPPING, ADDITIONAL, AND ADDITIONAL OVERLAPPING INDEBTEDNESS" (but only the information under the subheading "Additional General Obligation Bonded Indebtedness of the District"), "THE DISTRICT",

"LITIGATION", "TAX EXEMPTION," "QUALIFIED TAX-EXEMPT OBLIGATIONS," "CONTINUING DISCLOSURE" (except as it relates to compliance with prior undertakings) and "RELATIONSHIPS AMONG PARTIES" (only as it relates to Bond Counsel) therein and in Appendix B - "FORM OF LEGAL OPINION OF BOND COUNSEL," Appendix C - "FORMS OF INVESTOR LETTERS," Appendix E - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and in Appendix F -- "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," 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. With regard to the other portions of the Limited Offering Memorandum, on the basis of our participation as bond counsel, nothing has come to our attention to lead us to believe that the Limited Offering Memorandum (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.

9. The sale of the Bonds pursuant to the terms described in the Limited Offering Memorandum complies with the requirements of Section 48-719(C), Arizona Revised Statutes, as amended.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the District Documents is dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the District Documents by the other parties 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 Underwriter.

GUST ROSENFELD P.L.C.

Scott W. Ruby

Scott W. Ruby
For the Firm

Greenberg Traurig

October 3, 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) District General Obligation Bonds, Series 2007

This opinion is rendered pursuant to the Purchase Contract, dated September 13, 2007 (hereinafter referred to as the "Purchase Contract"), by and between the Festival Ranch Community Facilities District (hereinafter referred to as the "District") and RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets (the "Underwriter"), relating to the purchase by the Underwriter from the District of its $1,535,000 principal amount of District General Obligation 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 Limited Offering Memorandum relating to the Bonds, dated as of even date with the Purchase Contract (hereinafter referred to as the "Limited Offering Memorandum"). We have also examined originals, or copies certified or otherwise identified to our satisfaction, of other documents, resolutions, instruments, records, certificates and opinions, have reviewed such 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 Limited Offering Memorandum including the aforesaid examination. That assistance involved,

ALBANY
AMSTERDAM
ATLANTA
BOCA RATON
BOSTON
BRUSSELS*
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LONDON*
LOS ANGELES
MIAMI
MILAN*
NEW JERSEY
NEW YORK
ORANGE COUNTY
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

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 Limited Offering Memorandum and representatives of the District, concerning the contents of the Limited Offering Memorandum 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 Limited Offering Memorandum, on the basis of the information which was developed in the course of our performance of the services referred to above 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 Limited Offering Memorandum, 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 Limited Offering Memorandum, in light of the circumstances under which they were made, not misleading. Reference in this paragraph to the Limited Offering Memorandum does not include the information included in the Limited Offering Memorandum under the headings "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "LAND DEVELOPMENT" and "THE OWNER," the financial information or other technical or statistical data included in the Limited Offering Memorandum or the information included in Appendix D to the Limited Offering Memorandum, 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 3, 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: $1,530,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation 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 September 13, 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 Limited Offering Memorandum issued by the District.

c. The Owner Indemnity Letter of even date with the Purchase Contract (the "Transaction Document").

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 September 24, 2007, issued by the Corporation Division of the Michigan Department of Labor and Economic Growth.

d. Certificate of Good Standing of the Owner, dated September 21, 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 3, 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 Document (the "Other Parties") is duly formed and validly existing; (b) the execution, delivery and performance of the applicable Transaction Document 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 Document by such Other Party and to the consummation of the transactions contemplated thereby; (d) the Transaction Document 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 Document, 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 Document; (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 Document 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 Document 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 Document 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 Document, 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 Document that would impair its enforceability.

3. No fraud, misrepresentation, unilateral mistake or concealment has occurred in connection with the Transaction Document or any aspect of the transactions governed by the Transaction Document.

4. The applicable Transaction Document, 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 Document are truthful and accurate.

6. All reports and other documents prepared by third party consultants relating to the transactions contemplated by the Transaction Document or any of the property within the District are truthful and accurate.

7. Each of the Transaction Document 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 Document 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 Document, 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 Document.

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 Document 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 Document 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 Document. 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 Document. 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 Document 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 Document (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 Document (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 Document (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 Document 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 Document and the consummation of the transactions contemplated by the Transaction Document, 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 Document and consummate the transactions contemplated by the Transaction Document that are applicable to the Owner; (b) carry out its business as such business is currently being conducted related to the Transaction Document, 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 Document; (c) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Transaction Document; 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 "LAND DEVELOPMENT," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "THE OWNER" and "RISK FACTORS" 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 Document. 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 3, 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: $1,530,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation 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 September 13, 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 the Owner Indemnity Letter of even date with the Purchase Contract (the "Owner Document"), 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 Document, 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 Document.

3. Execution, delivery and performance by Owner of the Owner Document has been duly authorized by all necessary corporate action on the part of Owner.

4. The Owner Document has been duly executed and delivered on behalf of Owner.

5. The Owner Document constitutes the legal, valid and binding obligation of Owner and is enforceable against Owner in accordance with its 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 is 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 Document, 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 Document, 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

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