$800,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

Closing: October 31, 2006

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 $800,000 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 May 16, 2006
   (b) District Board Resolution No. 01-06, approving the feasibility report and other matters.

4. (a) Agenda, minutes of meeting of September 19, 2006
   (b) District Board Resolution No. 05-06, 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. Bond Registrar, Transfer Agent and Paying Agent Contract for Bonds.

6. Purchase Contract between the District Board and the Purchaser with Indemnity Letter to Underwriter, Town and District.

7. Continuing Disclosure Undertaking (District).

8. Dissemination Agency Agreement (District).

9. County Assessor's Certificate.

10. Closing Certificate of the District.

11. Tax Certificate of the District.

12. Costs of Issuance Disbursement.

13. Closing Certificate of Town of Buckeye, Arizona.

14. Closing Certificate of the Owner.

15. Registrar's Certificate of Completion and Authentication.

16. Acknowledgement and Request for Authentication and Deliver of Bonds.

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

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

19. Receipt for Bonds.

20. Specimen bond.

21. Copy of Blanket Letter of Representations.

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

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

24. Investor Letters

25. Limited Offering Memorandum dated October 19, 2006.

26. Preliminary Limited Offering Memorandum dated October 12, 2006.

OPINIONS

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

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

29. Opinion of Counsel to Underwriter.

30. Opinions of Counsel to Owner.

FORMATION DOCUMENTS

31. Petition for formation of District.

32. Copy of recorded General Plan.

33. (a) Town Agenda of meeting April 19, 2005.
    (b) Resolution of Town Council Forming the District.

34. Development, Financing Participation and Intergovernmental Agreement No. 1.

35. Recorded Notice of Formation of the District.

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

Festival Ranch Community Facilities District (3CDs)
Clerk, Town of Buckeye (1 paper, 1 CD)
Pulte Home Corporation (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
$800,000 Principal Amount

of

FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT

(TOWN OF BUCKEYE, ARIZONA)

GENERAL OBLIGATION BONDS,
SERIES 2006

May 16, 2006

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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 2006 (the "Bonds") in a principal amount of not to exceed $800,000, pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act").

PURPOSE OF FEASIBILITY REPORT

This Report has been prepared for consideration of the feasibility and benefits of the Public Infrastructure (as defined in A.R.S. 48-701) to be financed by the Bonds and of the plan for financing such Public Infrastructure in accordance with the provisions of A.R.S. 48-715. Pursuant to A.R.S. 48-715, this Report includes (i) a description of the Public Infrastructure to be financed [Section Two]; (ii) a map showing, in general, the area to be 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 are scheduled to be completed in August, 2006.

Description of Improvement	Total Estimated Costs	Estimated Series 2006 Reimbursement	Estimated Amount Remaining For Future Reimbursement
1. Festival Ranch Wastewater Infrastructure Trunk Sewer Lines *	$3,500,000	$635,000	$2,865,000
Total	$3,500,000	$635,000	$2,865,000

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

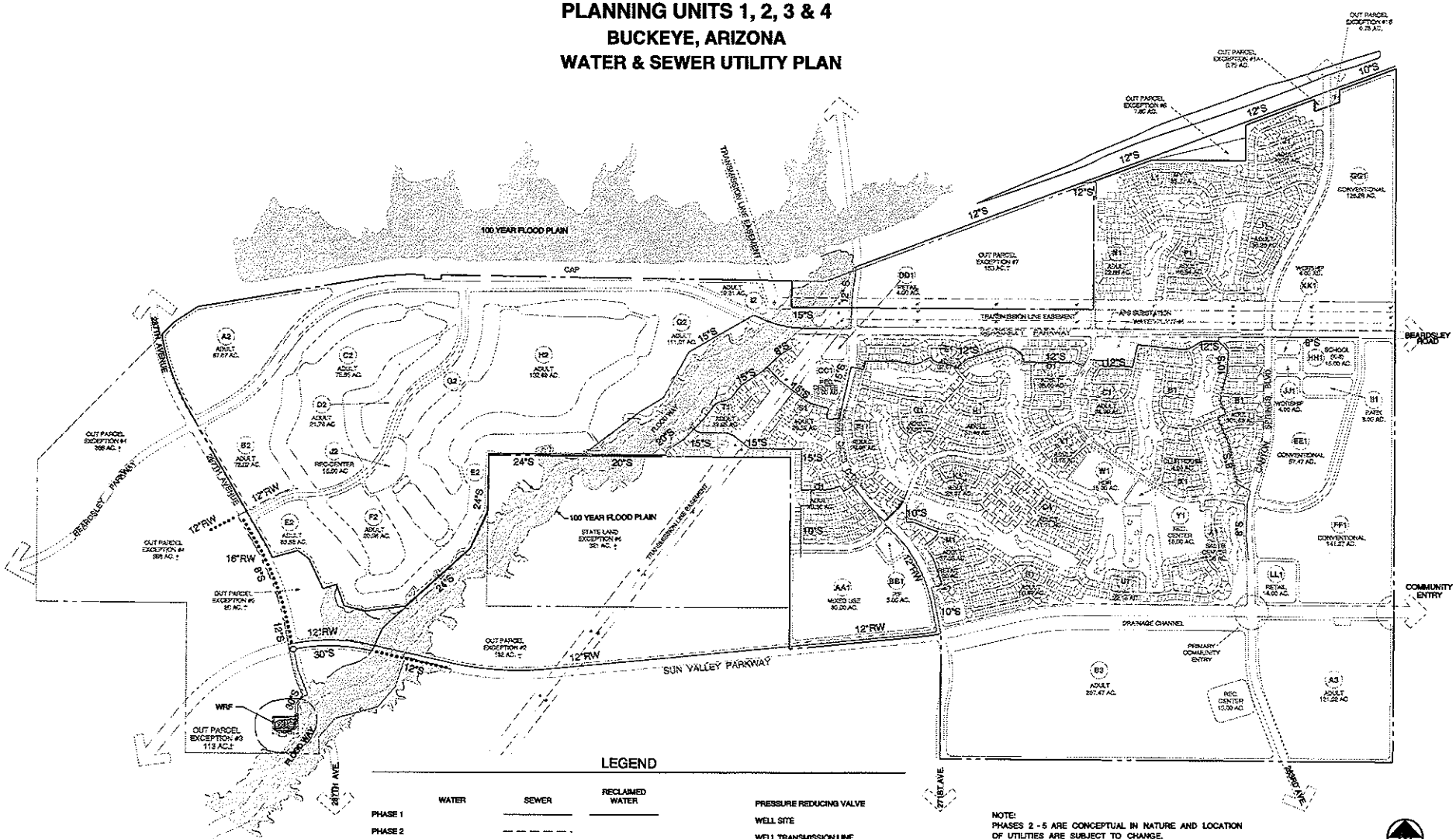
The District will dedicate or otherwise transfer all portions of the Public Infrastructure to the Town and costs to operate and maintain the same shall be paid as necessary from the $0.30 per $100 secondary assessed valuation ad valorem property tax levied by the District for such purpose.

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'

COE & VAN LOO

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 is expected to be completed and accepted by the Town in August 2006. 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.

Proposed Bond Sale

The Bonds were authorized pursuant to a bond authorization election held on May 25, 2005 which authorized up to $175,000,000 of district general obligation bonds. The Series 2006 Bonds will have a 25-year final maturity, with principal due 2007 through and including 2031 and amortized to produce approximately level debt service. (See Table One of this Section for an estimated debt service schedule and a debt service versus projected revenue schedule.)

The Bonds will be unrated and will not be sold in a public offering as required by Arizona Revised Statutes 48-722. Investors will be required to sign a qualified investor letter and meet certain investor criteria.

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	$735,000
Total	$735,000

Uses

Deposit to Project Construction Fund	$635,000
Costs of Issuance (Including Underwriter's Discount)	100,000
Total	$735,000

TABLE ONE

$735,000
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2006

District Estimated Debt Service and District Revenues

Fiscal Year Ending June 30	Net Secondary Assessed Valuation (1)	$735,000 Series 2006 Principal	Estimated Interest (2)	Total Estimated Debt Service	Estimated District Revenues @ $3.00 Debt Tax Rate and 95% Collection Rate	Debt Tax Rate
2007	$2,099,913	$15,000	$44,100	$59,100	$59,848	$2.8144
2008	2,099,913	15,000	43,200	58,200	59,848	2.7715
2009	2,099,913	15,000	42,300	57,300	59,848	2.7287
2010	2,099,913	15,000	41,400	56,400	59,848	2.6858
2011	2,099,913	15,000	40,500	55,500	59,848	2.6430
2012	2,099,913	20,000	39,600	59,600	59,848	2.8382
2013	2,099,913	20,000	38,400	58,400	59,848	2.7811
2014	2,099,913	20,000	37,200	57,200	59,848	2.7239
2015	2,099,913	20,000	36,000	56,000	59,848	2.6668
2016	2,099,913	20,000	34,800	54,800	59,848	2.6096
2017	2,099,913	25,000	33,600	58,600	59,848	2.7906
2018	2,099,913	25,000	32,100	57,100	59,848	2.7192
2019	2,099,913	25,000	30,600	55,600	59,848	2.6477
2020	2,099,913	30,000	29,100	59,100	59,848	2.8144
2021	2,099,913	30,000	27,300	57,300	59,848	2.7287
2022	2,099,913	30,000	25,500	55,500	59,848	2.6430
2023	2,099,913	35,000	23,700	58,700	59,848	2.7954
2024	2,099,913	35,000	21,600	56,600	59,848	2.6954
2025	2,099,913	40,000	19,500	59,500	59,848	2.8335
2026	2,099,913	40,000	17,100	57,100	59,848	2.7192
2027	2,099,913	45,000	14,700	59,700	59,848	2.8430
2028	2,099,913	45,000	12,000	57,000	59,848	2.7144
2029	2,099,913	50,000	9,300	59,300	59,848	2.8239
2030	2,099,913	50,000	6,300	56,300	59,848	2.6811
2031	2,099,913	55,000	3,300	58,300	59,848	2.7763
Totals		$735,000	$703,200	$1,438,202		

(1) The secondary assessed value for fiscal year ending 2007 is preliminary as provided by Maricopa County Assessor's Office in February 2006. Fiscal year 2007/08 and thereafter assume no annual growth.

(2) Interest estimated at 6.0%

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;

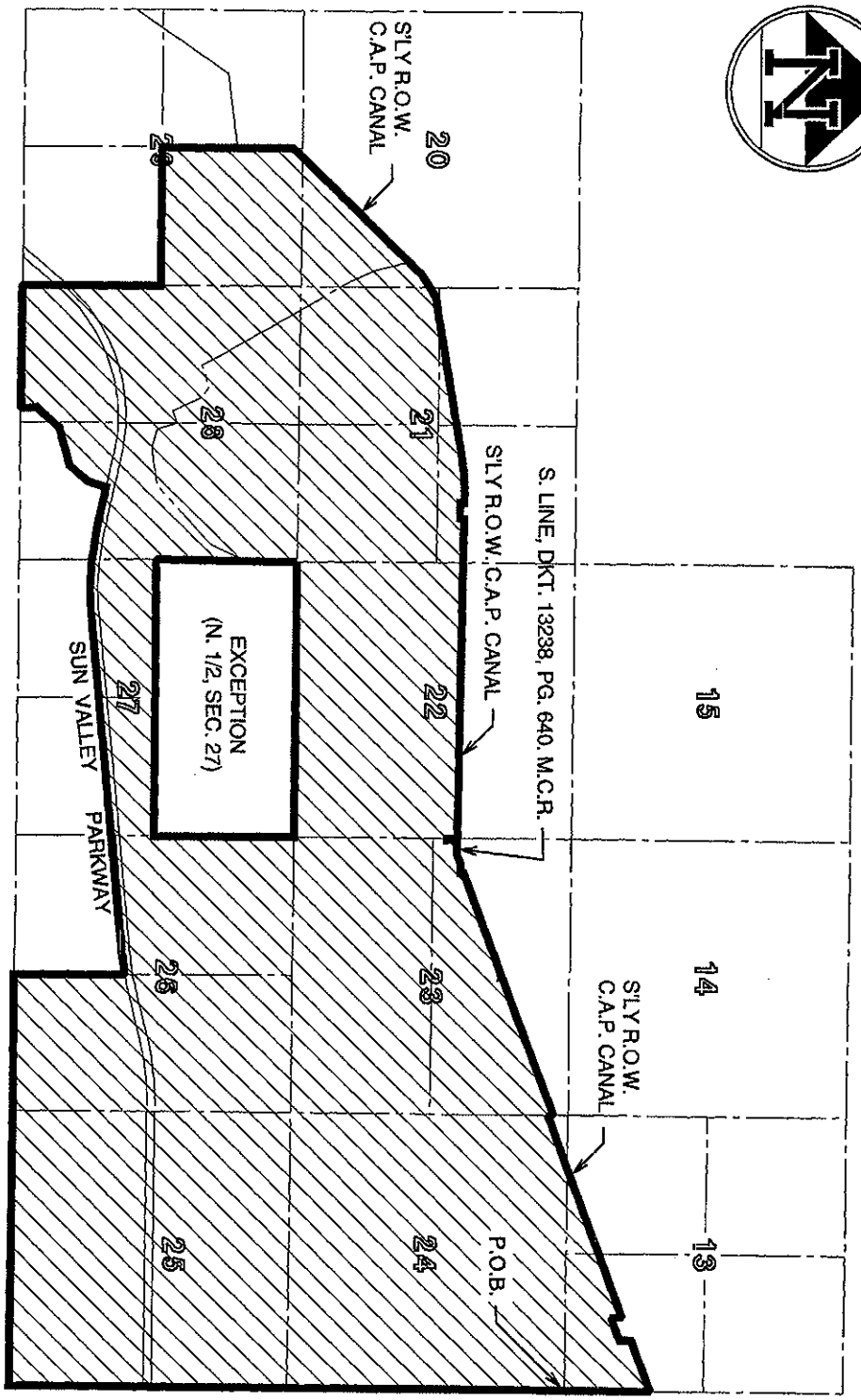
Thence South 00°24'51" West, departing said Southerly right-of-way line along said East line, a distance of 1,633.09 feet to the Point of Beginning.

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.



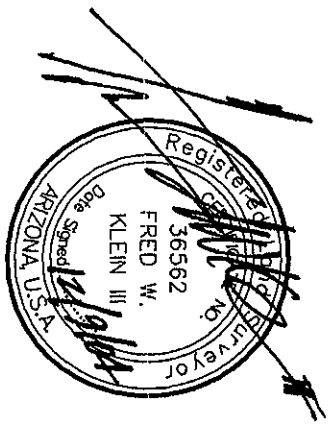


EXHIBIT	FESTIVAL RANCH COMMUNITY FACILITY DISTRICT	JOB NO
N:\680001\LAND\EH-CFD.DGN		680001
4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

THE ARIZONA REPUBLIC

STATE OF ARIZONA
COUNTY OF MARICOPA } SS.

Ondrea Sheppard, being first duly sworn, upon oath deposes and says: That she is the marketing/sales lead 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

May 5, 2006

NOTICE OF PUBLIC HEARING TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA):
NOTICE IS HEREBY GIVEN that the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) will meet on May 16, 2006, commencing at 6:00 p.m. and will be held in the Town Council Chambers, 100 N. Apache, Suite A, Buckeye, Arizona 85326, to conduct a public hearing on, and to consider and review a feasibility report relative to a proposed project to be financed by the issuance of general obligation bonds of the District. A copy of the feasibility report may be reviewed at the office of the District Clerk, 100 N. Apache, Suite A, Buckeye, Arizona 85326.
06286-May 5, 2006

Ondrea Sheppard

Sworn to before me this
25TH day of
October A.D. 2006

OFFICIAL SEAL
MARILYN GREENWOOD
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Comm. Expires May 23, 2007

Marilyn Greenwood
Notary Public

JOINT MEETING OF
SUNDANCE COMMUNITY FACILITIES DISTRICT
AND
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
TOWN OF BUCKEYE, ARIZONA

MAY 16, 2006

AGENDA

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
5:45 p.m.

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. (TDD 623 386-4421)

Members of the Community Facilities District Board 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 of the April 18, 2006 Joint Community Facilities District Meeting (Sundance), and the December 6, 2005 Joint Community Facilities District Meeting (Festival).
Board Action: Discussion and possible motion to approve.

3. Approval/Ratify Expenditures
Sundance Community Facilities District
Festival Community Facilities District
Board Action: Discussion and possible motion.

4. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

A. Board will conduct a Public Hearing on a Feasibility Report submitted in connection with the proposed issuance of General Obligation Bond by the District.

(1) Open Public Hearing
(2) Staff Overview
(3) Receive Public Comment
(4) Close Public Hearing

B. Board to consider, for possible action, adoption of Resolution No. 01-06 **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 $800,000 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: Discussion and possible motion.

5. SUNDANCE COMMUNITY FACILITIES DISTRICT
Board to consider and possible approve **Convenyance and Acceptance Agreements, and related Service Agreements, on the following segments of Public Infrastructure, related to requests for reimbursement from the Sundance Community Facilities District Bond Funds:**

A. **Portion of Water Supply Line (Phase 2d) Well #7 and Related Appurtenances**

B. **Portion Yuma Road and Multiple Water Lines (Phase 2d) and Related Appurtenances**

C. **Portion Paving South Sundance Parkway Rainbow to Dean Excluding Parcels 40/41 (Phase 2a/2d) and Related Appurtenance**

D. **Portion Sundance Phase 2d Infrastructure: Sundance Parkway South and Dean Road Street Improvements - Nesbitt Phase 2d Paving Co. #1 and Related Appurtenances**

E. **Portion Traffic Signal Watson and Yuma Roads and Related Appurtenances**

F. **Portion Paving Yuma Rd and Related Appurtenances**

G. **Portion Effluent Line and Related Appurtenances**

H. **Portion Tank Site No. 1 and Related Appurtenances**

I. **Portion Landscaping (Phase2a/2c) and Related Appurtenances**

J. **Parcel 20A offsite sewer and Related Appurtenances**

K. **Portion Well Supply Line for Well #4 and Related Appurtenances**

L. **Portion Well #4 Equipping and Related Appurtenances**

M. **Drill Well #7 and Related Appurtenances**

N. **Portion Storage Tank Site and Pumps in Phase 2 of the Sundance Water Storage Tank Site and Related Appurtenances**

O. **Portion Phase 2B Collector Roads: Phase 1D North Sundance Parkway from Parcel 13 to Van Buren (Combs and Calderon) and Related Appurtenances**

P. **Portion Phase 2B Major Arterial Roads and Related Appurtenances**

Q. **Portion Phase 1B, 2A & 2C Landscaping and Related Appurtenances**

R. **Portion Sundance Phase 2c Infrastructure: South Sundance Parkway Paving - Combs and Related Appurtenances**

Board Action: Discussion and possible motion.

6. **Adjournment.**
Board Action: Motion to adjourn.

JOINT MEETING OF
SUNDANCE COMMUNITY FACILITIES DISTRICT
AND
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
TOWN OF BUCKEYE, ARIZONA
MAY 16, 2006
MINUTES

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
5:45 p.m.

1. Call to Order/Roll Call.
Mayor Hull called the meeting to order at 5:54 p.m.

Members present:	Vice Chairman Urwiller, Chairman Hull, Boardmember May, and Boardmember Garza.
Members Absent:	Boardmember Beard, Boardmember Meck, and Boardmember Doster
Staff Present:	District Manager Carroll Reynolds, District Attorney Scott Ruby, District Clerk Linda Garrison, and Deputy District Clerk Lucinda Aja.

2. Approval of Minutes
Motion made by Boardmember May and seconded by Vice Chairman Urwiller to approve the April 18, 2006 Joint Community Facilities District Meeting (Sundance), and the December 6, 2005 Joint Community Facilities District Meeting (Festival) Minutes as presented. Motion passed unanimously.

3. Approval/Ratify Expenditures
Motion made by Boardmember May and seconded by Vice Chairman Urwiller to approve the Sundance Community Facilities District Expenditures and Festival Community Facilities District Expenditures as presented. Motion passed unanimously.

4. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

A. a Public Hearing on a Feasibility Report for General Obligation Bond by the District
A Public Hearing was opened at 5:55 p.m. to hear citizen input on a Feasibility Report submitted in connection with the proposed issuance of General Obligation Bond by the District. District Attorney Scott Ruby reviewed the Bond with Council. There being no public comment the hearing was closed at 5:56 p.m.

B. RESOLUTION NO. 01-06 APPROVING THE FEASIBILITY REPORT
A motion was made by Boardmember May and seconded by Vice Chairman Urwiller to adopt Resolution No. 01-06 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 $800,000 General Obligation Bonds will be reissued to finance the costs and expenses thereof under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statures, and all amendments thereto. Motion passed unanimously.

5. SUNDANCE COMMUNITY FACILITIES DISTRICT

District Attorney Scott Ruby highlighted the agreements and was available to answer questions. A motion was made by Boardmember May and seconded by Boardmember Meck to approve Conveyance and Acceptance Agreements, and related Service Agreements, on the following segments of Public Infrastructure, related to requests for reimbursement from the Sundance Community Facilities District Bond Funds:

A. Portion of Water Supply Line (Phase 2d) Well #7 and Related Appurtenances
B. Portion Yuma Road and Multiple Water Lines (Phase 2d) and Related Appurtenances
C. Portion Paving South Sundance Parkway Rainbow to Dean Excluding Parcels 40/41 (Phase 2a/2d) and Related Appurtenance
D. Portion Sundance Phase 2d Infrastructure: Sundance Parkway South and Dean Road Street Improvements - Nesbitt Phase 2d Paving Co. #1 and Related Appurtenances
E. Portion Traffic Signal Watson and Yuma Roads and Related Appurtenances
F. Portion Paving Yuma Rd and Related Appurtenances
G. Portion Effluent Line and Related Appurtenances
H. Portion Tank Site No. 1 and Related Appurtenances
I. Portion Landscaping (Phase2a/2c) and Related Appurtenances
J. Parcel 20A offsite sewer and Related Appurtenances
K. Portion Well Supply Line for Well #4 and Related Appurtenances
L. Portion Well #4 Equipping and Related Appurtenances
M. Drill Well #7 and Related Appurtenances
N. Portion Storage Tank Site and Pumps in Phase 2 of the Sundance Water Storage Tank Site and Related Appurtenances
O. Portion Phase 2B Collector Roads: Phase 1D North Sundance Parkway from Parcel 13 to Van Buren (Combs and Calderon) and Related Appurtenances
P. Portion Phase 2B Major Arterial Roads and Related Appurtenances
Q. Portion Phase 1B, 2A & 2C Landscaping and Related Appurtenances
R. Portion Sundance Phase 2c Infrastructure: South Sundance Parkway Paving - Combs and Related Appurtenances,

In substantially the form submitted. Motion passed unanimously.

6. Adjournment.

A motion was made by Boardmember Meck and seconded by Vice Chairman Urwiller to adjourn the meeting at 6:03 p.m. Motion passed unanimously.

Dustin Hull, Chairman

ATTEST:

Linda Garrison, District Clerk

I hereby certify that the foregoing is a true and correct copy of the Sundance Community Facilities District Meeting and the Festival Ranch Community Facilities District Meeting held meeting held on the 16th day of May, 2006. I further certify that a quorum was present.

Linda Garrison, District Clerk

RESOLUTION NO. 01-06

RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMMUNITY 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 $800,000 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 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 COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), that:

Section 1. ***Definitions.*** In this resolution, the following terms shall have the following meanings:

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

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

"*Bonds*" shall mean the District's General Obligation Bonds, Series 2006.

"*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 May 16, 2006, 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 May 16, 2006, 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 $800,000 principal amount of Bonds to finance the costs of the Project.

PASSED, ADOPTED AND APPROVED on May 16, 2006.

Chairman

Clerk

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 May 16, 2006, and that a quorum was present thereat and that the vote thereon was 5 ayes and 0 nays; 2 did not vote or were absent.

Linda Garcia
Clerk

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
Festival Ranch Wastewater Infrastructure Trunk Sewer Lines	$3,500,000

JOINT MEETING OF
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
WESTPARK COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT

TOWN OF BUCKEYE, ARIZONA

SEPTEMBER 19, 2006

AGENDA

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 (623 386-4691) 72 hours in advance if you need a sign language Interpreter or alternate materials for a visual or hearing impairment. (TDD 623 386-4421)

Members of the Community Facilities District Board 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
Festival Ranch Community Facilities District
Sundance Community Facilities District
Verrado Distinct 1 Community Facilities District
Westpark Community Facilities District
Watson Road Community Facilities District
Board Action: Possible motion to approve.

3. Ratify/Approval of Expenditures
Board Action: Discussion and possible motion.

4. FESTIVAL RANCH COMMUNITY FACILITY DISTRICT
4A. Festival Ranch Community Facilities District-Resolution No. 06-06
The Festival Community Facilities District Board will consider, for possible action, the adoption of Resolution No. 06-06 (Festival), approving the Modification of Assessments for Parcel No. A1 of Special Assessment District No. 1.
Board Action: Discussion and possible motion.

4B. Festival Ranch Community Facilities District-Resolution No. 07-06
The Festival Community Facilities District Board will consider, for possible action, the adoption of Resolution No. 07-06 (Festival), approving the Modification of Assessments for Parcel No. B1 of special Assessment District No. 1.
Board Action: Discussion and possible motion.

4C. Festival Ranch Community Facilities District-Resolution No. 08-06
The Festival Community Facilities District Board will consider, for possible action, the adoption of Resolution No. 08-06 (Festival), approving the Modification of Assessments for Parcel No. C1 of Special Assessment District No. 1.

Board Action: Discussion and possible motion.

4D. Festival Ranch Community Facilities District-Resolution No. 09-06

The Festival Community Facilities District Board will consider, for possible action, the adoption of Resolution No. 09-06 (Festival), approving the Modification of Assessments for Parcel No. D1 of special Assessment District No. 1.

Board Action: Discussion and possible motion.

4E. Festival Ranch Community Facilities District-Resolution No. 05-06

The Festival Community Facilities District Board will consider, for possible action, the adoption of Resolution No. 05-06 (Festival), authorizing the issuance of its District General Obligation Bonds Series 2006; approving the form and authorizing the execution and delivery of a bond registrar, transfer agent and paying agent contract, 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 the Final Limited Offering Memorandum relating to the Bonds; and levying an Ad Valorem Tax on taxable property in the District; and appointing a registrar; transfer agent and paying agent for the bonds.

Board Action: Discussion and possible motion.

5. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

5A. PUBLIC HEARING Verrado District 1 Community Facilities District

The Verrado District 1 Community Facilities District Board will conduct a Public Hearing 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:

(1) Open Public Hearing
(2) Staff Overview
(3) Received public comment
(4) Close Public hearing

5B. Verrado District 1 Community Facilities District-Resolution No. 03-06

The Verrado District 1 Community Facilities District Board will consider, for possible action, the adoption of Resolution No. 03-06 (Verrado Dist. 1), approving the Feasibility report relating to the issuance of General Obligation Bonds by the District to finance the acquisition of public infrastructure and improvements.

Board Action: Discussion and possible motion.

5C. Verrado District 1 Community Facilities District-Resolution No. 04-06

The Verrado District 1 Community Facilities District Board will consider, for possible action, the adoption of Resolution No. 04-06 (Verrado Dist. 1) authorizing the issuance of its District General Obligation Bonds, Series 2006; 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 the preliminary limited 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: Discussion and possible motion.

6. WESTPARK COMMUNITY FACILITY DISTRICT

6A. Westpark Community Facility District- Resolution No. 05-06

The Westpark Community Facilities District Board will consider, for possible action, the adoption of Resolution No. 05-06 (Westpark) authorizing the issuance of its District General Obligation Bonds Series 2006; 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: Discussion and possible motion.

7. WATSON ROAD COMMUNITY FACILITIES DISTRICT
7A. Watson Road Community Facilities District-Sewer Main Project
The Watson Road Community Facilities District Board will consider, for possible action, the approval of Change Order No. 1 in the amount of $501,734.84 payable to S.J.L. Construction of Arizona, LLC. And changing the contract completion date from February 19, 2007 to March 16, 2007.
Board Action: Discussion and possible motion.

7B. Watson Road Community Facilities District-Sewer Main Project
The Watson Road Community Facilities District Board will consider, for possible action, the approval of the Participation Agreement Letter with the Buckeye Water Conservation and Drainage District (BWCDD) to construct, maintain, and/or repair non BWCDD facilities (sanitary sere main and appurtenances) within the BWCDD right-of-way and authorize the Chairman to execute same; approve payment of funds for required deposit.
Board Action: Discussion and possible motion.

7C. Watson Road Community Facilities District-Sewer Main Project
The Watson Road Community Facilities District Board will consider, for possible action, the approval of the Participation Agreement Letter with the Roosevelt Irrigation District (RID) to construct, maintain, and/or repair of non-RID facilities (sanitary sewer main and appurtenances) within the RID right-of-way and authorize the Chairman to execute the same; approve payment of funds for required deposit.
Board Action: Discussion and possible motion.

8. SUNDANCE COMMUNITY FACILITIES DISTRICT
8A. The Sundance Community Facilities District Board will consider, for possible action, to approve the Conveyance and Acceptance Agreement and related Service Agreement, for the Water Supply Line for Well #7, in substantially the form as presented.
Board Action: Discussion and possible motion.

9. Adjournment.
Board Action: Motion to adjourn.

JOINT MEETING OF
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
WESTPARK COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT

TOWN OF BUCKEYE, ARIZONA
SEPTEMBER 19, 2006
MINUTES

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 8:38 p.m.

Members Present:	Boardmember Hardesty, Vice Chairman Beard, Chairman Bryant, Boardmember May, and Boardmember Doster.
Members Absent:	Boardmember Garza and Boardmember Rioux
Staff Present:	Distict Manager Jeanine Guy, District Attorney Scott Ruby, District Clerk Linda Garrison, District Deputy Clerk Lucinda Aja, and District Finance Director Doug Allen.

2. Approval of Minutes
A motion was made by Boardmember May and seconded by Vice Chairman Beard to approve the minutes of:
Festival Ranch Community Facilities District
Sundance Community Facilities District
Verrado Distinct 1 Community Facilities District
Westpark Community Facilities District
Watson Road Community Facilities District
Motion passed unanimously.

3. Ratify/Approval of Expenditures
A motion was made by Boardmember May and seconded by Vice Chairman Beard to approve the expenditures as presented. Motion passed unanimously.

4. FESTIVAL RANCH COMMUNITY FACILITY DISTRICT
4A. Festival Ranch Community Facilities District-Resolution No. 06-06
A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution No. 06-06 (Festival), approving the Modification of Assessments for Parcel No. A1 of Special Assessment District No. 1. Motion passed unanimously.

4B. Festival Ranch Community Facilities District-Resolution No. 07-06
A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution No. 07-06 (Festival), approving the Modification of Assessments for Parcel No. B1 of special Assessment District No. 1. Motion passed unanimously.

4C. Festival Ranch Community Facilities District-Resolution No. 08-06
A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution No. 08-06 (Festival), approving the Modification of Assessments for Parcel No. C1 of Special Assessment District No. 1. Motion passed unanimously.

4D. Festival Ranch Community Facilities District-Resolution No. 09-06
A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution No. 09-06 (Festival), approving the Modification of Assessments for Parcel No. D1 of special Assessment District No. 1. Motion passed unanimously.

4E. Festival Ranch Community Facilities District-Resolution No. 05-06
A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution No. 05-06 (Festival), authorizing the issuance of its District General Obligation Bonds Series 2006; approving the form and authorizing the execution and delivery of a bond registrar, transfer agent and paying agent contract, 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 the Final Limited Offering Memorandum relating to the Bonds; and levying an Ad Valorem Tax on taxable property in the District; and appointing a registrar; transfer agent and paying agent for the bonds. Motion passed unanimously.

5. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
5A. PUBLIC HEARING Verrado District 1 Community Facilities District
The Verrado District 1 Community Facilities District Board opened a Public Hearing at 8:53 p.m. to hear citizen input on the proposed District. There being no public comment the hearing was closed at 8:53 p.m. regarding the Feasibility Report submitted in connection with the proposed issuance of General Obligation Bonds by the District and the projects financed with such proceeds.

5B. Verrado District 1 Community Facilities District-Resolution No. 03-06
A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt Resolution No. 03-06 (Verrado Dist. 1), approving the Feasibility report relating to the issuance of General Obligation Bonds by the District to finance the acquisition of public infrastructure and improvements. Motion passed unanimously.

5C. Verrado District 1 Community Facilities District-Resolution No. 04-06
A motion was made by Vice Chairman Beard and seconded by Boardmember Hardesty to adopt Resolution No. 04-06 (Verrado Dist. 1) authorizing the issuance of its District General Obligation Bonds, Series 2006; 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 the preliminary limited 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. Motion passed unanimously.

6. WESTPARK COMMUNITY FACILITY DISTRICT
6A. Westpark Community Facility District- Resolution No. 05-06
A motion was made by Vice Chairman Beard and seconded by Boardmember Hardesty to adopt Resolution No. 05-06 (Westpark) authorizing the issuance of its District General Obligation Bonds Series 2006; 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. Motion passed unanimously.

7. WATSON ROAD COMMUNITY FACILITIES DISTRICT

7A. Watson Road Community Facilities District-Sewer Main Project

A motion was made by Boardmember May and seconded by Boardmember Doster to approve the Change Order No. 1 in the amount of $501,734.84 payable to S.J.L. Construction of Arizona, LLC. And changing the contract completion date from February 19, 2007 to March 16, 2007. Motion passed unanimously.

7B. Watson Road Community Facilities District-Sewer Main Project

A motion was made by Vice Chairman Beard and seconded by Boardmember May to approve the Participation Agreement Letter with the Buckeye Water Conservation and Drainage District (BWCDD) to construct , maintain, and/or repair non BWCDD facilities (sanitary sere main and appurtenances) within the BWCDD right-of-way and authorize the Chairman to execute same; approve payment of funds for required deposit. Motion passed unanimously.

7C. Watson Road Community Facilities District-Sewer Main Project

A motion was made by Boardmember May and seconded by Vice Chairman Beard to approve the Participation Agreement Letter with the Roosevelt Irrigation District (RID) to construct, maintain, and/or repair of non-RID facilities (sanitary sewer main and appurtenances) within the RID right-of-way and authorize the Chairman to execute the same; approve payment of funds for required deposit. Motion passed unanimously.

8. SUNDANCE COMMUNITY FACILITIES DISTRICT

8A. The Sundance Community Facilities District Conveyance and Acceptance Agreement- Well #7

A motion was made by Boardmember May and seconded by Vice Chairman Beard to approve the Conveyance and Acceptance Agreement and related Service Agreement, for the Water Supply Line for Well #7, in substantially the form as presented. Motion passed unanimously.

9. Adjournment.

There being no further business to come before the Board a motion was made by Boardmember May and seconded by Vice Chairman Beard to adjourn the meeting at 9:06 p.m. Motion passed unanimously.

Bobby Bryant, Chairman

ATTEST:

Linda Garrison, District Clerk

I hereby certify that the foregoing is a true and correct copy of the joint meeting held meeting held on the 19th day of September, 2006. I further certify that a quorum was present.

Linda Garrison, District Clerk

RESOLUTION NO. 05-06

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 2006; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT CONTRACT, 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; LEVYING AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT; AND APPOINTING A REGISTRAR, TRANSFER AGENT AND PAYING AGENT FOR THE BONDS.

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 feasibility report dated May 16, 2006 to be prepared, 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 report 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 May 16, 2006, after provision of publication of notice of the hearing as provided by law, and, pursuant to the Enabling Act and a resolution adopted on May 16, 2006, 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 (the "Development Agreement") by and among the Town

of Buckeye, Arizona (the "*Town*"), 10,000 West, L.L.C. and Pulte Home Corporation and the Feasibility Report, to the extent authorized in the Election, and 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 principal of and interest and premium, if any, on the Bonds when due.

(e) Pursuant to the Enabling Act, the District has also determined to enter into a Bond Registrar, Transfer Agent and Paying Agent Contract, dated as of October 1, 2006 or such other date as set forth in the Purchase Contract for the sale of the Bonds (the "*Registrar/Paying Agent Contract*"), between the District and Wells Fargo Bank, N.A., as registrar, transfer agent and paying agent (the "*Registrar*" and "*Paying Agent*" as the case may be), to secure, and process the issuance, registration, transfer and payment of, the Bonds. 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 Registrar, to authorize the execution and delivery of the Registrar/Paying Agent Contract.

(f) There have been presented in connection herewith (1) the proposed form of the Registrar/Paying Agent Contract, (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*"), (4) the proposed form of the Continuing Disclosure Undertaking (Issuer) of the Issuer, and (5) the proposed form of the Dissemination Agency Agreement between the District and RBC Dain Rauscher Inc., as dissemination agent. (The documents described in Clauses (1) through (5), 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 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**. 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 2006*" in an aggregate principal amount of not to exceed $800,000. The Bonds shall be dated as of their date

of initial issuance as set forth in the Purchase Contract and the first interest payment date will be as set forth in the Purchase Contract, and interest will be payable semiannually thereafter on each succeeding January 15 and July 15 (each such date shall be referred to as an "*interest payment date*") during the term of the Bonds. As initially issued, the Bonds shall be in the denomination of $5,000 each or integral multiples of $5,000 in excess thereof and shall be in fully registered form.

The principal of and premium, if any, on the Bonds shall be payable upon surrender thereof at the principal corporate trust office of the Paying Agent. Interest due on the Bonds on each interest payment date shall be payable by check mailed, when due, to the persons (the "*Owners*") in whose names the Bonds are registered by the Registrar at the close of business on the last day of the calendar month next preceding the applicable interest payment date or, if such day is not a business day, the previous business day (the "*Record Date*").

In the event that interest is not paid on an interest payment date, the Registrar shall establish a special record date for the payment of such interest, if and when funds for the payment of such interest have been received. Notice of the special record date and of the scheduled payment date of the past due interest will be sent at least ten (10) days prior to the special record date, to the address of each owner appearing on the Register (as such term is hereafter defined).

The Bonds shall have such additional terms and provisions as are set forth in the Purchase Contract and in the form of Bond attached hereto as *Exhibit A*, which is a part of this resolution.

3. **Prior Redemption**.

A. **Redemption**. The Bonds shall be subject to call for redemption prior to their stated maturity dates, at the option of the District, on such dates and at such redemption prices as are set forth in the Purchase Contract.

B. **Mandatory Redemption**. The Bonds shall be subject to mandatory redemption prior to their stated maturity dates, by lottery, at a redemption price of par plus interest accrued to the date of redemption, but without premium, on such dates and in such amounts as are set forth in the Purchase Contract.

Whenever Bonds which are subject to mandatory redemption are purchased, redeemed (other than pursuant to mandatory redemption) or are delivered by the District to the Registrar for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited against any mandatory redemption requirements for the Bonds for such years as the District may direct.

C. **Notice**. Notice of redemption of any Bond in advance of maturity will be mailed to the registered owner thereof at the address shown on the books of the Registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to properly give notice of redemption shall not affect the redemption of any bond for which notice was properly given.

D. **Effect of Call for Redemption**. On the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, and, if moneys for payment of the redemption price are held in separate accounts by the Paying Agent, interest on such Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds shall be deemed paid and no longer outstanding.

E. **Redemption of Less Than All of a Bond**. The District may redeem an amount which is included in a Bond in the denomination in excess of $100,000, but divisible by, $5,000. In that event, the registered owner shall submit the Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new Bond in a principal amount which reflects the redemption so made to be authenticated and delivered to the registered owner thereof.

4. **Use of Proceeds**. After payment of the expenses of issuance, the net proceeds from the sale of the Bonds shall be set aside and deposited by the District Treasurer in a separate account and used to provide funds for any and all of the public infrastructure purposes provided for in the Enabling Act, the Development Agreement, the Feasibility Report and the Election.

5. **Form of Bonds**. The Bonds shall be in substantially the form of *Exhibit A*, attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Purchase Contract and are approved by those officers executing the Bonds and execution thereof by such officers shall constitute conclusive evidence of such approval.

The Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond shall be dated the date of its authentication and registration.

6. **Execution of Bonds and Other Documents**.

A. **Execution of Bonds**. The Bonds shall be executed for and on behalf of the District by the Chairman and attested by the Clerk of the District Board by their manual or facsimile signatures. If the signatures are affixed or imprinted by facsimile, the Chairman and Clerk shall execute a certificate adopting as their signatures the facsimile signatures appearing on the Bonds. If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, the Bond shall nevertheless be valid. A Bond shall not be valid or binding until authenticated by the manual signature of an authorized officer of the Registrar. The signature shall be conclusive evidence that the Bond has been authenticated and issued under this resolution.

B. **Other Documents**. The District Board hereby approves the form and orders and directs the execution of the Bond Documents, each in substantially the form presented to the District Board.

The Chairman is authorized and directed to determine and approve the actual dated date, maturity dates and amounts, interest rates, redemption provisions, and the purchase price to be paid by the Underwriter, and to execute and deliver such agreements in substantially the form presented to this District Board with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing such agreements on behalf of the District. Execution of the documents by the Chairman shall be conclusive evidence of such approval. The Clerk is authorized and directed to attest such signatures. Where applicable, any of the foregoing officers may affix their signatures by manual, mechanical or photographic means.

7. **Mutilated, Lost or Destroyed Bonds**. In case any Bond becomes mutilated or destroyed or lost, the District shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the registered owner's paying the reasonable expenses and charges of the District in connection therewith and, in the case of the Bond destroyed or lost, filing with the Clerk by the registered owner evidence satisfactory to the District that such Bond was destroyed or lost, and furnishing the District with a sufficient indemnity bond pursuant to Section 47-8405, Arizona Revised Statutes, as amended.

8. **Acceptance of Proposal**. The Bonds are hereby sold to the Underwriter in accordance with the terms of the Purchase Contract. The Underwriter has agreed to sell the Bonds in a private offering as required by A.R.S. § 48-722 and only to qualified investors as described in Section 17 hereof. The actual terms of the Bonds and the Purchase Contract shall be reviewed and approved by the Chairman of this Board (which approval shall be deemed conclusive by the execution and delivery of the Purchase Contract by the Chairman or any member of the District Board).

The District Treasurer is hereby authorized and directed to cause the Bonds to be delivered to or upon the order of the Underwriter upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the sale.

9. **Registrar and Paying Agent**. Pursuant to the Registrar/Paying Agent Contract, the Registrar will maintain an office or agency where Bonds may be presented for registration of transfer and the Paying Agent will maintain an office or agency where Bonds may be presented for payment. The District may appoint one or more co-registrars or one or more additional paying agents. The Registrar and the Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the Bonds.

Initially, Wells Fargo Bank, N.A., Phoenix, Arizona, will act as Registrar and Paying Agent with respect to the Bonds. The District may change the Registrar or Paying Agent without notice to or consent of owners of the Bonds and the District may act in any such capacity.

Each Paying Agent will be required to agree in writing that the Paying Agent will hold in trust for the benefit of the owners of the Bonds all moneys held by the Paying Agent for the payment of principal of and interest and any premium on the Bonds.

The Registrar may appoint an authenticating agent acceptable to the District to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Registrar may do so. Each reference herein to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

The Registrar shall keep a register of the Bonds (the "*Register*"), the registered owners of the Bonds and of transfer of the Bonds. When Bonds are presented to the Registrar or a co-registrar with a request to register transfer, the Registrar will register the transfer on the registration books if its requirements for transfer are met and will authenticate and deliver one or more Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered Bonds. Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent interest payment date will be registered in the name of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

The Registrar may but need not register the transfer of a Bond which has been selected for redemption and need not register the transfer of any Bond for a period of fifteen (15) days before a selection of Bonds to be redeemed; if the transfer of any Bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the Bond or Bonds.

The Registrar shall authenticate Bonds for original issue up to $800,000 in aggregate principal amount upon the written request of the District Treasurer. The aggregate principal amount of Bonds outstanding at any time may not exceed that amount except for replacement Bonds as to which the requirements of the Registrar and the District are met.

So long as the Bonds are administered under the Book-Entry-Only System described herein, interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time of payment established by The Depository Trust Company ("*DTC*") on each interest or principal payment date (or in accordance with then existing arrangements between the District and DTC). The District is authorized to enter into an agreement (the "*Letter of Representations*") with DTC in connection with the issuance of its bonds and, while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds.

If the book-entry-only system is discontinued, the Registrar's registration books will show the registered owners of the Bonds (collectively, the owner or owners of the Bonds as shown on the Registrar's registration books shall be referred to as "*Owner*" or "*Owners*"). While the Bonds are subject to the book-entry-only system, the Bonds shall be registered in the name of Cede & Co., or its registered assigns. The Bonds will be administered by the Registrar in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the Registrar in the manner set forth in the Bonds.

If the Book-Entry-Only System is discontinued, interest on the Bonds will be payable on each Interest Payment Date by check mailed to the Owner thereof at the Owner's address all as shown on the registration books maintained by the Registrar as of the close of business of the Registrar on the Record Date (as hereinafter defined).

If the Book-Entry-Only System is discontinued, principal of the Bonds will be payable, when due, only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent. Upon written request of a registered owner of at least $1,000,000 in principal amount of Bonds not less than twenty (20) days prior to an Interest Payment Date, all payments of interest and, if adequate provision for surrender is made, principal shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such Owner.

Notwithstanding any other provision of this resolution, payment of principal of and interest on any Bond that is held by a securities depository or Bonds subject to a Book-Entry-Only System may be paid by the Paying Agent by wire transfer in "same day funds".

10. 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.

11. 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.

12. 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 principal, premium, if any, and interest due on the Bonds (collectively, "Debt Services") and shall be deposited in a special 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.

13. **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.

14. **Ratification of Actions**. All actions of the officers and agents of the District which conform to the purposes and intent hereof and which further the issuance and sale of the Bonds as contemplated hereby whether heretofore or hereafter taken shall be and are hereby ratified, confirmed and approved. Any change made in the Purchase Contract which does not conform to the prior order of the District Board are hereby ratified. The proper officers and agents of the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of this resolution.

15. **Tax Covenants**. In consideration of the purchase and acceptance of the Bonds by the owners thereof and, as authorized by Arizona Revised Statutes, Title 35, Article 7, enacted as Chapter 226, Laws of 1986, and in consideration of retaining the exclusion of interest income on the Bonds from gross income for federal income tax purposes, the District covenants with the owners from time to time of the Bonds to neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in interest on the Bonds become subject to federal income taxes.

The District agrees that it will comply with such requirements as in the opinion of Gust Rosenfeld P.L.C. ("*bond counsel*") are necessary to prevent interest on the Bonds becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by bond counsel; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Bonds; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to the Bonds; and limiting the use of the proceeds of the Bonds and property financed thereby.

16. **Requirements for Unrestricted Transfer**. Upon receipt by the Registrar of (a) proof of: (i) a rating on the Bonds 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") in one of the top two rating categories of "AAA" or "AA" or (ii) a rating on the Bonds from a Rating Agency in the third or fourth highest rating category and written approval of the District Board to the deletion of such restrictions, such approval to be granted by the District Board in its sole discretion, the Bonds may be in denominations of $5,000 each or in integral multiples of $5,000 in excess thereof and may be transferable to and registered in the name of SMMPs or Qualified Investors (each as hereinafter defined) and the Registrar shall not transfer any Bond to a person other than a SMMP or Qualified Investor. Prior to the satisfaction of such conditions, the Registrar shall transfer the Bonds only to SMMPs and only to Qualified Investors, in the case of the latter upon receipt from the transferee of a certificate in the form attached to the form of Bond in *Exhibit A* hereto. For purposes of this Resolution, "*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. For purposes of this resolution, "*Qualified Investor*" has the meaning assigned to that term in the Securities Exchange Act of 1934.

17. **Repeal of Resolution**. After any of the Bonds are delivered 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.

18. **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.

19. **Cancellation of Agreement**. The District hereby gives notice to the Registrar, the Paying Agent and the Underwriter that Section 38-511, Arizona Revised Statutes, as amended, provides that, within three years after execution of any agreement, the District may cancel such agreement without penalty or further obligation if any person significantly involved in

initiating, negotiating, securing, drafting or creating the agreement on behalf of the District or any of its departments or agencies is at any time while the agreement or any extension of the agreement is in effect an employee or agent of the Registrar, the Paying Agent or the Underwriter in any capacity or a consultant to the Registrar, the Paying Agent or the Underwriter with respect to the subject matter of the agreement.

20. **Actions Authorized and Ratified**. All actions taken by the District with respect to the Project, the levying and collection of the taxes and the issuance and sale of the Bonds are hereby ratified and confirmed. The proper officers and agents of the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent hereof.

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

PASSED by the District Board of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) on September 19, 2006.

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

Bobby Bryant
Chairman, District Board

ATTEST:

Linda Garrison
District Clerk

APPROVED AS TO FORM:

Scott W. Rag
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 September 19, 2006, and that a quorum was present thereat and that the vote thereon was 5 ayes and 0 nays; 2 did not vote or were absent.

Linda Garrison
Clerk

EXHIBIT A

(Face of Bond)

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 **COUNTY OF MARICOPA**

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BOND
SERIES 2006

Number: Denomination:

_____ $_____

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
		_____, 2006	

Registered Owner:

Principal Amount:

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) (the "*District*"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

This bond is subject to call for redemption prior to maturity in accordance with the terms hereinafter set forth.

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[1] Insert bracketed language in the Bonds until otherwise required as provided in Section 16 of the Resolution.

Interest is payable on January 15 and July 15 of each year (each an "*interest payment date*"), commencing _____, 200_, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months having thirty (30) days each.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed to the registered owner when due at the address shown on the registration books maintained by the registrar at the close of business on the last day or, if not a business day, then the prior business day, of the calendar month next preceding the applicable interest payment date (the "*Record Date*"). The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the paying agent.

In the event that interest is not paid on an interest payment date, the registrar shall establish a special record date for the payment of such interest, if and when funds for the payment of such interest have been received. Notice of the special record date and of the scheduled payment date of the past due interest will be sent at least ten (10) days prior to the special record date, to the address of each owner appearing on the registration books of the registrar.

This bond is one of a series of bonds in the aggregate principal amount of $_____ of like tenor except as to amount and number issued by the District to provide funds to make those certain acquisitions and public improvements approved by a majority vote of qualified electors voting at an election duly called and held in and for the District, pursuant to a resolution of the District Board duly adopted prior to the issuance hereof and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of general obligation bonds, and all amendments thereto, and all other laws of the State of Arizona.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes sufficient for that purpose, the full faith and credit of the District are hereby irrevocably pledged.

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.

[DESCRIBE OPTIONAL REDEMPTION, IF ANY]

Notice of redemption of any bond in advance of maturity will be mailed to the registered owner of the bond or bonds being redeemed at the address shown on the bond register maintained by the registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to properly give notice of redemption shall not affect the redemption of any bond for which notice was properly given. When so called for redemption, the bonds will cease to bear interest on the date fixed for redemption if on that date sufficient funds for such redemption are on deposit at the place of payment.

The registrar and the paying agent on the original issue date is Wells Fargo Bank, N.A., Phoenix, Arizona. The registrar or the paying agent may be changed by the District without notice.

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation on transfer and upon payment of the charges provided in the authorizing resolution. Upon such transfer a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the authorizing resolution. Should this bond be submitted to the registrar for transfer during the period commencing after the close of business on the Record Date and continuing to and including the next subsequent interest payment date, ownership will be transferred in the normal manner but the interest payment will be made payable to and mailed to the registered owner as shown on the registrar's books at the close of business on the Record Date.

The registrar may but need not register the transfer of a bond which has been selected for redemption and need not register the transfer of any bond for a period of fifteen (15) days before a selection of bonds to be redeemed; if the transfer of any bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the bond or bonds.

Bonds of this series are issuable only in fully registered form in the denomination of $100,000 each or integral multiples of $5,000.

[Notwithstanding any other provision of this Bond to the contrary, but except as otherwise provided in the Indenture, this Bond is nontransferable unless the transferee or transferees are Sophisticated Municipal Market Participants or Qualified Investors and such Qualified Investor provides the Trustee a completed certificate of qualified investor in the form included in this Bond.][2]

The District, the registrar and the paying agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal, interest and any premium and for all other purposes and none of them shall be affected by any notice to the contrary.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the District for the payment of this bond and of the interest hereon as each becomes due.

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[2] Insert bracketed language in the Bonds until otherwise required as provided in Section 16 of the Resolution.

The District has caused this bond to be executed by the Chairman of its District Board and attested by its Clerk, which signatures may be manual or by facsimile signatures. This bond is not valid or binding upon the District without the manually affixed signature of an authorized representative of the registrar.

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

_____(facsimile)_____
Chairman

ATTEST:

_____(facsimile)_____
Clerk

AUTHENTICATION CERTIFICATE

This bond is one of the District General Obligation Bonds, Series 2006 described in the resolution mentioned on the reverse hereof. The registrar, acting through its authorized representative, confirms that the registration books kept for and on behalf of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) show the ownership of the above bond as being registered in the name of the owner in the principal amount and with the maturity date all as stated above as of the date of authentication stated above.

DATE OF AUTHENTICATION AND REGISTRATION: _____

WELLS FARGO BANK, N.A.,
as registrar

By _____
Authorized Representative

The following abbreviations, when used in the inscription on the face of this 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_____
(Cust) (Minor)
under Uniform Gifts/Transfers to Minors Act_____
(State)

Additional abbreviations may also be used though not in list above

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____
(Name and Address of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____
Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____
Firm or Bank

_____
Authorized Signature
The signature(s) should be guaranteed by an eligible guarantor institution pursuant to SEC Rule 17Ad-15

ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR

[The following certificate shall be required only to the extent required by Section 16 of the Resolution.]

["CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL"]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Wells Fargo Bank, N.A., as Registrar

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) District General Obligation
Bonds, Series 2006

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 _____, 2006 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: ________________________________

- -

["CERTIFICATE OF QUALIFIED INVESTOR"]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Registrar

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) District General Obligation
Bonds, Series 2006

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 Resolution of the addressee District (hereinafter referred to as the "*Issuer*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar 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 and the Town, their 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:_____

FEDERAL TAXPAYER I.D. NO. 35-2264191

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT CONTRACT FOR BONDS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

This Bond Registrar, Transfer Agent and Paying Agent Contract dated as of October 1, 2006 (the "*Agreement*"), is made and entered into between the **FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)** (hereinafter called the "*District*"), and **WELLS FARGO BANK, N.A.**, Phoenix, Arizona (hereinafter called the "*Bank*"), and witnesseth as follows:

Pursuant to Resolution No. 05-06 (the "*Bond Resolution*"), the District will issue its District General Obligation Bonds, Series 2006 (the "*Bonds*") in the aggregate principal amount of $800,000. The Board of Directors of the District has determined that the services of a bond registrar, transfer agent and paying agent are necessary and in the best interests of the District.

The Bank desires to perform Registrar, Transfer Agent and Paying Agent Services during the life of Bonds.

For and in consideration of the mutual promises, covenants, conditions and agreements hereinafter set forth, the parties do agree as follows:

1. **Services**. The Bank hereby agrees to provide the following services:

A. Registrar services which shall include, but not be limited to (1) initial authentication and verification of the Bonds to persons or entities meeting the qualifications set forth in the Bond Resolution; (2) keeping registration books sufficient to comply with Section 149 of the Internal Revenue Code of 1986, as amended (the "*Code*"); (3) recording transfers of ownership of the Bonds promptly as such transfers occur; (4) protecting against double or overissuance; (5) authenticating new Bonds prepared for issuance to transferees of original and subsequent purchasers; (6) informing the District of the need for additional printings of the Bonds should the forms printed prior to initial delivery prove inadequate; and (7) lodging with the District the signatures of the persons authorized and designated from time to time to authenticate the Bonds.

B. Transfer agent services which shall include, but not be limited to, (1) receiving and verifying all Bonds tendered for transfer; (2) preparing new Bonds for delivery to transferees who sign a Certificate in the form attached to the Bond Resolution and delivering same either by delivery or by mail, as the case may be; (3) destroying Bonds submitted for transfer; and (4) providing proper information for recordation in the registration books.

C. Paying agent services which shall include, but not be limited to, (1) providing a billing to the District at least thirty (30) days prior to a Bond interest payment date setting forth the amount of principal and interest due on such date; (2) preparing, executing, wiring or mailing all interest payments to each registered owner of the Bonds one (1) business day prior to the scheduled payment date or as soon as money for payment of such interest has been

transferred to the paying agent but in no event later than 2:30 p.m., eastern time, on the date such payments are due; (3) verifying all matured Bonds upon their surrender; (4) paying all principal and premium, if any, due upon the Bonds as they are properly surrendered therefor to the Bank; (5) preparing a semiannual reconciliation showing all principal and interest paid during the period and providing copies thereof to the District; (6) inventorying all cancelled checks, or microfilm proof of such checks for six (6) years after payment; and (7) making proof of such payments available to the District or any owner or former owner.

2. **Record Date**. The "*Record Date*" for the payment of interest will be the close of business on the last day of the calendar month next preceding an interest payment date. Normal transfer activities will continue after the Record Date but the interest payments will be mailed to the registered owners of Bonds as shown on the books of the Bank on the close of business on the Record Date. Principal (and premium, if any) shall be paid only on surrender of the particular Bond at or after its maturity or prior redemption date, if applicable.

3. **Redemption Notices**. The Bank agrees to provide certain notices to the Bond owners as required in the resolution of the District approving the issuance, sale and delivery of the Bonds. Notice of redemption of any Bonds redeemed prior to their stated maturity date shall be mailed by first class mail to each registered owner not more than sixty (60) days nor less than thirty (30) days prior to the date of redemption and to at least two national information services. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository.

Notice of redemption shall be sent by first class mail or electronically to any depository institution which is a registered owner, such that the notice of redemption is received not less than two (2) days prior to the date of general release to the public. The Bank agrees to send a duplicate notice of redemption to any registered owner who has not submitted Bonds for redemption within thirty (30) days after the date set for redemption.

Each redemption notice must contain, at a minimum, the complete official name of the issue with series designation, CUSIP number, certificate numbers, amount of each Bond called (for partial calls), date of issue, interest rate, maturity date, publication date (date of release to the general public, or the date of general mailing of notices to Bond owners and information services), redemption date, redemption price, redemption agent and the name and address of the place where Bonds are to be tendered, including the name and phone number of the contact person.

4. **Issuance and Transfer of Bonds**. The Bank will issue the Bonds to registered owners, require the Bonds to be surrendered and cancelled and new Bonds issued upon transfer, and maintain a set of registration books showing the names and addresses of the owners from time to time of the Bonds. The Bank shall promptly record in the registration books all changes in ownership of the Bonds.

5. **Payment Deposit**. The District will transfer immediately available funds to the Bank no later than one (1) business day prior to or, if agreed to by the parties hereto, on the date on which the interest, principal and premium payments (if any) are due on the Bonds, but in no event later than 1:00 p.m., eastern time, on the date such payments are due. The Bank shall not

be responsible for payments to Bond owners from any source other than moneys transferred to it by the District.

6. **Collateral**. The Bank shall collateralize the funds on deposit at the Bank in accordance with A.R.S. §§ 35-323 and 35-491.

7. **Turnaround Time**. The Bank will comply with the 3 business day turnaround time required by Securities and Exchange Commission Rule 17Ad-2 on routine transfer items.

8. **Fee Schedule; Initial Fee**. For its services under this Contract, the District will pay the Bank in accordance with the fee schedule set forth in the attached *Exhibit A*, which is incorporated herein by reference. The fee for the Bank's initial services hereunder and services to be rendered until the end of the District's current fiscal year (2006-2007) is $1,416.66 and shall be due at the initial delivery of the Bonds and shall be payable from proceeds of the Bonds. Subsequent payments shall be made in accordance with this Contract.

9. **Fees for Services in Subsequent Fiscal Years**. The Bank will bill the District prior to June 1, 2007, and prior to each June 1 thereafter.

10. **Hold Harmless**. The Bank shall indemnify and hold harmless the District, its District Board, the Treasurer of the District and all boards, commissions, officials, officers and employees of the District, individually and collectively, from the Bank's failure to perform to its standard of care as herein stated.

11. **Standard of Care Required**. In the absence of bad faith on its part in the performance of its services under this Agreement, the Bank shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be authorized hereby or within the rights and powers conferred upon it hereunder, nor for action taken or omitted to be taken by it in good faith and in accordance with advice of counsel, and shall not be liable for any mistakes of fact or error or judgment or for any actions or omissions of any kind unless caused by its own willful misconduct or negligence.

12. **Entire Agreement**. This Contract and *Exhibit A* attached hereto contain the entire understanding of the parties with respect to the subject matter hereof, and no waiver, alteration or modification of any of the provisions hereof, shall be binding unless in writing and signed by a duly authorized representative of all parties hereto.

13. **Amendment**. The Bank and the District each reserves the right to amend any individual service set forth herein or all of the services upon providing a sixty (60) day prior written notice. Any corporation, association or agency into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from such conversion, sale merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor bond registrar and paying agent under this Contract and vested with all or the same rights, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or

conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

14. **Resignation or Replacement**. The Bank may resign or the District may replace the Bank as registrar, transfer agent and paying agent at any time by giving thirty (30) days' written notice of resignation or replacement to the District or to the Bank, as applicable. The resignation shall take effect upon the appointment of a successor registrar and paying agent.

A successor registrar and paying agent will be appointed by the District; provided, that if a successor registrar and paying agent is not so appointed within ten (10) days after a notice of resignation is received by the District, the Bank may apply to any court of competent jurisdiction to appoint a successor registrar and paying agent.

15. **Reports to Arizona Department of Revenue**. The Bank shall make such reports to the Arizona Department of Revenue (the "*Department*") pertaining to the retirement of any Bonds and of all payments of interest thereon immediately upon such retirement or payment as may be required by the Department pursuant to A.R.S. § 35-502.

16. **Form of Records**. The Bank's records shall be kept in compliance with standards as have been or may be issued from time to time by the Securities and Exchange Commission, the Municipal Securities Rulemaking Board of the United States, the requirements of the Code and any other securities industry standard. Bank shall retain such records in accordance with the applicable record keeping standard of the Internal Revenue Service.

17. **Advice of Counsel and Special Consultants**. When the Bank deems it necessary or reasonable, it may apply to Gust Rosenfeld P.L.C. or such other law firm or attorney approved by the District for instructions or advice. Any fees and costs incurred shall be added to the next fiscal year's fees, costs and expenses to be paid to the Bank.

18. **Examination of Records**. The District, or its duly authorized agents may examine the records relating to the Bonds at the office of the Bank where such records are kept at reasonable times as agreed upon with the Bank and such records shall be subject to audit from time to time at the request of the District, the Bank or the Auditor General of the State of Arizona.

19. **Payment of Unclaimed Amounts**. In the event any check for payment of interest on a Bond is returned to the Bank 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 the maturity or redemption date, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Bank for the benefit of the owners thereof, it shall be the duty of the Bank to hold such funds, without liability for interest thereon, for the benefit of the owners of such Bonds who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. The Bank's obligation 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 at the date fixed for redemption, or otherwise, at which time the Bank shall surrender such unclaimed funds so held to the District, whereupon any claim of whatever nature by the owner of such Bonds arising under such Bond shall be made upon the District.

20. **Invalid Provisions**. If any provision hereof is held to be illegal, invalid or unenforceable under present or future laws, this Contract shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

21. **Mutilated, Lost or Destroyed Bonds**. With respect to Bonds which are mutilated, lost or destroyed, the Bank shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond lost or destroyed, upon the registered owner's paying the reasonable expenses and charges in connection therewith and, in the case of any Bond destroyed or lost, filing by the registered owner with the Bank and the District of evidence satisfactory to the Bank and the District that such Bond was destroyed or lost, and furnishing the Bank with a sufficient indemnity bond pursuant to Arizona Revised Statutes Section 47-8405.

22. **Conflict of Interest**. Each party gives notice to the other parties that A.R.S. Section 38-511 provides that the State of Arizona (the "*State*"), its political subdivisions or any department or agency of either, may within three (3) years after its execution cancel any contract without penalty or further obligation made by the State, its political subdivisions or any of the departments or agencies of either, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either, is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

23. **Costs and Expenses**. The District hereby agrees to pay all costs and expenses of the Registrar pursuant hereto. If, for any reason, the amounts the District agrees to pay herein may not be paid from the annual tax levy for debt service on the Bonds, such costs shall be paid by the District from any funds lawfully available therefor and the District agrees to take all actions necessary to budget for and authorize expenditure of such amounts.

24. **Covenants**. The District has agreed in its authorizing resolution to take all necessary actions required to preserve the tax-exempt status of the Bonds. Such actions may require the calculation of amounts of arbitrage rebate which may be due and owing to the United States. The calculation of such rebate amount may be performed by an individual or firm qualified to perform such calculations and who or which may be selected and paid by the District. If the District does not retain a consultant to do the required calculations concerning arbitrage rebate and if a rebate calculation is required to permit interest on the District's Bonds to be and remain exempt from gross income for federal income tax purposes, the District may include, in addition to all other bills payable under this Contract, the costs and expenses and fees of an arbitrage consultant. The District may contract with a consultant to perform such arbitrage calculations as are necessary to meet the requirements of the Code. All fees, costs and expenses so paid may be deducted from moneys of the District or from tax levies made to pay the interest on the Bonds. Such costs, fees and expenses shall be considered as interest payable on the Bonds. The Bank shall have no responsibilities in connection with this Section.

This Contract is dated and effective as of October 1, 2006.

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

By _____
Chairman, District Board

ATTEST:

_____
Clerk

WELLS FARGO BANK, N.A., as Registrar

By _____
Authorized Representative

Attach as Exhibit A the fee schedule of the Registrar.

EXHIBIT A

Schedule of Fees

CORPORATE TRUST AND ESCROW SERVICES
MAC S4101-22E
100 WEST WASHINGTON, 22ND FLOOR
PHOENIX, AZ 85003
(602) 378-2340 TELE
(602) 378-2333 FAX

WELLS FARGO BANK, N.A.

Schedule of Fees for Services as
Registrar and Paying Agent
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
General Obligation Bonds, Series 2006

ACCEPTANCE FEE: **$500.00**
A one-time charge covering review and negotiation of documents with underwriter, issuer and attorneys and account set up.

TRUSTEE COUNSEL: **NONE ANTICIPATED**
Wells Fargo does not anticipate using outside counsel to review transaction documents. This assumes that an opinion of Trustee Counsel will not be required. Should a legal opinion from the trustee be required, Wells Fargo will engage necessary counsel with fees for such services billed at cost.

ANNUAL REGISTRAR AND PAYING AGENT ADMINISTRATION FEE: **$1000.00**
Payable at closing and annually thereafter. Compensates Wells Fargo for regular administrative duties.

OUT-OF-POCKET EXPENSE: **AT COST**
Wells Fargo reserves the right to bill at cost for out-of-pocket expenses such as express mail, wire charges and travel expenses, if required, incurred in connection with closing.

NOTE: The transaction underlying this proposal, and all related legal documentation, is subject to review and acceptance by Wells Fargo Bank in accordance with industry standards. Should the actual transaction materially differ from the assumptions used herein, Wells Fargo reserves the right to modify this proposal. Fees are subject to periodic review and adjustment.

Dated: October 19, 2006

Reference # 45480

$800,000
FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT (TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2006

PURCHASE CONTRACT

October 19, 2006

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 2006" (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 $800,000, 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 in Schedule I attached hereto. Interest on the Bonds shall be payable on January 15 and July 15 of each year, commencing January 15, 2007, and the Bonds shall have the other terms, all as provided in the resolution adopted by the District Board of the District on September 19, 2006 (hereinafter referred to as the "Bond Resolution").

(c) The Bonds shall be purchased by the Underwriter for an aggregate purchase price of $770,000. 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 31, 2006, 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 Schedule hereto and on the 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 $30,000.

(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 October 12, 2006 (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 Sched-

ule I 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 Schedule I attached hereto and the 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 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, a Registrar, Transfer Agent and Paying Agent Contract, to be dated as of October 1, 2006 (hereinafter referred to as the "Registrar/Paying Agent Agreement"), by and between the Issuer and Wells Fargo Bank, N.A., as registrar and transfer and paying agent (hereinafter referred to as the "Registrar/Paying Agent"), 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, 2006 (hereinafter referred to as the "Dissemination Agency Agreement"), by and between the Issuer and RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets, and a Letter of Representations (hereinafter referred to as the "Letter of Representations" and

collectively with this Purchase Contract, the Registrar/Paying Agent Agreement, the Undertaking and the Dissemination Agency Agreement as the "District Documents"), by and between the District and 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 Registrar/Paying Agent, 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 Bond Resolution, 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 of Arizona (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 Registrar/Paying Agent. 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 Bond Resolution 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 Bond Resolution 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 Issuer 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 Registrar/Paying Agent 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 Agreement and covenants that it shall take no action which would result in a violation of such Section.

10. (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., doing business under the name RBC CAPITAL MARKETS

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.....

327647560.4-10/24/2006

SCHEDULE

Maturity (July 15)	Principal Amount	Interest Rate	Price
2016	$220,000	4.9%	100%
2026	335,000	5.2	100
2031	245,000	5.3	100

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2016, 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 2016	
2007	$30,000
2008	15,000
2009	20,000
2010	20,000
2011	20,000
2012	20,000
2013	20,000
2014	25,000
2015	25,000
Term Bond Maturing 2026	
2017	$25,000
2018	30,000
2019	30,000
2020	30,000
2021	30,000
2022	35,000
2023	35,000
2024	40,000
2025	40,000

Year Redeemed	Principal Amount Redeemed
Term Bond Maturing 2031	
2027	$45,000
2028	45,000
2029	50,000
2030	50,000

EXHIBIT A

[LETTERHEAD OF GUST ROSENFELD P.L.C.]

[Closing Date]

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 2006

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 2006, in the aggregate principal amount of $800,000 (hereinafter referred to as the "Bonds") and otherwise as counsel to the Issuer. The Bonds are the subject of a Limited Offering Memorandum, dated October 19, 2006 (hereinafter referred to as the "Limited Offering Memorandum"), and are being sold pursuant to a Purchase Contract, dated October 19, 2006 (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 September 19, 2006 (hereinafter referred to as the "Resolution"), including with respect to a Registrar, Transfer Agent and Paying Agent Contract, to be dated as of October 1, 2006 (hereinafter referred to as the "Registrar/Paying Agent Agreement"), by and between the Issuer and Wells Fargo Bank, N.A., 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, 2006 (hereinafter referred to as the "Dissemination Agency Agreement"), by and between the Issuer and RBC Dain Rauscher, Inc., doing business under the name RBC Capital Markets, and a Letter of Representations (hereinafter referred to as the "Letter of Representations" and collectively with the Registrar/Paying Agent Agreement, the Undertaking, the Dissemination Agency Agreement and the Purchase Contract, as the "District Documents"), by and between the Issuer and 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 Registrar/Paying Agent Agreement;

(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 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 October 12, 2006 (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 October __, 2006, 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 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 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 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" and Appendix E - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds, fairly summarizes the information which it purports to summarize.

8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution 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 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 2006

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 October 19, 2006 (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 October 19, 2006 (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 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 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 2006

This opinion is rendered pursuant to the Purchase Contract, dated October 19, 2006 (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 $800,000 principal amount of District General Obligation Bonds, Series 2006 (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 "THE DISTRICT," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" (except the information included under the subheading "Ad Valorem Taxation in the District"), "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonds and Indebtedness of the District," "LAND DEVELOPMENT," "RISK FACTORS," "LITIGATION," "TAX EXEMPTION," "QUALIFIED TAX-EXEMPT OBLIGATIONS," "RELATIONSHIPS AMONG PARTIES" and "CONTINUING DISCLOSURE," the financial information or other technical or statistical data included in the Limited Offering Memorandum, the information included on the cover of the Limited Offering Memorandum or the information included in the Appendices to the Limited Offering Memorandum, as to all of which we express no opinion.

Respectfully submitted,

ATTACHMENT

"Pulte Indemnity Letter"

October 19, 2006

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 2006

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 OWNER" and "RISK FACTORS" is true and correct in all mate-

rial 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 credi-

tors' 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: Bruce E. Robinson
Title: Vice President and Treasurer

CONTINUING DISCLOSURE UNDERTAKING

$800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2006

(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 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

FT Interactive Data
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, 2008, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

(ii) ***IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.***

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES 2, 3, 4 and 5 of the Limited Offering Memorandum, dated October 19, 2006, 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 31, 2006

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By.....
Chairman, District Board

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

and

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

DISSEMINATION AGENCY AGREEMENT

Dated as of October 1, 2006

$800,000
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2006

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THIS DISSEMINATION AGENCY AGREEMENT, dated as of October 1, 2006 (hereinafter referred to as this "*Agreement*"), by and between Festival Ranch Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), and RBC Dain Rauscher Inc., a corporation duly incorporated and validly existing pursuant to the laws of the State of Delaware and doing business under the name RBC Capital Markets (hereinafter together with its successors referred to as the "*Agent*");

W I T N E S S E T H:

WHEREAS, pursuant to a Resolution of the district board of the Issuer (hereinafter referred to as the "*Board*") adopted on September 19, 2006, 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., doing business under the name RBC Capital Markets

By.....
Shawn Dralle, Managing Director

327651380.1-10/24/2006

$800,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

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 $ 13,124,457.

DATED: October 31, 2006.

MARICOPA COUNTY ASSESSOR

SWR:jlu 683175 10/19/06

$800,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

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 $800,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006 (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 31, 2006, and are in the denomination of $25,000 each if owned by SMMP's (as defined in the Resolution) or by Qualified Investors (as defined in the Resolution) or integral multiples of $5,000 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, 2007.

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

(i) (a) On September 19, 2006, Resolution 05-06 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 October 19, 2006 (the "*Purchase Contract*"), by and between the District and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "*Underwriter*"), the Continuing Disclosure Undertaking, dated October 31, 2006, executed by the District and the Dissemination Agency Agreement dated October 1, 2006 executed by the District (collectively, the Purchase Contract, 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 October 19, 2006 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 undersigneds.

(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 Pulte Home Corporation (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 31, 2006.

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

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

SWR:jlu 683188 10/24/06

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:

Installation of approximately 11,121 linear feet of trunk sewer lines and including engineering, survey, permits and fees, and other labor, tools and equipment.

EXHIBIT B

Maturity Schedule

$800,000
District General Obligation Bonds, Series 2006

Maturity Date (July 15)	Principal Amount	Interest Rate	Maturity Date (July 15)	Principal Amount	Interest Rate
2007 *	$30,000	4.90%	2019 **	$30,000	5.20%
2008 *	15,000	4.90%	2020 **	30,000	5.20%
2009 *	20,000	4.90%	2021 **	30,000	5.20%
2010 *	20,000	4.90%	2022 **	35,000	5.20%
2011 *	20,000	4.90%	2023 **	35,000	5.20%
2012 *	20,000	4.90%	2024 **	40,000	5.20%
2013 *	20,000	4.90%	2025 **	40,000	5.20%
2014 *	25,000	4.90%	2026	40,000	5.20%
2015 *	25,000	4.90%	2027 ***	45,000	5.30%
2016	25,000	4.90%	2028 ***	45,000	5.30%
2017 **	25,000	5.20%	2029 ***	50,000	5.30%
2018 **	30,000	5.20%	2030 ***	50,000	5.30%
			2031	55,000	5.30%

* Mandatory redemption amounts of Term Bond #1 maturing July 15, 2016
** Mandatory redemption amounts of Term Bond #2 maturing July 15, 2026
*** Mandatory redemption amounts of Term Bond #3 maturing July 15, 2031

(1) The Bonds maturing on and after July 15, 2017 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, 2016 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, 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
2007	$30,000
2008	15,000
2009	20,000
2010	20,000
2011	20,000
2012	20,000
2013	20,000
2014	25,000
2015	25,000
2016 (maturity)	25,000

(3) The Bonds maturing on July 15, 2026 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	$25,000
2018	30,000
2019	30,000
2020	30,000
2021	30,000
2022	35,000
2023	35,000
2024	40,000
2025	40,000
2026 (maturity)	40,000

(3) The Bonds maturing on July 15, 2031 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
2027	$45,000
2028	45,000
2029	50,000
2030	50,000
2031 (maturity)	55,000

$800,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

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 $800,000 principal amount of Festival Ranch Community Facilities District District General Obligation Bonds, Series 2006 (the "*Bonds*"), dated October 31, 2006. 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 a Resolution adopted September 19, 2006 (the "*Resolution*") by the District and are being sold pursuant to a Purchase Contract dated October 18, 2006 (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 October 18, 2006 (the "*Offering Memorandum*").

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 as of October 31,

2006. 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 set forth in the District's Closing Certificate dated October 31, 2006, 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 31, 2006, and are in the denomination of $25,000 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, 2007.

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 and Pre-Issuance Accrued Interest; Temporary Periods. As shown on *Exhibit B*, attached hereto, the following funds and accounts will be funded at Closing: Construction and Acquisition 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 $30,000 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 $65,500 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 $704,500 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.

(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 31, 2009, the District shall make appropriate yield reduction payments for any moneys in the Construction Fund which are allocable to the Bonds and invested at a yield in excess of the yield of the Bonds.

(d) Interest realized from investment of proceeds of the Bonds deposited in the Construction Fund may be invested in obligations without regard to yield limitation for the period ending on October 31, 2009 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 $800,000, which represents the price at which, together with 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 5.1812%.

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

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

Section 5.4. 18-Month Expenditure Exception. Pursuant to Section 1.148-7(d)(3)(ii) of the Treasury Regulations, for purposes of determining compliance with the first two

spending periods under Section 1.148-7(d)(1)(I) of the Treasury Regulations, the amount of investment earnings on the Sale Proceeds of the Bonds is reasonably expected to be $85,000.

ARTICLE 6
OTHER TAX MATTERS

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

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

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

(iii) Private Loan Financing Test. The District will not use any of the Proceeds of the Bonds in a manner that five percent (5%) (or $5,000,000, if less) of the Proceeds of the Bonds are used directly or indirectly to make or finance loans to entities other than state or local governmental units (other than being used to acquire or carry investments which are not being acquired for the purpose of carrying out the purpose for which the Bonds are issued or being used to finance the assessments).

Section 6.2. **Bonds Not Federally Guaranteed**. Except for the investments of the type described in the last sentence of this Section 6.2, no portion of the payment of principal or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof). No portion of the Gross Proceeds of the Bonds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in

whole or in part) by the United States (or any agency or instrumentality thereof), or invested (directly or indirectly) in federally insured deposits or accounts. The foregoing provisions shall not apply to (A) proceeds of the Bonds invested for an initial temporary period, as described in Section 148(a) of the Code, until such proceeds are needed for the purpose for which said obligations were issued, (B) investments in a *bona fide* debt service fund (as defined in Section 1.148-1(b) of the Treasury Regulations), (C) investments in a reasonably required reserve or replacement fund that meets the requirements of Section 148(d) of the Code, (D) investments in obligations issued by the United States Treasury, or (E) any other investments permitted under the Treasury Regulations.

Section 6.3. **Information Return**. The 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.

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 31, 2006

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

By _____
Chairman, Board of Directors

By _____
Clerk

SWR:jlu 683257 10/19/06

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	$800,000.00
TOTAL SOURCES	$800,000.00
USES	
Deposit to Construction and Acquisition Fund	$704,500.00
Deposit to the Construction and Acquisition Fund to pay Costs of Issuance	65,500.00
Underwriter's Compensation	30,000.00
TOTAL USES	$800,000.00

EXHIBIT C

Principal Amount of Bonds	$800,000.00
Reoffering premium	0.00
ISSUE PRICE and SALE PROCEEDS	$800,000.00
Less: Minor Portion	(40,000.00)
NET SALE PROCEEDS	$760,000.00

SWR:jlu 683257 10/25/06

EXHIBIT D

TERMS OF THE BONDS

Maturity Date (July 15)	Principal Amount	Interest Rate	Maturity Date (July 15)	Principal Amount	Interest Rate
2007 *	$30,000	4.90%	2019 **	$30,000	5.20%
2008 *	15,000	4.90%	2020 **	30,000	5.20%
2009 *	20,000	4.90%	2021 **	30,000	5.20%
2010 *	20,000	4.90%	2022 **	35,000	5.20%
2011 *	20,000	4.90%	2023 **	35,000	5.20%
2012 *	20,000	4.90%	2024 **	40,000	5.20%
2013 *	20,000	4.90%	2025 **	40,000	5.20%
2014 *	25,000	4.90%	2026	40,000	5.20%
2015 *	25,000	4.90%	2027 ***	45,000	5.30%
2016	25,000	4.90%	2028 ***	45,000	5.30%
2017 **	25,000	5.20%	2029 ***	50,000	5.30%
2018 **	30,000	5.20%	2030 ***	50,000	5.30%
			2031	55,000	5.30%

* Mandatory redemption amounts of Term Bond #1 maturing July 15, 2016
** Mandatory redemption amounts of Term Bond #2 maturing July 15, 2026
*** Mandatory redemption amounts of Term Bond #3 maturing July 15, 2031

(1) The Bonds maturing on and after July 15, 2017 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, 2016 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, 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
2007	$30,000
2008	15,000
2009	20,000
2010	20,000
2011	20,000
2012	20,000
2013	20,000
2014	25,000
2015	25,000
2016 (maturity)	25,000

(3) The Bonds maturing on July 15, 2026 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	$25,000
2018	30,000
2019	30,000
2020	30,000
2021	30,000
2022	35,000
2023	35,000
2024	40,000
2025	40,000
2026 (maturity)	40,000

(3) The Bonds maturing on July 15, 2031 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
2027	$45,000
2028	45,000
2029	50,000
2030	50,000
2031 (maturity)	55,000

$800,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

Delivery Date: October 31, 2006

COSTS OF ISSUANCE DISBURSEMENT

Festival Ranch Community Facilities District (Town of Buckeye, Arizona) shall pay from the proceeds of the above-captioned bonds Costs of Issuance to the parties designated as Payees on Exhibit A attached hereto. The amount shown on Exhibit A is due and payable and has not formed the basis of any prior request for payment.

Dated: October 31, 2006.

By _____
District Manager

SWR:jlu 683191 10/19/06

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	$30,000
Underwriter's counsel (Greenberg Traurig, LLP, 2375 E. Camelback Road, Suite 700, Phoenix, Arizona 85016) fees and expenses	20,000
Financial advisor (Stone & Youngberg LLC, (2555 E. Camelback Road Suite 280, Phoenix, Arizona 85016)	5,000
Town of Buckeye – Bond Administration fees	
Trustee fees (Wells Fargo Bank, N.A., (100 W. Washington Street, 22nd Floor, Phoenix, Arizona)	4,500
Preliminary and final Offering Memorandum (Bowne)	4,000
Miscellaneous	2,000
TOTAL	$65,500

$800,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

CLOSING CERTIFICATE OF
TOWN OF BUCKEYE, ARIZONA

The undersigned, the Mayor, the Town Clerk and the 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 from October 31, 2006, 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 Municipality at a duly called meeting (the "*Meeting*") of the Mayor and Council of the Municipality 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 Municipality on October 31, 2006.

TOWN OF BUCKEYE, ARIZONA

By_____
Bobby Bryant, Mayor

By_____
Linda Garrison, Town Clerk

By_____
Jeanine Guy, Town Manager

SWR:jlu 683193 10/24/06

$800,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

CLOSING CERTIFICATE OF
PULTE HOME CORPORATION

The undersigned, the Vice President and 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 the 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 March 9, 2006, the following persons were and now are the duly qualified acting members of the Board:

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

3. That the Owner has the power and authority to execute and deliver the Continuing Disclosure Undertaking, dated as of October 31, 2006, by and between the Owner and the District and the Dissemination Agency Agreement, dated as of October 1, 2006, by and between the Owner and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, (collectively, the "*Documents*") 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 Documents (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 Documents had the authority to execute and deliver the Documents.

6. That the persons named below were on the date or dates of the execution or acceptance of the Documents, and are on the date hereof, the duly qualified and acting incumbents of the offices of the 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 Documents 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 Documents or to conduct the business of the Owner as presently being conducted and as described in the Limited Offering Memorandum dated October 18, 2006 (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 Documents 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 Documents or the performance by the Owner of its obligations set forth in the Documents 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 Documents 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 October 1, 2006 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. That attached hereto as *Exhibit B* is a true, complete and correct copy of the Bylaws of the Owner which were in full force and effect on October 1, 2006, and which have been in effect from that date to the date hereof.

14. Attached hereto as *Exhibit C* is true, complete and correct copy of a Certificate of Good Standing as to the Owner issued by the Arizona Corporation Commission dated October 23, 2006 and a Certificate of Good Standing as to the Owner issued by the State of Michigan Department of Labor and Economic Growth dated October 24, 2006. Nothing has occurred since the date of the Certificate of Good Standing that would cause the Owner to no longer be in good standing.

15. That the officers of the Owner hereby represent that, with respect to the real property which is in the District and owned by the Owner (the "*Property*") is subject to special assessment to secure the payment of the above-captioned bonds is owned by the Owner 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.

16. That all of the representations and warranties of the Owner made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were set forth herein as of the date hereof.

17. That the information pertaining to the Owner and the Project contained in the Limited Offering Memorandum dated October 18, 2006 under the headings "THE DISTRICT", "LAND DEVELOPMENT" "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 31, 2006.

PULTE HOME CORPORATION

By _____
Name: Bruce E. Robinson
Title: VP - TREASURER

ATTACHMENTS

Exhibit A — Articles of Incorporation
Exhibit B — Bylaws
Exhibit C — Certificate of Good Standing

SWR:jlu 683196 10/19/06

EXHIBIT A

Articles of Incorporation

UNITED STATES OF AMERICA

The State of Michigan

Michigan Department of Labor & Economic Growth

Lansing, Michigan

This is to Certify that the annexed copy has been compared by me with the record on file in this Department and that the same is a true copy thereof.

This certificate is in due form, made by me as the proper officer, and is entitled to have full faith and credit given it in every court and office within the United States.

In testimony whereof, I have hereunto set my hand, in the City of Lansing, this 24th day of October, 2006

, 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

Acting Director
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Effective Date:

CORPORATION IDENTIFICATION NUMBER 150 148

ARTICLES OF INCORPORATION
For use by Domestic Profit Corporations

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended, the undersigned corporation executes the following Articles:

ARTICLE I

The name of the corporation is: Pulte Michigan Corporation

ARTICLE II

The purpose or purposes for which the corporation is organized is to engage in any activity within the purposes for which corporations may be organized under the Business Corporation Act of Michigan.

ARTICLE III

The total authorized capital stock is:

1.	Common Shares	25,000	Par Value Per Share	$0.01
	Preferred Shares	25,000	Par Value Per Share	$0.01

and/or shares without par value as follows:

2.	Common Shares	N/A	Stated Value Per Share	
	Preferred Shares	N/A	Stated Value Per Share	

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3. A statement of all or any of the relative rights, preferences and limitations of the shares of each class is as follows:

Provisions Relating to Preferred Stock

The Board of Directors may cause the Corporation to issue Preferred Stock in one or more series, each series to bear a distinctive designation and to have such relative rights and preferences as shall be prescribed by resolution of the board; such resolutions, when filed, shall constitute amendments to these articles of incorporation. Without limiting the generality of the grant of authority contained in the preceding sentence, the Board of Directors is authorized to determine any or all of the following, and the shares of each series may vary from the shares of any other series in any or all of the following respects:

a. The number of shares of such series (which may subsequently be increased, except as otherwise provided by the resolutions of the Board of Directors providing for the issue of such series, or decreased to a number not less than the number of shares then outstanding) and the distinctive designation thereof;

b. The dividend rights, if any, of such series; the dividend preferences, if any, as between such series and any other class or series of stock; whether and the extent to which shares of such series shall be entitled to participate in dividends with shares of any other series or class of stock; whether and the extent to which dividends on such series shall be cumulative; and any limitations, restrictions or conditions on the payment of such dividends;

c. The time or times during which, the price or prices at which, and any other terms or conditions on which the shares of such series may be redeemed, if redeemable;

d. The rights of such series, and the preferences, if any, as between such series and any other class or series of stock, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and whether and the extent to which shares of any such series shall be entitled to participate in such event with any other class or series of stock;

e. The voting powers, if any, in addition to the voting powers prescribed by law of shares of such series, and the terms of exercise of such voting powers;

f. Whether shares of such series shall be convertible into or exchangeable for shares of any other series or class of stock, or of any series of the same class, or any other securities, and the terms and conditions, if any, applicable to such right;

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g. The terms and conditions, if any, of any purchase, retirement or sinking fund which may be provided for the shares of such series;

h. Any other preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, in relation to stock of any other class or series thereof or of any other series of the same class, as shall not be inconsistent with law or the provisions of this Article III.

ARTICLE IV

1. The address of the registered office is:

   6400 Farmington Road, West Bloomfield, Michigan 48033

2. The mailing address of the registered office if different than above:

   N/A

3. The name of the resident agent at the registered office is:

   David Ebling

ARTICLE V

The name and address of the incorporator is as follows:

Name	Residance or Business Address
Gregory Nelson	6400 Farmington Road West Bloomfield, Michigan 48033

ARTICLE VI

Any action required or permitted by the Act to be taken at an annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote thereon were present and voted.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to shareholders who have not consented in writing.

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ARTICLE VII

The Corporation expressly elects not to be governed by Chapter 7A of the Michigan Business Corporation Act, being Sections 775 through 784 of the Michigan Business Corporation Act.

I, the Incorporator, sign my name this 22nd day of January, 1985.

Gregory Nelson

RK9q

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CAS-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

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)

CAS-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-450 (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.

PEARS 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.

SEAL APPEARS ONLY ON

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, 19 85

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, 19 85

Pulte Home Corporation
(Name of Corporation)

By David Ebling
(Signature)

David Ebling, Vice President
(Type or Print Name and Title)

AL APPEARS ONLY ON OR

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

GOLD SEAL APPEARS ONLY ON ORIGINAL

CS8-550 (Rev. 1-85)

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.

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

874E#0584 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.

AL 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

CAS-315 (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

CAS-520 (Rev. 12-85)

872AH7162 1009 ORG&FI $5.00

MICHIGAN DEPARTMENT OF COMMERCE – CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

OCT -9 1987

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Date Received
OCT 9 1987

CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT

For use by Domestic Corporations

(Please read instructions and Paperwork Reduction Act notice on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended (profit corporations), or Act 162, Public Acts of 1982, as amended (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The name of the corporation is: Pulte Home Corporation
2. The corporation identification number (CID) assigned by the Bureau is: 1 5 0 – 1 4 8

3. a. The address of the registered office as currently on file with the Bureau is:

6400 Farmington Road, West Bloomfield, Michigan 48033
(Street Address) (City) (ZIP Code)

b. The mailing address of the registered office if different than above is:

N/A
(P.O. Box) (City) (State) (ZIP Code)

c. The name of the resident agent as currently on file with the Bureau is:

David Ebling

4. (Complete if the address of the registered office is changed)
The address of the registered office is changed to:

33 Bloomfield Hills Parkway, Ste. 200, Bloomfield Hills, Michigan 48013
(Street Address) (City) (ZIP Code)

The mailing address of the registered office if different than above is:

N/A
(P.O. Box) (City) (State) (ZIP Code)

5. (Complete if the resident agent is changed)
The name of the successor resident agent is: Robert P. Schafer

6. The corporation further states that the address of its registered office and the address of the business office of its resident agent, as changed, are identical.
7. The above changes were authorized by resolution duly adopted by its board of directors or trustees.

Signed this 8th day of October, 19 87

By [signature] (Signature)

Richard C. Staky, Senior Vice President
(Type or Print Name) (Type or Print Title)

GOLD SEAL APPEARS ONLY ON ORIGINAL

CSS-526 (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 1962, 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

CS8-515 (Rev. 5-87)

(FOR BUREAU USE ONLY)

FILED

DEC 07 1987

Administrator
MICHIGAN DEPT. OF COMMERCE
Corporation & Securities Bureau

DEC 07 1987

Effective Date: December 7, 1987 at 4:23 p.m.

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Corporations

(Please read instructions and Paperwork Reduction Act notice on last page)

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended (profit corporations), or Act 162, Public Acts of 1982, as amended (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The present name of the corporation is: Pulte Home Corporation

2. The corporation identification number (CID) assigned by the Bureau is: 1 5 0 – 1 4 8

3. The location of its registered office is:

33 Bloomfield Hills Parkway, Suite 200, Bloomfield Hills, Michigan 48033
(Street Address) (City) (ZIP Code)

4. Article III of the Articles of Incorporation is hereby amended to read as follows:

ARTICLE III

The total authorized capital stock is:

1. Common Shares 50,000 Par Value Per Share $ 0.01
   Preferred Shares N/A Par Value Per Share $ N/A

and/or shares without par value as follows:

2. Common Shares N/A Par Value Per Share $ N/A
   Preferred Shares N/A Par Value Per Share $ N/A

3. A statement of all or any of the relative rights, preferences and limitations of the shares of each class is as follows: N/A

The effective date of this amendment is December 7, 1987 at 4:23 p.m.

2

[redacted] RS 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] ARS ONLY ON ORIGINAL [redacted]

CAS-516

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

ONLY ON ORIGINAL

CAB-550 (Rev 1-84)

MICHIGAN DEPARTMENT OF COMMERCE — CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

DEC 07 1987

Administrator
MICHIGAN DEPT. OF COMMERCE
Corporation & Securities Bureau

Date Received
DEC 07 1987

Effective Date: December 7, 1987 at 4:22 p.m.

CERTIFICATE OF MERGER/CONSOLIDATION

For use by Domestic or Foreign Corporations

(Please read instructions and Paperwork Reduction Act notice on last page)

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended (profit corporations), and/or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporations execute the following Certificate:

1. The Plan of Merger (Consolidation) is as follows:

a. The name of each constituent corporation and its corporation identification number (CID) is:

Pulte Home Corporation	1 5 0 — 1 4 8
Pulte Merger Company	2 6 3 — 9 6 2

b. The name of the surviving (new) corporation and its corporation identification number (CID) is:

Pulte Home Corporation	1 5 0 — 1 4 8

c. For each constituent stock corporation, state:

Name of corporation	Designation and number of outstanding shares in each class or series	Indicate class or series of shares entitled to vote	Indicate class or series entitled to vote as a class
Pulte Home Corporation	*23,839,776 shares common stock	Common	N/A
Pulte Merger Company	1,000 shares common stock	Common	N/A

If the number of shares is subject to change prior to the effective date of the merger or consolidation, the manner in which the change may occur is as follows:

*not including 2,160,000 treasury shares

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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 affected 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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CS-650 (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:

Honigman Miller

Schwartz and Cohn

Preparer's name and business telephone number:

Susan Morris

(313) 256-7595

Susan Morris
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

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 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 .....$0,000 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 Employee 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

GOLD SEAL APPEARS ONLY ON ORIGINAL

CAS-520 (Rev. 1-84)

MICHIGAN DEPARTMENT OF COMMERCE – CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

Date Received

JUL 07 1993

FILED

932A#3145 | 0707 | ORG&FI | $5.00

JUL 14 1993

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

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: 150-148

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)

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CAS-430 (Rev. 1-84)

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS INDICATED IN THE BOX BELOW. Include name, street and number (or P.O. box), city, state and ZIP code.

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

Name of person or organization remitting fees:

Pulte Home Corporation

Preparer's name and business telephone number:

Nancy Gawthrop

(313) 433-4568

INFORMATION AND INSTRUCTIONS

1. This form is issued under the authority of Act 284, P.A. of 1972, as amended, and Act 162, P.A. of 1982. The certificate of change of registered office and/or change of resident agent cannot be filed until this form, or a comparable document, is submitted.
2. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.
3. This document is to be used pursuant to section 242 of the Act by domestic and foreign, profit and nonprofit, corporations for the purpose of changing their registered office or resident agent, or both.
4. Item 2 — Enter the identification number previously assigned by the Bureau. If this number is unknown, leave it blank.
5. Item 3 — The address of the registered office and the name of the resident agent must be the same as are designated in the articles of incorporation or subsequent change filed with the Bureau.
6. Item 4 — A post office box may not be designated as the address of the registered office. The mailing address may differ from the address of the registered office only if a post office box address in the same city as the registered office is designated as the mailing address.
7. This certificate must be signed in ink by the president, vice-president, chairperson, vice-chairperson, secretary or assistant secretary of the corporation.
8. FEES: Filing fee (Make remittance payable to State of Michigan) $15.00
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 11986860-1 07/18/06
CHK#: 0045005402 Amt: $5.00
ID: PULTE HOMES

FILED

JUL 18 2006

Administrator
BUREAU OF COMMERCIAL SERVICES

Name: Jan M. Klym c/o Pulte Homes, Inc.

Address: 100 Bloomfield Hills Pkwy #300

City: Bloomfield Hills State: MI Zip Code: 48304

EFFECTIVE DATE:

Document will be returned to the name and address you enter above. If left blank document will be mailed to the registered office.

CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT

For use by Domestic and Foreign Corporations and Limited Liability Companies

(Please read information and instructions on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), Act 162, Public Acts of 1982 (nonprofit corporations), or Act 23, Public Acts of 1993 (limited liability companies), the undersigned corporation or limited liability company executes the following Certificate:

1. The name of the corporation or limited liability company is: PULTE HOME CORPORATION
2. The identification number assigned by the Bureau is: 150-148
3. a. The name of the resident agent on file with the Bureau is: Steven M. Cook

   b. The location of the registered office on file with the Bureau is:

   100 Bloomfield Hills Pkwy., Ste. 300 (Street Address) Bloomfield Hills (City), Michigan 48304 (ZIP Code)

   c. The mailing address of the above registered office on file with the Bureau is:

   _____ (Street Address or P.O. Box) _____ (City), Michigan _____ (ZIP Code)

ENTER IN ITEM 4 THE INFORMATION AS IT SHOULD NOW APPEAR ON THE PUBLIC RECORD

4. a. The name of the resident agent is: The Corporation Company

   b. The address of the registered office is:

   30600 Telegraph Road (Street Address) Bingham Farms (City), Michigan 48025 (ZIP Code)

   c. The mailing address of the registered office IF DIFFERENT THAN 4B is:

   _____ (Street Address or P.O. Box) _____ (City), Michigan _____ (ZIP Code)

5. The above changes were authorized by resolution duly adopted by: 1. ALL CORPORATIONS: its Board of Directors; 2. PROFIT CORPORATIONS ONLY: the resident agent if only the address of the registered office is changed, in which case a copy of this statement has been mailed to the corporation; 3. LIMITED LIABILITY COMPANIES: an operating agreement, affirmative vote of a majority of the members pursuant to section 502(1), managers pursuant to section 405, or the resident agent if only the address of the registered office is changed.

6. The corporation or limited liability company further states that the address of its registered office and the address of its resident agent, as changed, are identical.

Signature	Type or Print Name and Title or Capacity	Date Signed
Jan M. Klym	Jan M. Klym, Asst. Secretary	7-19-06

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Vers 2.2 (03/06)

DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES, CORPORATION DIVISION
PROFIT CORPORATION INFORMATION UPDATE
2006

Entity Information

Identification Number	Corporation Name
150148	PULTE HOME CORPORATION

Resident agent name and mailing address of the registered office
STEVEN M. COOK

The address of the registered office
SUITE 300
100 BLOOMFIELD HILLS PKWY.
BLOOMFIELD HILLS MI 48304

Describe the purpose and activities of the corporation during the year covered by this report:
Residential Homebuilder, General Contractor

Officer/Director Information

NAME	TITLE	BUSINESS OR RESIDENCE ADDRESS
RICHARD J. DUGAS, JR.	DIRECTOR	NULL.
VINCENT J. FREES	DIRECTOR	100 BLOOMFIELD HILLS PKWY #300 BLOOMFIELD HILLS MI 48304
STEVEN M. COOK	SECRETARY	100 BLOOMFIELD HILLLS PKWY #300 BLOOMFIELD HILLS MI 48304
RICHARD J. DUGAS, JR.	PRESIDENT	100 BLOOMFIELD HILLS PKWY #300 BLOOMFIELD HILLS MI 48304
BRUCE E. ROBINSON	TREASURER	100 BLOOMFIELD HILLS PKWY #300 BLOOMFIELD HILLS MI 48304
VINCENT J. FREES	VICE PRESIDENT	100 BLOOMFIELD HILLS PKWY #300 BLOOMFIELD HILLS MI 48304
STEVEN M. COOK	DIRECTOR	100 BLOOMFIELD HILLS PKWY #300 BLOOMFIELD HILLS MI 48304

Electronic Signature

Filed By	Title	Phone
JAN M. KLYM	AUTHORIZED OFFICER OR AGENT	248-647-2750

[X] I certify that this filing is submitted without fraudulent intent and that I am authorized by the business entity to make any changes reported herein.

Payment Information

Payment Amount	Payment Date/Time	Reference Nbr
$ 25.00	04/03/06 15:18:02	71315 6801 150148

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EXHIBIT B

Bylaws

As amended 10/10/2002

BYLAWS

OF

PULTE HOME CORPORATION,

a Michigan corporation

BYLAWS OF
PULTE HOME CORPORATION
a Michigan corporation

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As amended 10/10/2002

BYLAWS OF
PULTE HOME CORPORATION

ARTICLE I -- OFFICES

1.1 Registered Office. The registered office of the Corporation shall be located at such place in Michigan as the Board of Directors from time to time determines.

1.2 Other Offices. The Corporation may also have offices or branches at such other places as the Board of Directors from time to time determines or the business of the Corporation requires.

ARTICLE II -- MEETINGS OF SHAREHOLDERS

2.1 Time and Place. All meetings of the shareholders shall be held at such place, if any, and time as the Board of Directors determines.

2.2 Annual Meetings. An annual meeting of shareholders shall be held on a date, not later than 180 days after the end of the immediately preceding fiscal year, to be determined by the Board of Directors. At the annual meeting, the shareholders shall elect directors and transact such other business as is properly brought before the meeting and described in the notice of meeting. If the annual meeting is not held on its designated date, the Board of Directors shall cause it to be held as soon thereafter as convenient.

2.3 Special Meetings. Special meetings of the shareholders, for any purpose, (a) may be called by the Corporation's chief executive officer or the Board of Directors, and (b) shall be called by the President or Secretary upon written request (stating the purpose for which the meeting is to be called) of the holders of a majority of all the shares entitled to vote at the meeting.

2.4 Notice of Meetings. Written notice or notice by electronic transmission of each shareholders' meeting, stating the place, if any, date and time of the meeting and the purposes for which the meeting is called, shall be given (in the manner described in Section 5.1 below) not less than 10 nor more than 60 days before the date of the meeting to each shareholder of record entitled to vote at the meeting. If a shareholder or proxy holder may be present and vote at the meting by remote communication, the means of remote communication allowed shall be included in the notice. Notice of adjourned meetings is governed by Section 2.6 below.

2.5 List of Shareholders. The officer or agent who has charge of the stock transfer books for shares of the Corporation shall make and certify a complete list of the shareholders entitled to vote at a shareholders' meeting or any adjourned shareholders' meeting. The list shall be arranged alphabetically within each class and series and shall show the address of, and the number of shares held by, each shareholder. The list shall be produced at the time and place, if any, of the meeting and may be inspected by any

shareholder during the entire meeting. If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any shareholder during the entire meeting by posting the list on a reasonably accessible electronic network and the information required to access the list shall be provided with the notice of the meeting.

2.6 Quorum; Adjournment. At all shareholders' meetings, the shareholders present in person or represented by proxy who, as of the record date for the meeting, were holders of shares entitled to cast a majority of the votes at the meeting, shall constitute a quorum. Once a quorum is present at a meeting, all shareholders present in person or represented by proxy at the meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. Regardless of whether a quorum is present, a shareholders' meeting may be adjourned to another time and place, if any, by a vote of the shares present in person or by proxy without notice if the time, and place, if any, to which the meeting is adjourned are announced at the meeting at which adjournment is taken; provided, that (a) at the adjourned meeting, only business that might have been transacted at the original meeting may be transacted if a notice of the adjourned meeting is not given, (b) if the adjournment is for more than 60 days or if after the adjournment the Board of Directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting must be given to each shareholder of record on the record date entitled to vote at the meeting, and (c) a shareholder or proxy holder may be present and vote at the adjourned meeting by a means of remote communication if he or she was permitted to be present and vote by that means of remote communication in the original meeting notice.

2.7 Voting. Each shareholder shall at every meeting of the shareholders be entitled to one vote in person or by proxy for each share having voting power held by such shareholder and on each matter submitted to a vote. A vote may be cast orally, in writing or by electronic transmission. When an action, other than the election of directors, is to be taken by vote of the shareholders, it shall be authorized by a majority of the votes cast by the holders of shares entitled to vote on such action. Directors shall be elected by a plurality of the votes cast at any election.

2.8 Proxies. A shareholder entitled to vote at a meeting of shareholders or to express consent or dissent without a meeting may authorize other persons to act for him or her by proxy. Each proxy shall be in writing and signed by the shareholder or the shareholder's authorized agent or representative or shall be in another form permitted by the Michigan Business Corporation Act. A proxy is not valid after the expiration of three years from its date unless otherwise provided in the proxy.

2.9 Questions Concerning Elections. The Board of Directors may, in advance of the meeting, or the presiding officer may, at the meeting, appoint one or more inspectors to act at a shareholders' meeting or any adjournment thereof. If appointed, the inspectors shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine challenges and questions arising in connection with the right to vote, count and tabulate

votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders.

2.10 Conduct of Shareholders' Meetings; Closing of Polls. The Chairperson of the Board, or if there is none, the President, shall determine the order of business and shall have the authority to establish rules for the conduct of the meeting. Any rules adopted for, and the conduct of, the meeting shall be fair to shareholders. The Chairperson of the Board, or if there is none, the President, shall announce at the meeting when the polls close for each matter voted upon. If no announcement is made, the polls shall close upon the final adjournment of the meeting. After the polls close, no ballots, proxies, or votes nor any revocations or changes to ballots, proxies, or votes may be accepted.

2.11 Remote Communication Attendance. A shareholder may participate in a shareholders' meeting by a conference telephone or by other means of remote communication through which all persons participating in the meeting may communicate with the other participants, if the Board of Directors determines to permit such participation and (a) the means of remote communication allowed are included in the notice of the meeting, or (b) if notice is waived or not required. All participants shall be advised of the means of remote communication and the names of the participants in the meeting shall be divulged to all participants. Participation in a meeting pursuant to this Section 2.10 constitutes presence in person at such meeting. The Board of Directors may hold a meeting of shareholders conducted solely by means of remote communication. Subject to any guidelines and procedures adopted by the Board of Directors, shareholders and proxy holders not physically present at a meeting of shareholders may participate in the meeting by means or remote communication and are considered present in person and may vote at the meeting if all of the following are met: (a) the Corporation implements reasonable measures to verify that each person considered present and permitted to vote at the meeting by means of remote communication is a shareholder or proxy holder, (b) the Corporation implements reasonable measures to provide each shareholder and proxy holder a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with the proceedings, (c) if any shareholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of the vote or other action is maintained by the corporation, and (d) the Board of Directors determines to permit such participation and (1) the means of remote communication allowed are included in the notice of the meeting, or (2) notice is waived or not required.

2.12 Action by Consent. To the extent permitted by the Articles of Incorporation or applicable law, any action required or permitted to be taken at any shareholders' meeting may be taken without a meeting, prior notice and a vote, by consent of shareholders in writing or by electronic transmission.

ARTICLE III -- DIRECTORS

3.1 Number and Residence. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than one nor more than fifteen members. The number of directors shall be determined from time to time by the Board of Directors. Directors need not be Michigan residents or shareholders of the Corporation.

3.2 Election and Term. Except as provided in Section 3.5 below, directors shall be elected at the annual shareholders' meeting. Each director elected shall hold office for the term for which he or she is elected and until his or her successor is elected and qualified or until his or her resignation or removal.

3.3 Resignation. A director may resign by notice in writing or by electronic transmission to the Corporation. A director's resignation is effective upon its receipt by the Corporation or a later time set forth in the notice of resignation.

3.4 Removal. One or more directors may be removed, with or without cause, by vote of the holders of a majority of the shares entitled to vote at an election of directors.

3.5 Vacancies. Vacancies, including vacancies resulting from an increase in the number of directors, may be filled by the Board of Directors, by the affirmative vote of a majority of all the directors remaining in office, if the directors remaining in office constitute less than a quorum, or by the shareholders. Each director so chosen shall hold office until the next annual election of directors by the shareholders and until his or her successor is elected and qualified, or until his or her resignation or removal.

3.6 Place of Meetings. The Board of Directors may hold meetings at any location. The location of annual and regular Board of Directors' meetings shall be determined by the Board and the location of special meetings shall be determined by the person calling the meeting.

3.7 Annual Meetings. Each newly elected Board of Directors may meet promptly after the annual shareholders' meeting for the purposes of electing officers and transacting such other business as may properly come before the meeting. No notice of the annual directors' meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum is present.

3.8 Regular Meetings. Regular meetings of the Board of Directors or Board committees may be held without notice at such places and times as the Board or committee determines at least 30 days before the date of the meeting.

3.9 Special Meetings. Special meetings of the Board of Directors may be called by the chief executive officer, and shall be called by the President or Secretary upon the request of two directors in writing or by electronic transmission, on two days notice to each director or committee member by mail or 24 hours notice by any other means provided in Section 5.1. The notice must specify the place, if any, date and time of the special meeting, but need not specify the business to be transacted at, nor the purpose of, the meeting. Special meetings of Board committees may be called by the

Chairperson of the committee or a majority of committee members pursuant to this Section 3.9.

3.10 Quorum. At all meetings of the Board or a Board committee, a majority of the directors then in office, or of members of such committee, constitutes a quorum for transaction of business, unless a higher number is otherwise required by the Articles of Incorporation, these Bylaws or the Board resolution establishing such Board committee. If a quorum is not present at any Board or Board committee meeting, a majority of the directors present at the meeting may adjourn the meeting to another time and place without notice other than announcement at the meeting. Any business may be transacted at the adjourned meeting which might have been transacted at the original meeting, provided a quorum is present.

3.11 Voting. The vote of a majority of the members present at any Board or Board committee meeting at which a quorum is present constitutes the action of the Board of Directors or of the Board committee, unless a higher vote is otherwise required by the Michigan Business Corporation Act, the Articles of Incorporation, these Bylaws, or the Board resolution establishing the Board committee.

3.12 Remote Communication Participation. Members of the Board of Directors or any Board committee may participate in a Board or Board committee meeting by means of conference telephone or other means of remote communication through which all persons participating in the meeting can communicate with the other participants. Participation in a meeting pursuant to this Section 3.12 constitutes presence in person at the meeting.

3.13 Action by Consent. Any action required or permitted to be taken under authorization voted at a Board or Board committee meeting may be taken without a meeting if, before or after the action, all members of the Board then in office or of the Board committee consent to the action in writing or by electronic transmission. Such consents shall be filed with the minutes of the proceedings of the Board or committee and shall have the same effect as a vote of the Board or committee for all purposes.

3.14 Committees. The Board of Directors may, by resolution passed by a majority of the directors then in office, designate one or more committees, each consisting of one or more directors. The Board may designate one or more directors as alternate members of a committee, who may replace an absent or disqualified member at a committee meeting. In the absence or disqualification of a member of a committee, the committee members present and not disqualified from voting, regardless of whether they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of such absent or disqualified member. Any committee, to the extent provided in the resolution of the Board, may exercise all powers and authority of the Board of Directors in management of the business and affairs of the Corporation, except a committee does not have power or authority to:

(a) Amend the Articles of Incorporation, except that a committee may prescribe the relative rights and preferences of the shares of a series pursuant to Section 302(3) of the Michigan Business Corporation Act.

(b) Adopt an agreement of merger or share exchange.

(c) Recommend to shareholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets.

(d) Recommend to shareholders a dissolution of the Corporation or a revocation of a dissolution.

(e) Amend the Bylaws of the Corporation.

(f) Fill vacancies in the Board.

(g) Unless the resolution designating the committee or a later Board of Director's resolution expressly so provides, declare a distribution or dividend or authorize the issuance of shares.

Each committee and its members shall serve at the pleasure of the Board, which may at any time change the members and powers of, or discharge, the committee. Each committee shall keep regular minutes of its meetings and report them to the Board of Directors when required.

3.15 Compensation. The Board, by affirmative vote of a majority of directors in office and irrespective of any personal interest of any of them, may establish reasonable compensation of directors for services to the Corporation as directors, officers or members of a Board committee. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation for such service.

ARTICLE IV -- OFFICERS

4.1 Officers and Agents. The Board of Directors, at its first meeting after each annual meeting of shareholders, shall elect a President, a Secretary and a Treasurer, and may also elect and designate as officers a Chairperson of the Board, a Vice Chairperson of the Board and one or more Executive Vice Presidents, Vice Presidents, Assistant Vice Presidents, Assistant Secretaries and Assistant Treasurers. The Board of Directors may also from time to time appoint, or delegate authority to the Corporation's chief executive officer to appoint, such other officers and agents as it deems advisable. Any number of offices may be held by the same person, but an officer shall not execute, acknowledge or verify an instrument in more than one capacity if the instrument is required by law to be executed, acknowledged or verified by two or more officers. An officer has such authority and shall perform such duties in the management of the Corporation as provided in these Bylaws, or as may be determined by resolution of the

Board of Directors not inconsistent with these Bylaws, and as generally pertain to their offices, subject to the control of the Board of Directors.

4.2 Compensation. The compensation of all officers of the Corporation shall be fixed by the Board of Directors.

4.3 Term. Each officer of the Corporation shall hold office for the term for which he or she is elected or appointed and until his or her successor is elected or appointed and qualified, or until his or her resignation or removal. The election or appointment of an officer does not, by itself, create contract rights.

4.4 Removal. An officer elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause. The removal of an officer shall be without prejudice to his or her contract rights, if any.

4.5 Resignation. An officer may resign by notice in writing or by electronic transmission to the Corporation. The resignation is effective upon its receipt by the Corporation or at a subsequent time specified in the notice of resignation.

4.6 Vacancies. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

4.7 Chairperson of the Board. The Chairperson of the Board, if such office is filled, shall be a director and shall preside at all shareholders' and Board of Directors' meetings.

4.8 Chief Executive Officer. The Chairperson of the Board, if any, or the President, as designated by the Board, shall be the chief executive officer of the Corporation and shall have the general powers of supervision and management of the business and affairs of the Corporation usually vested in the chief executive officer of a corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. If no designation of chief executive officer is made, or if there is no Chairperson of the Board, the President shall be the chief executive officer. The chief executive officer may delegate to the other officers such of his or her authority and duties at such time and in such manner as he or she deems advisable.

4.9 President. If the office of Chairperson of the Board is not filled, the President shall perform the duties and execute the authority of the Chairperson of the Board. If the Chairperson of the Board is designated by the Board as the Corporation's chief executive officer, the President shall be the chief operating officer of the Corporation, shall assist the Chairperson of the Board in the supervision and management of the business and affairs of the Corporation and, in the absence of the Chairperson of the Board, shall preside at all shareholders' and Board of Directors' meetings. The President may delegate to the officers other than the Chairperson of the Board, if any, such of his or her authority and duties at such time and in such manner as he or she deems appropriate.

4.10 Executive Vice Presidents and Vice Presidents. The Executive Vice Presidents and Vice Presidents shall assist and act under the direction of the Corporation's chief executive officer, unless otherwise determined by the Board of Directors or the chief executive officer. The Board of Directors may designate one or more Executive Vice Presidents and may grant other Vice Presidents titles which describe their functions or specify their order of seniority. In the absence or disability of the President, the authority of the President shall descend to the Executive Vice Presidents or, if there are none, to the Vice Presidents in the order of seniority indicated by their titles or otherwise specified by the Board. If not specified by their titles or the Board, the authority of the President shall descend to the Executive Vice Presidents or, if there are none, to the Vice Presidents, in the order of their seniority in such office.

4.11 Secretary. The Secretary shall act under the direction of the Corporation's chief executive officer and President. The Secretary shall attend all shareholders' and Board of Directors' meetings, record minutes of the proceedings and maintain the minutes and all documents evidencing corporate action taken by consent of the shareholders and Board of Directors in the Corporation's minute books. The Secretary shall perform these duties for Board committees when required. The Secretary shall see to it that all notices of shareholders' meetings and special Board of Directors' meetings are duly given in accordance with applicable law, the Articles of Incorporation and these Bylaws. The Secretary shall have custody of the Corporation's seal and, when authorized by the Corporation's chief executive officer, President or the Board of Directors, shall affix the seal to any instrument requiring it and attest such instrument.

4.12 Treasurer. The Treasurer shall act under the direction of the Corporation's chief executive officer and President. The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of the Corporation's assets, liabilities, receipts and disbursements in books belonging to the Corporation. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Corporation's chief executive officer, the President or the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Corporation's chief executive officer, the President and the Board of Directors (at its regular meetings or whenever they request it) an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond for the faithful discharge of his or her duties in such amount and with such surety as the Board prescribes.

4.13 Assistant Vice Presidents, Secretaries and Treasurers. The Assistant Vice Presidents, Assistant Secretaries and Assistant Treasurers, if any, shall act under the direction of the Corporation's chief executive officer, the President and the officer they assist. In the order of their seniority, the Assistant Secretaries shall, in the absence or disability of the Secretary, perform the duties and exercise the authority of the Secretary. The Assistant Treasurers, in the order of their seniority, shall, in the absence or disability of the Treasurer, perform the duties and exercise the authority of the Treasurer.

4.14 Execution of Contracts and Instruments. The Board of Directors may designate an officer or agent with authority to execute any contract or other instrument on the Corporation's behalf; the Board may also ratify or confirm any such execution. If the Board authorizes, ratifies or confirms the execution of a contract or instrument without specifying the authorized executing officer or agent, the Corporation's chief executive officer, the President, any Executive Vice President or Vice President or the Treasurer may execute the contract or instrument in the name and on behalf of the Corporation and may affix the corporate seal to such document or instrument.

4.15 Voting of Shares and Securities of Other Corporations and Entities. Unless the Board of Directors otherwise directs, the Corporation's chief executive officer shall be entitled to vote or designate a proxy to vote all shares and other securities which the Corporation owns in any other corporation or entity.

ARTICLE V -- NOTICES AND WAIVERS OF NOTICE

5.1 Delivery of Notices. All notices to shareholders, directors and Board committee members shall be given (a) personally, (b) by mail (registered, certified or other first class mail, except where otherwise provided in the Michigan Business Corporation Act, with postage pre-paid), addressed to such person at the address designated by him or her for that purpose or, if none is designated, at his or her last known address, (c) by electronic transmission in a manner authorized by the person, or (d) as otherwise provided in the Michigan Business Corporation Act. In addition to any other form of notice to a shareholder permitted by the Articles of Incorporation, these Bylaws, or the Michigan Business Corporation Act, any notice given to a shareholder by a form of electronic transmission to which the shareholder has consented is effective. Notices to directors or Board committee members may also be delivered at his or her office on the Corporation's premises, if any, or by express carrier, addressed to the address referred to in the preceding sentence. When a notice is required or permitted by the Michigan Business Corporation Act or these Bylaws to be given in writing, electronic transmission is written notice. Notices given pursuant to this Section 5.1 shall be deemed to be given when dispatched, or, if mailed, when deposited in a post office or official depository under the exclusive care and custody of the United States postal service; provided that when a notice or communication is permitted by the Michigan Business Corporation Act or these Bylaws to be transmitted electronically, the notice or communication is given when electronically transmitted to the person entitled to the notice or communication in a manner authorized by the person. Notices given by express carrier shall be deemed "dispatched" on the day and at the time the express carrier guarantees delivery of the notice. The Corporation shall have no duty to change the written or electronic address of any director, Board committee member or shareholder unless the Secretary receives notice in writing or by electronic transmission of such address change.

5.2 Waiver of Notice. Action may be taken without a required notice and without lapse of a prescribed period of time, if at any time before or after the action is completed the person entitled to notice or to participate in the action to be taken or, in the

case of a shareholder, his or her attorney-in-fact, submits a signed waiver or a waiver by electronic transmission of the requirements, or if such requirements are waived in such other manner permitted by applicable law. Neither the business to be transacted at, nor the purpose of, the meeting need be specified in the waiver of notice of the meeting. A shareholder's attendance at a meeting (in person or by proxy) will result in both of the following:

(a) Waiver of objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.

(b) Waiver of objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

A director's attendance at or participation in any Board or Board committee meeting waives any required notice to him or her of the meeting unless he or she, at the beginning of the meeting or upon his or her arrival, objects to the meeting or the transacting of business at the meeting and does not thereafter vote for or assent to any action taken at the meeting.

ARTICLE VI -- SHARE CERTIFICATES AND SHAREHOLDERS OF RECORD

6.1 Certificates for Shares. The shares of the Corporation shall be represented by certificates signed by the Chairperson of the Board, Vice-chairperson of the Board, President or a Vice-president. The certificates also may be signed by another officer of the Corporation. The officers' signatures may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the Corporation or its employee. If any officer who has signed or whose facsimile signature has been placed upon a certificate ceases to be such officer before the certificate is issued, it may be issued by the Corporation with the same effect as if the person were such officer at the date of issue.

6.2 Lost or Destroyed Certificates. The Board of Directors may direct or authorize an officer to direct that a new certificate for shares be issued in place of any certificate alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors or officer may, in its discretion and as a condition precedent to the issuance thereof, require the owner (or the owner's legal representative) of such lost or destroyed certificate to give the Corporation an affidavit claiming that the certificate is lost or destroyed or a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to such old or new certificate.

6.3 Transfer of Shares. Shares of the Corporation are transferable only on the Corporation's stock transfer books upon surrender to the Corporation or its transfer agent

of a certificate for the shares, duly endorsed for transfer, and the presentation of such evidence of ownership and validity of the transfer as the Corporation requires.

6.4 Record Date. The Board of Directors may fix, in advance, a date as the record date for determining shareholders for any purpose, including determining shareholders entitled to (a) notice of, and to vote at, any shareholders' meeting or any adjournment of such meeting; (b) express consent to, or dissent from, a proposal without a meeting; or (c) receive payment of a share dividend or distribution or allotment of a right. The record date shall not be more than 60 nor less than 10 days before the date of the meeting, nor more than 10 days after the Board resolution fixing a record date for determining shareholders entitled to express consent to, or dissent from, a proposal without a meeting, nor more than 60 days before any other action.

If a record date is not fixed:

(a) the record date for determining the shareholders entitled to notice of, or to vote at, a shareholders' meeting shall be the close of business on the day next preceding the day on which notice of the meeting is given, or, if no notice is given, the close of business on the day next preceding the day on which the meeting is held; and

(b) if prior action by the Board of Directors is not required with respect to the corporate action to be taken without a meeting, the record date for determining shareholders entitled to express consent to, or dissent from, a proposal without a meeting, shall be the first date on which a signed written consent is properly delivered to the Corporation; and

(c) the record date for determining shareholders for any other purpose shall be the close of business on the day on which the resolution of the Board of Directors relating to the action is adopted.

A determination of shareholders of record entitled to notice of, or to vote at, a shareholders' meeting shall apply to any adjournment of the meeting, unless the Board of Directors fixes a new record date for the adjourned meeting.

Only shareholders of record on the record date shall be entitled to notice of, or to participate in, the action to which the record date relates, notwithstanding any transfer of shares on the Corporation's books after the record date. This Section 6.4 shall not affect the rights of a shareholder and the shareholder's transferor or transferee as between themselves.

6.5 Registered Shareholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of a share for all purposes, including notices, voting, consents, dividends and distributions, and shall not be bound to recognize any other person's equitable or other claim to interest in such share, regardless of whether it has actual or constructive notice of such claim or interest.

ARTICLE VII -- INDEMNIFICATION

The Corporation shall, to the fullest extent authorized or permitted by the Michigan Business Corporation Act, (a) indemnify any person who was, is, or is threatened to be made, a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was a director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (collectively, "Covered Matters"); and (b) pay or reimburse the reasonable expenses incurred by such person in connection with any Covered Matter in advance of final disposition of such Covered Matter. The Corporation may provide such other indemnification to directors, officers, employees and agents by insurance, contract or otherwise as is permitted by law and authorized by the Board of Directors.

ARTICLE VIII -- GENERAL PROVISIONS

8.1 Checks and Funds. All checks, drafts or demands for money and notes of the Corporation must be signed by such officer or officers or such other person or persons as the Board of Directors from time to time designates. All funds of the Corporation not otherwise employed shall be deposited or used as the Board of Directors from time to time designates.

8.2 Fiscal Year. The fiscal year of the Corporation shall end on December 31 or such other date as the Board of Directors from time to time determines.

8.3 Corporate Seal. The Board of Directors may adopt a corporate seal for the Corporation. The corporate seal, if adopted, shall be circular and contain the name of the Corporation and the words "Corporate Seal Michigan". The seal may be used by causing it or a facsimile of it to be impressed, affixed, reproduced or otherwise.

8.4 Books and Records. The Corporation shall keep within or outside of Michigan books and records of account and minutes of the proceedings of its shareholders, Board of Directors and Board committees, if any. The Corporation shall keep at its registered office or at the office of its transfer agent within or outside of Michigan records containing the names and addresses of all shareholders, the number, class and series of shares held by each and the dates when they respectively became recordholders of shares. Any of such books, records or minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

ARTICLE IX-- AMENDMENTS

These Bylaws may be amended or repealed, or new Bylaws may be adopted, by action of either the shareholders or a majority of the Board of Directors then in office.

The Articles of Incorporation or these Bylaws may from time to time specify particular provisions of the Bylaws which may not be altered or repealed by the Board of Directors.

ARTICLE X -- SCOPE OF BYLAWS

These Bylaws govern the regulation and management of the affairs of the Corporation to the extent that they are consistent with applicable law and the Articles of Incorporation; to the extent they are not consistent, applicable law and the Articles of Incorporation shall govern.

EXHIBIT C

Certificate of Good Standing

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 23rd Day of October, 2006, A. D.

EXECUTIVE SECRETARY

BY: _____

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
1912

UNITED STATES OF AMERICA

The State of Michigan

Michigan Department of Labor & Economic Growth

Lansing, Michigan

This is to Certify That

PULTE HOME CORPORATION

was validly incorporated on January 24, 1985, as a Michigan profit corporation, 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 October, 2006.

Andrew L. Metcalf, Director

Bureau of Commercial Services

GOLD SEAL APPEARS ONLY ON ORIGINAL

$800,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

REGISTRAR'S CERTIFICATE OF COMPLETION AND AUTHENTICATION

The undersigned, an authorized representative of Wells Fargo Bank, N.A., as bond registrar (the "*Bond Registrar*") under the Bond Registrar, Transfer Agent and Paying Agent Contract for Bonds dated as of October 1, 2006 (the "*Bond Registrar Agreement*"), by and between Festival Ranch Community Facilities District (the "*District*") and the Bond Registrar hereby certifies that:

(a) The performance of its duties and obligations under the Bond Registrar Agreement has been duly authorized by all necessary corporate action on the part of the Bond Registrar and under present law does not contravene the Articles of Association or By-Laws of the Bond Registrar 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 Bond Registrar is subject.

(b) By all necessary action, the Bond Registrar has authorized the execution, delivery and due performance by it of the Bond Registrar Agreement 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 September 19, 2006, authorizing the issuance and sale of the Bonds.

(c) Pursuant to the written request and authorization from the District, the Bond Registrar 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 Bond Registrar 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 Bond Registrar demonstrating the authority of the officer executing documents in the name of the Bond Registrar 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 31, 2006

WELLS FARGO BANK, N.A.

By _____
Authorized Representative

SWR:jlu 683213 10/19/06

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	Assistant Vice President	
Kathleen Jakubowicz	Vice President	
Nancy Eatros	Vice President	

IN WITNESS WHEREOF, I have hereunto set my hand this day _____.

Paula N Boemer
Assistant Secretary

$800,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

ACKNOWLEDGEMENT AND REQUEST FOR AUTHENTICATION AND DELIVERY OF BONDS

I, Doug Allen, ex officio Treasurer of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), hereby acknowledge that I 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 2006:

Principal	$800,000.00
Accrued Interest	0.00
Less: Underwriter's Compensation	(30,000.00)
TOTAL	$770,000.00

The undersigned hereby requests that Wells Fargo Bank, N.A., acting as registrar, authenticate $800,000 principal amount of the bonds in the amounts and interest rates and maturing on the dates shown in the Closing Certificate of the District appearing in the transcript in which this certificate is a part and cause the same to be delivered to the Underwriter.

Dated: October 31, 2006

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

By_____

SWR:jlu 683204 10/19/06

** FINAL **

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

Issue:	$800,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006
Bonds Dated:	Date of Delivery (October 31, 2006)
Interest Payment Dates:	January 15 and July 15 of each year, commencing January 15, 2007.
Ratings:	Not Rated
Maturity Dates, Principal Amounts, Interest Rates:	$220,000 4.900% Term Bonds due July 15, 2016 @ 100% $335,000 5.200% Term Bonds due July 15, 2026 @ 100% $245,000 5.300% Term Bonds due July 15, 2031 @ 100%
Mandatory Sinking Fund Redemption:	See Exhibit A
Base CUSIP Number:	315598
Pre-Closing:	Monday, October 30, 2006 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:	Tuesday, October 31, 2006 8:00 A.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
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	$800,000.00
Less: Underwriter's Discount	(30,000.00)
Amount Payable at Closing	$770,000.00

Flow of Funds:

SOURCES OF FUNDS

On the morning of closing, RBC Capital Markets will wire transfer **$770,000.00**, representing the purchase price of the Bonds to:

The Stockmen's Bank
ABA #: 122105045
Account #: 1401011539
Business Name: Town of Buckeye Combined Cash Fund
Attention: Mr. Doug Allen, (623) 386-4691

USES OF FUNDS

$770,000.00 will be deposited to a District account and applied to pay costs of issuance of the Bonds **($65,000.00)** and costs of acquisition and construction of infrastructure **($704,500.00)**.

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 Beth Maloney (312) 559-1602.

Exhibit A

$800,000.00
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2006

Dated: October 31, 2006 Delivery: October 31, 2006

Date	Principal (a)	Coupon	Interest	Total P+I	Fiscal Year Debt Service	CUSIP# (315598)
01/15/2007	-	-	$8,580.21	$8,580.21		
07/15/2007	$30,000.00 (b)	4.900%	20,592.50	50,592.50	$59,172.71	AA0
01/15/2008	-	-	19,857.50	19,857.50		
07/15/2008	15,000.00 (b)	4.900%	19,857.50	34,857.50	54,715.00	AA0
01/15/2009	-	-	19,490.00	19,490.00		
07/15/2009	20,000.00 (b)	4.900%	19,490.00	39,490.00	58,980.00	AA0
01/15/2010	-	-	19,000.00	19,000.00		
07/15/2010	20,000.00 (b)	4.900%	19,000.00	39,000.00	58,000.00	AA0
01/15/2011	-	-	18,510.00	18,510.00		
07/15/2011	20,000.00 (b)	4.900%	18,510.00	38,510.00	57,020.00	AA0
01/15/2012	-	-	18,020.00	18,020.00		
07/15/2012	20,000.00 (b)	4.900%	18,020.00	38,020.00	56,040.00	AA0
01/15/2013	-	-	17,530.00	17,530.00		
07/15/2013	20,000.00 (b)	4.900%	17,530.00	37,530.00	55,060.00	AA0
01/15/2014	-	-	17,040.00	17,040.00		
07/15/2014	25,000.00 (b)	4.900%	17,040.00	42,040.00	59,080.00	AA0
01/15/2015	-	-	16,427.50	16,427.50		
07/15/2015	25,000.00 (b)	4.900%	16,427.50	41,427.50	57,855.00	AA0
01/15/2016	-	-	15,815.00	15,815.00		
07/15/2016	25,000.00 (b)	4.900%	15,815.00	40,815.00	56,630.00	AA0
01/15/2017	-	-	15,202.50	15,202.50		
07/15/2017	25,000.00 (c)	5.200%	15,202.50	40,202.50	55,405.00	AB8
01/15/2018	-	-	14,552.50	14,552.50		
07/15/2018	30,000.00 (c)	5.200%	14,552.50	44,552.50	59,105.00	AB8
01/15/2019	-	-	13,772.50	13,772.50		
07/15/2019	30,000.00 (c)	5.200%	13,772.50	43,772.50	57,545.00	AB8
01/15/2020	-	-	12,992.50	12,992.50		
07/15/2020	30,000.00 (c)	5.200%	12,992.50	42,992.50	55,985.00	AB8
01/15/2021	-	-	12,212.50	12,212.50		
07/15/2021	30,000.00 (c)	5.200%	12,212.50	42,212.50	54,425.00	AB8
01/15/2022	-	-	11,432.50	11,432.50		
07/15/2022	35,000.00 (c)	5.200%	11,432.50	46,432.50	57,865.00	AB8
01/15/2023	-	-	10,522.50	10,522.50		
07/15/2023	35,000.00 (c)	5.200%	10,522.50	45,522.50	56,045.00	AB8
01/15/2024	-	-	9,612.50	9,612.50		
07/15/2024	40,000.00 (c)	5.200%	9,612.50	49,612.50	59,225.00	AB8
01/15/2025	-	-	8,572.50	8,572.50		
07/15/2025	40,000.00 (c)	5.200%	8,572.50	48,572.50	57,145.00	AB8
01/15/2026	-	-	7,532.50	7,532.50		
07/15/2026	40,000.00 (c)	5.200%	7,532.50	47,532.50	55,065.00	AB8
01/15/2027	-	-	6,492.50	6,492.50		
07/15/2027	45,000.00 (d)	5.300%	6,492.50	51,492.50	57,985.00	AC6
01/15/2028	-	-	5,300.00	5,300.00		
07/15/2028	45,000.00 (d)	5.300%	5,300.00	50,300.00	55,600.00	AC6
01/15/2029	-	-	4,107.50	4,107.50		
07/15/2029	50,000.00 (d)	5.300%	4,107.50	54,107.50	58,215.00	AC6
01/15/2030	-	-	2,782.50	2,782.50		
07/15/2030	50,000.00 (d)	5.300%	2,782.50	52,782.50	55,565.00	AC6
01/15/2031	-	-	1,457.50	1,457.50		
07/15/2031	55,000.00 (d)	5.300%	1,457.50	56,457.50	57,915.00	AC6
	$800,000.00		$625,642.71	$1,425,642.71	$1,425,642.71	

(a) The Bonds are subject to optional redemption on July 15, 2016 at a redemption price of 100%.
(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, 2026.
(d) Represents mandatory sinking fund amounts for term bond due July 15, 2031.

EXHIBIT B

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2006

ISSUER

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

Jeanine Guy
Interim District Manager
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UNDERWRITER

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DISTRICT FINANCIAL ADVISOR

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TRUSTEE

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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

$800,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

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 under-writers 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.

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 October 19, 2006, is as follows:

Maturity or Redemption Date (July 15)	Par Amount	Offering Price	Total for Maturity
2007	$30,000	100.00%	$30,000
2008	15,000	100.00%	15,000
2009	20,000	100.00%	20,000
2010	20,000	100.00%	20,000
2011	20,000	100.00%	20,000
2012	20,000	100.00%	20,000
2013	20,000	100.00%	20,000
2014	25,000	100.00%	25,000
2015	25,000	100.00%	25,000
2016*	25,000	100.00%	25,000
2017	25,000	100.00%	25,000
2018	30,000	100.00%	30,000
2019	30,000	100.00%	30,000
2020	30,000	100.00%	30,000
2021	30,000	100.00%	30,000
2022	35,000	100.00%	35,000
2023	35,000	100.00%	35,000
2024	40,000	100.00%	40,000
2025	40,000	100.00%	40,000
2026*	40,000	100.00%	40,000
2027	45,000	100.00%	45,000
2028	45,000	100.00%	45,000
2029	50,000	100.00%	50,000
2030	50,000	100.00%	50,000
2031*	55,000	100.00%	55,000
	TOTAL		$800,000

* Maturity dates of term bonds

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.

SWR:jlu 683237 10/24/06

Based upon the purchase price so certified, the undersigned hereby certifies that the yield on the Bonds is 5.1812%.

DATED: October 31, 2006.

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

By Shawn Malc

SWR:jlu 683237 10/24/06

$800,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

RECEIPT FOR BONDS

On behalf of RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, the purchaser of the $800,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006 (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 executing a Certificate of Sophisticated Municipal Market Professional or Qualified Investors executing a Certificate of Qualified Investor, as such terms are defined in the Resolution, adopted on September 19, 2006 (the "*Resolution*") and will not redeliver the Bonds to any purchaser without receiving an executed Certificate of Sophisticated Municipal Market Professional or an executed Certificate of Qualified Investor, in the forms set forth in the Resolution, from such purchasers.

DATED: October 31, 2006

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

By Shawn Dralle
Authorized Agent

SWR:jlu 683240 10/19/06

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 ARIZONACOUNTY OF MARICOPA
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BOND
SERIES 2006

Number:
R-__

Denomination:
$_____

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
	July 15, 20__	October 31, 2006	315598 ___

Registered Owner: CEDE & CO.

Principal Amount: _____ AND NO/100 DOLLARS ($_____.00)

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) (the "*District*"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

This bond is subject to call for redemption prior to maturity in accordance with the terms hereinafter set forth.

Interest is payable on January 15 and July 15 of each year (each an "*interest payment date*"), commencing January 15, 2007, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months having thirty (30) days each.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed to the registered owner when due at the address shown on the registration books maintained by the registrar at the close of business on the last day or, if not a business day, then the prior business day, of the calendar month next preceding the applicable interest payment date (the "*Record Date*"). The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the paying agent.

SPECIMEN BOND

In the event that interest is not paid on an interest payment date, the registrar shall establish a special record date for the payment of such interest, if and when funds for the payment of such interest have been received. Notice of the special record date and of the scheduled payment date of the past due interest will be sent at least ten (10) days prior to the special record date, to the address of each owner appearing on the registration books of the registrar.

This bond is one of a series of bonds in the aggregate principal amount of $800,000 of like tenor except as to amount and number issued by the District to provide funds to make those certain acquisitions and public improvements approved by a majority vote of qualified electors voting at an election duly called and held in and for the District, pursuant to a resolution of the District Board duly adopted prior to the issuance hereof and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of general obligation bonds, and all amendments thereto, and all other laws of the State of Arizona.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes sufficient for that purpose, the full faith and credit of the District are hereby irrevocably pledged.

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.

Optional Redemption. The Bonds maturing on and after July 15, 2017 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, 2016 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.

Mandatory Redemption. 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
2007	$30,000
2008	15,000
2009	20,000
2010	20,000
2011	20,000
2012	20,000
2013	20,000
2014	25,000
2015	25,000
2016 (maturity)	25,000

The Bonds maturing on July 15, 2026 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	$25,000
2018	30,000
2019	30,000
2020	30,000
2021	30,000
2022	35,000
2023	35,000
2024	40,000
2025	40,000
2026 (maturity)	40,000

SPECIMEN BOND

The Bonds maturing on July 15, 2031 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
2027	$45,000
2028	45,000
2029	50,000
2030	50,000
2031 (maturity)	55,000

Notice of redemption of any bond in advance of maturity will be mailed to the registered owner of the bond or bonds being redeemed at the address shown on the bond register maintained by the registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to properly give notice of redemption shall not affect the redemption of any bond for which notice was properly given. When so called for redemption, the bonds will cease to bear interest on the date fixed for redemption if on that date sufficient funds for such redemption are on deposit at the place of payment.

The registrar and the paying agent on the original issue date is Wells Fargo Bank, N.A., Phoenix, Arizona. The registrar or the paying agent may be changed by the District without notice.

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation on transfer and upon payment of the charges provided in the authorizing resolution. Upon such transfer a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the authorizing resolution. Should this bond be submitted to the registrar for transfer during the period commencing after the close of business on the Record Date and continuing to and including the next subsequent interest payment date, ownership will be transferred in the normal manner but the interest payment will be made payable to and mailed to the registered owner as shown on the registrar's books at the close of business on the Record Date.

The registrar may but need not register the transfer of a bond which has been selected for redemption and need not register the transfer of any bond for a period of fifteen (15) days before a selection of bonds to be redeemed; if the transfer of any bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the bond or bonds.

Bonds of this series are issuable only in fully registered form in the denomination of $25,000 each or integral multiples of $5,000.

Notwithstanding any other provision of this Bond to the contrary, but except as otherwise provided in the Indenture, this Bond is nontransferable unless the transferee or transferees are Sophisticated Municipal Market Participants or Qualified Investors and such Qualified Investor provides the Trustee a completed certificate of qualified investor in the form included in this Bond.

The District, the registrar and the paying agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal, interest and any premium and for all other purposes and none of them shall be affected by any notice to the contrary.

SPECIMEN BOND

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the District for the payment of this bond and of the interest hereon as each becomes due.

The District has caused this bond to be executed by the Chairman of its District Board and attested by its Clerk, which signatures may be manual or by facsimile signatures. This bond is not valid or binding upon the District without the manually affixed signature of an authorized representative of the registrar.

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

_____(facsimile)_____
Chairman

ATTEST:

_____(facsimile)_____
Clerk

AUTHENTICATION CERTIFICATE

This bond is one of the District General Obligation Bonds, Series 2006 described in the resolution mentioned on the reverse hereof. The registrar, acting through its authorized representative, confirms that the registration books kept for and on behalf of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) show the ownership of the above bond as being registered in the name of the owner in the principal amount and with the maturity date all as stated above as of the date of authentication stated above.

DATE OF AUTHENTICATION AND REGISTRATION: October 31, 2006

WELLS FARGO BANK, N.A.,
as registrar

By _____
Authorized Representative

The following abbreviations, when used in the inscription on the face of this 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_____
(Cust) (Minor)
under Uniform Gifts/Transfers to Minors Act_____
(State)

Additional abbreviations may also be used though not in list above

SPECIMEN BOND

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

(Name and Address of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

_____

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____

Firm or Bank

_____

Authorized Signature

The signature(s) should be guaranteed by an eligible guarantor institution pursuant to SEC Rule 17Ad-15

ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR

[The following certificate shall be required only to the extent required by Section 16 of the Resolution.]

["CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL"]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

Wells Fargo Bank, N.A., as Registrar

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) District General Obligation
Bonds, Series 2006

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 October 18, 2006 related to the Bonds.

SPECIMEN BOND

SPECIMEN BOND

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: ____

- -

[The following certificate shall be required only to the extent required by Section 16 of the Resolution.]

["CERTIFICATE OF QUALIFIED INVESTOR"]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Registrar

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) District General Obligation
Bonds, Series 2006

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 Resolution of the addressee District (hereinafter referred to as the "*Issuer*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar 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.

SPECIMEN BOND

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:_____

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.

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)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: Susan Krusko

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 226419**

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 01**

5 City, town, or post office, state, and ZIP code: **Buckeye, Arizona 85326**

6 Date of issue: **October 31, 2006**

7 Name of issue: **District General Obligation Bonds, Series 2006**

8 CUSIP number: **315598 AC6**

9 Name and title of officer or legal representative whom the IRS may call for more information: **Doug 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, Parks**	18	800,000

19 If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐

20 If obligations are in the form of a lease or installment sale, check box ▶ ☐

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	July 15, 2031	$ $800,000	$ $800,000	14.9 years	5.1812 %

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	800,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	95,500		
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	95,500
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	704,500

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years

33 Enter the last date on which the refunded bonds will be called ▶ _____

34 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	
b	Enter the final maturity date of the guaranteed investment contract ▶ _____		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

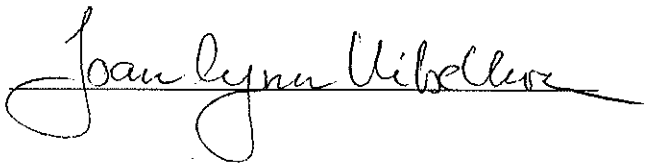
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

▶ Signature of issuer's authorized representative — Date: **October 31, 2006** — ▶ Type or print name and title: **Doug Allen, Treasurer**

$800,000
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Information Return for the above-captioned bond issue addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on November 6, 2006.



SWR:jlu 691011 11/06/06

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 2006	
3. Dated Date: October 31, 2006 Closing Date: October 31, 2006	4. Par Amount: $800,000
5. Overall Interest Rate (TIC OR NIC): 5.4674% (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: $800,000.00	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (principal amount) $800,000.00	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 $800,000
d. Original Issue Price (=) $800,000	12. Available debt limit: not less than $0
e. Underwriter Compensation (Discount) (-) ($30,000)	13. Total amount authorized: $175,000,000
f. Net Proceeds (=) $770,000.00	
14. Remaining authorized amount: $174,200.00	15. If voter authorized, election dates: May 25, 2005

15-18 Please attach 1) a schedule providing a detailed listing of Issue Costs; 2) the Debt Service Schedule; 3) Form 8038; and 4) the Final Official Statement. Please refer to instructions.

Signature

10/26/06
Date

Title, address and phone number

Doug 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.
Corporate Trust Services
100 W. Washington St., 22nd Floor
Phoenix, Arizona 85003
602-378-2337

Political Subdivision Contact
name, address, phone number

Doug Allen, 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 Econometrics Section
1600 W. Monroe
Phoenix, AZ 85007

SWR:jlu 683285 10/19/06

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 2006**

Par Amount: $800,000

Date Closed: October 31, 2006

Mandatory Redemption Date (July 1)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2007	$30,000	4.90%	4.90%	$30,000	0
2008	15,000	4.90%	4.90%	15,000	0
2009	20,000	4.90%	4.90%	20,000	0
2010	20,000	4.90%	4.90%	20,000	0
2011	20,000	4.90%	4.90%	20,000	0
2012	20,000	4.90%	4.90%	20,000	0
2013	20,000	4.90%	4.90%	20,000	0
2014	25,000	4.90%	4.90%	25,000	0
2015	25,000	4.90%	4.90%	25,000	0
2016*	25,000	4.90%	4.90%	25,000	0
2017	25,000	5.20%	5.20%	25,000	0
2018	30,000	5.20%	5.20%	30,000	0
2019	30,000	5.20%	5.20%	30,000	0
2020	30,000	5.20%	5.20%	30,000	0
2021	30,000	5.20%	5.20%	30,000	0
2022	35,000	5.20%	5.20%	35,000	0
2023	35,000	5.20%	5.20%	35,000	0
2024	40,000	5.20%	5.20%	40,000	0
2025	40,000	5.20%	5.20%	40,000	0
2026**	40,000	5.20%	5.20%	40,000	0
2027	45,000	5.30%	5.30%	45,000	0
2028	45,000	5.30%	5.30%	45,000	0
2029	50,000	5.30%	5.30%	50,000	0
2030	50,000	5.30%	5.30%	50,000	0
2031***	55,000	5.30%	5.30%	55,000	0
TOTAL	**$800,000**	**N/A**	**N/A**	**$800,000**	**0**
10e Underwriter's Discount and/or Placement Agent Fee, if any				(30,000)	
10f Net Proceeds (as shown on issuance form)				$770,000	

* Maturity Date of Term Bond 1
** Maturity Date of Term Bond 2
*** Maturity Date of Term Bond 3

Name of Issue: **FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2006**

Costs of Issuance

Underwriter compensation	$30,000.00
Bond counsel fee	30,000.00
Underwriter's counsel fee	20,000.00
Financial advisor fees	5,000.00
Trustee, Registrar, transfer and paying agent fees	4,500.00
Official Statement printing	4,000.00
Miscellaneous	2,000.00
TOTAL	$ 95,500.00

Exhibit A

$800,000.00
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2006

Dated: October 31, 2006 Delivery: October 31, 2006

Date	Principal (a)	Coupon	Interest	Total P+I	Fiscal Year Debt Service	CUSIP# (315598)
01/15/2007	-	-	$8,580.21	$8,580.21		
07/15/2007	$30,000.00 (b)	4.900%	20,592.50	50,592.50	$59,172.71	AA0
01/15/2008	-	-	19,857.50	19,857.50		
07/15/2008	15,000.00 (b)	4.900%	19,857.50	34,857.50	54,715.00	AA0
01/15/2009	-	-	19,490.00	19,490.00		
07/15/2009	20,000.00 (b)	4.900%	19,490.00	39,490.00	58,980.00	AA0
01/15/2010	-	-	19,000.00	19,000.00		
07/15/2010	20,000.00 (b)	4.900%	19,000.00	39,000.00	58,000.00	AA0
01/15/2011	-	-	18,510.00	18,510.00		
07/15/2011	20,000.00 (b)	4.900%	18,510.00	38,510.00	57,020.00	AA0
01/15/2012	-	-	18,020.00	18,020.00		
07/15/2012	20,000.00 (b)	4.900%	18,020.00	38,020.00	56,040.00	AA0
01/15/2013	-	-	17,530.00	17,530.00		
07/15/2013	20,000.00 (b)	4.900%	17,530.00	37,530.00	55,060.00	AA0
01/15/2014	-	-	17,040.00	17,040.00		
07/15/2014	25,000.00 (b)	4.900%	17,040.00	42,040.00	59,080.00	AA0
01/15/2015	-	-	16,427.50	16,427.50		
07/15/2015	25,000.00 (b)	4.900%	16,427.50	41,427.50	57,855.00	AA0
01/15/2016	-	-	15,815.00	15,815.00		
07/15/2016	25,000.00 (b)	4.900%	15,815.00	40,815.00	56,630.00	AA0
01/15/2017	-	-	15,202.50	15,202.50		
07/15/2017	25,000.00 (c)	5.200%	15,202.50	40,202.50	55,405.00	AB8
01/15/2018	-	-	14,552.50	14,552.50		
07/15/2018	30,000.00 (c)	5.200%	14,552.50	44,552.50	59,105.00	AB8
01/15/2019	-	-	13,772.50	13,772.50		
07/15/2019	30,000.00 (c)	5.200%	13,772.50	43,772.50	57,545.00	AB8
01/15/2020	-	-	12,992.50	12,992.50		
07/15/2020	30,000.00 (c)	5.200%	12,992.50	42,992.50	55,985.00	AB8
01/15/2021	-	-	12,212.50	12,212.50		
07/15/2021	30,000.00 (c)	5.200%	12,212.50	42,212.50	54,425.00	AB8
01/15/2022	-	-	11,432.50	11,432.50		
07/15/2022	35,000.00 (c)	5.200%	11,432.50	46,432.50	57,865.00	AB8
01/15/2023	-	-	10,522.50	10,522.50		
07/15/2023	35,000.00 (c)	5.200%	10,522.50	45,522.50	56,045.00	AB8
01/15/2024	-	-	9,612.50	9,612.50		
07/15/2024	40,000.00 (c)	5.200%	9,612.50	49,612.50	59,225.00	AB8
01/15/2025	-	-	8,572.50	8,572.50		
07/15/2025	40,000.00 (c)	5.200%	8,572.50	48,572.50	57,145.00	AB8
01/15/2026	-	-	7,532.50	7,532.50		
07/15/2026	40,000.00 (c)	5.200%	7,532.50	47,532.50	55,065.00	AB8
01/15/2027	-	-	6,492.50	6,492.50		
07/15/2027	45,000.00 (d)	5.300%	6,492.50	51,492.50	57,985.00	AC6
01/15/2028	-	-	5,300.00	5,300.00		
07/15/2028	45,000.00 (d)	5.300%	5,300.00	50,300.00	55,600.00	AC6
01/15/2029	-	-	4,107.50	4,107.50		
07/15/2029	50,000.00 (d)	5.300%	4,107.50	54,107.50	58,215.00	AC6
01/15/2030	-	-	2,782.50	2,782.50		
07/15/2030	50,000.00 (d)	5.300%	2,782.50	52,782.50	55,565.00	AC6
01/15/2031	-	-	1,457.50	1,457.50		
07/15/2031	55,000.00 (d)	5.300%	1,457.50	56,457.50	57,915.00	AC6
	$800,000.00		$625,642.71	$1,425,642.71	$1,425,642.71	

(a) The Bonds are subject to optional redemption on July 15, 2016 at a redemption price of 100%.
(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, 2026.
(d) Represents mandatory sinking fund amounts for term bond due July 15, 2031.

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

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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 : 226419**

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 01**

5 City, town, or post office, state, and ZIP code: **Buckeye, Arizona 85326**

6 Date of issue: **October 31, 2006**

7 Name of issue: **District General Obligation Bonds, Series 2006**

8 CUSIP number: **315598 AC6**

9 Name and title of officer or legal representative whom the IRS may call for more information: **Doug Allen, Treasurer**

10 Telephone number of officer or legal representative: **(623) 386-4691**

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12	☐ Health and hospital	12	
13	☐ Transportation	13	
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17	☐ Utilities	17	
18	☑ Other. Describe ▶ **Public Infrastructure: Roads, Utilities, Drainage, Parks**	18	800,000
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
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22	Proceeds used for accrued interest			22	0
23	Issue price of entire issue (enter amount from line 21, column (b))			23	800,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	95,500		
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	95,500
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	704,500

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years

33 Enter the last date on which the refunded bonds will be called ▶ _____

34 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	
b	Enter the final maturity date of the guaranteed investment contract ▶ _____		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of issuer's authorized representative — Date: **October 31, 2006** — Type or print name and title: **Doug Allen, Treasurer**

For Paperwork Reduction Act Notice, see page 2 of the Instructions.

Cat. No. 63773S Form **8038-G** (Rev. 11-2000)

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 2006 will not exceed $10,000,000. See "QUALIFIED TAX EXEMPT OBLIGATIONS" herein.

$800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2006

DATED: Date of Initial Delivery **DUE: As shown below**

The Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006 (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 $25,000 of principal amount or integral multiples of $5,000 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, 2007. 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 a resolution of the District Board of the District. The Bonds will be payable as to both principal and interest from ad valorem property 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 31, 2006.

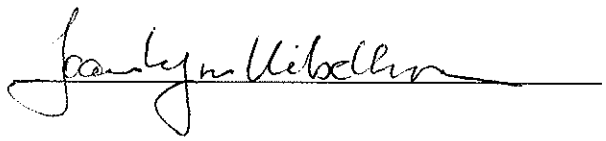
RBC CAPITAL MARKETS

October 19, 2006

$800,000
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2006

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Report of Bond and Security Issuance for the above-captioned bond issue addressed to the Arizona Department of Revenue, Econometrics Section, 1600 West Monroe, 9th Floor, Phoenix, Arizona 85007, on November 6, 2006.



SWR:jlu 691013 11/06/06

Cusip 315598AB8

1101-2201771

25,000

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $. 25,000 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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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, 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]

James R. Caffrey

By Judith R. Caffrey

Printed Name:.....

Title:.....

O. Robert Gore

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SAMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $2,5,955 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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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

TOTAL P.004

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 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:.....

Franking

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-ERISA)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds; Series 2006

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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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

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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, 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.

x .....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

1101- 83085619

cusip 315598 AA0

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $.25,000, 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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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

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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 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: Martha Davis TTEE

Printed Name: Martha Davis

Title: .....

cusip # 315598AA0 25,000

1101-54975574

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $25,000., 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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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, 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.

Dennis Hagarty
[PURCHASER]

By Dennis Hagarty
Printed Name: DENNIS HAGARTY
Title: TRUSTEE

ANTRAM

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-BOND)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $50,000, 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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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

10/27/06

1661691531 P.002

1661691531 P.002

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

10/27/06

TOTAL P.004

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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:...ADEL ANTOUN...

Title:.....M.D.....

10/27/06

1101-24721056

2006 OCT 26 P 2:34

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $25,000., 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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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, 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]

10-21-06

By

Printed Name: WM. E. INGRAM

Title: TRUSTEE

22017688

25M

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

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22017688

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(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;

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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

22-017688

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 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]

X [signature] 10-22-2006

By X Rosalie Rosoff 10-22-2006

Printed Name:.....

Title:.....

1101-21794416

25M

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $25,000...., 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.

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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;

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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.

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.....
[PURCHASER]

X James D. Chambley

By X James D. Chambley

Printed Name:.....

Title:.....

6685-3308

Pollack Pam LLC

Phoy

2006 OCT 25 A 6:00

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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, 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: Pollack Family LLC
Printed Name: Elliott D. Pollack
Title: MANAGER

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $25,000., 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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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 Advisors 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, 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.

★ Gerald J. Patenberg
(PURCHASER)

By.....

Printed Name: Gerald Patenberg

Title:.....

C-1-3

TOTAL P.004

APPENDIX C-2

FORM OF INVESTOR LETTER (SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $.195,000., 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 ....., 2006, 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.

Oppenheimer Arizona Municipal Fund
[PURCHASER]

By Scott Cottier

Printed Name: Scott Cottier

Title: V.P. Portfolio Manager

1101-65215832

#315598AB8

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-DTC)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

.....; as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 "*Bond*"), such Bond, or beneficial interest therein, being in the original aggregate principal amount of $ 25,000 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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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, 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.

Robert Pennington
[PURCHASER]

By: (X) R.C. Pennington

Printed Name:.....

Title:.....

Fiore

1101-59003548

cusip # 315598AA0

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $25,000, 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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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, 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]

X [signature]

By X [signature]

Printed Name:.....

Title:.....

Katherine Brigham Trust

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $.65,000., 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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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

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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

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, 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.

Katherine Brigham Trust
[PURCHASER]

By: Eugene F. Brigham

Printed Name: EUGENE F. BRIGHAM

Title: Trustee

Laura Brigham Trust

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

....., as Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 $.70,000.., 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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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

2006 NOV 6 AM 8:37

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, 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.

...Laura Brigham Trust.....
[PURCHASER]

By. Eugene F. Brigham.....
Printed Name: EUGENE F. BRIGHAM
Title:...Trustee.....

TOTAL P.007

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 2006 will not exceed $10,000,000. See "QUALIFIED TAX EXEMPT OBLIGATIONS" herein.

$800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2006

DATED: Date of Initial Delivery **DUE: As shown below**

The Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006 (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 $25,000 of principal amount or integral multiples of $5,000 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, 2007. 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 a resolution of the District Board of the District. The Bonds will be payable as to both principal and interest from ad valorem property 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 31, 2006.

RBC CAPITAL MARKETS

October 19, 2006

MATURITY SCHEDULE

$220,000 Term Bonds @ 4.9% Due July 15, 2016 - Price 100%

$335,000 Term Bonds @ 5.2% Due July 15, 2026 - Price 100%

$245,000 Term Bonds @ 5.3% Due July 15, 2031 - 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

Jeanine Guy, Interim District Manager
Doug Allen, C.P.A., District Treasurer
Linda Garrison, District Clerk

Registrar, Transfer Agent and Paying Agent

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 BOND RESOLUTION, THE SECURITY FOR THE BONDS, THE DISTRICT AND 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 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" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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

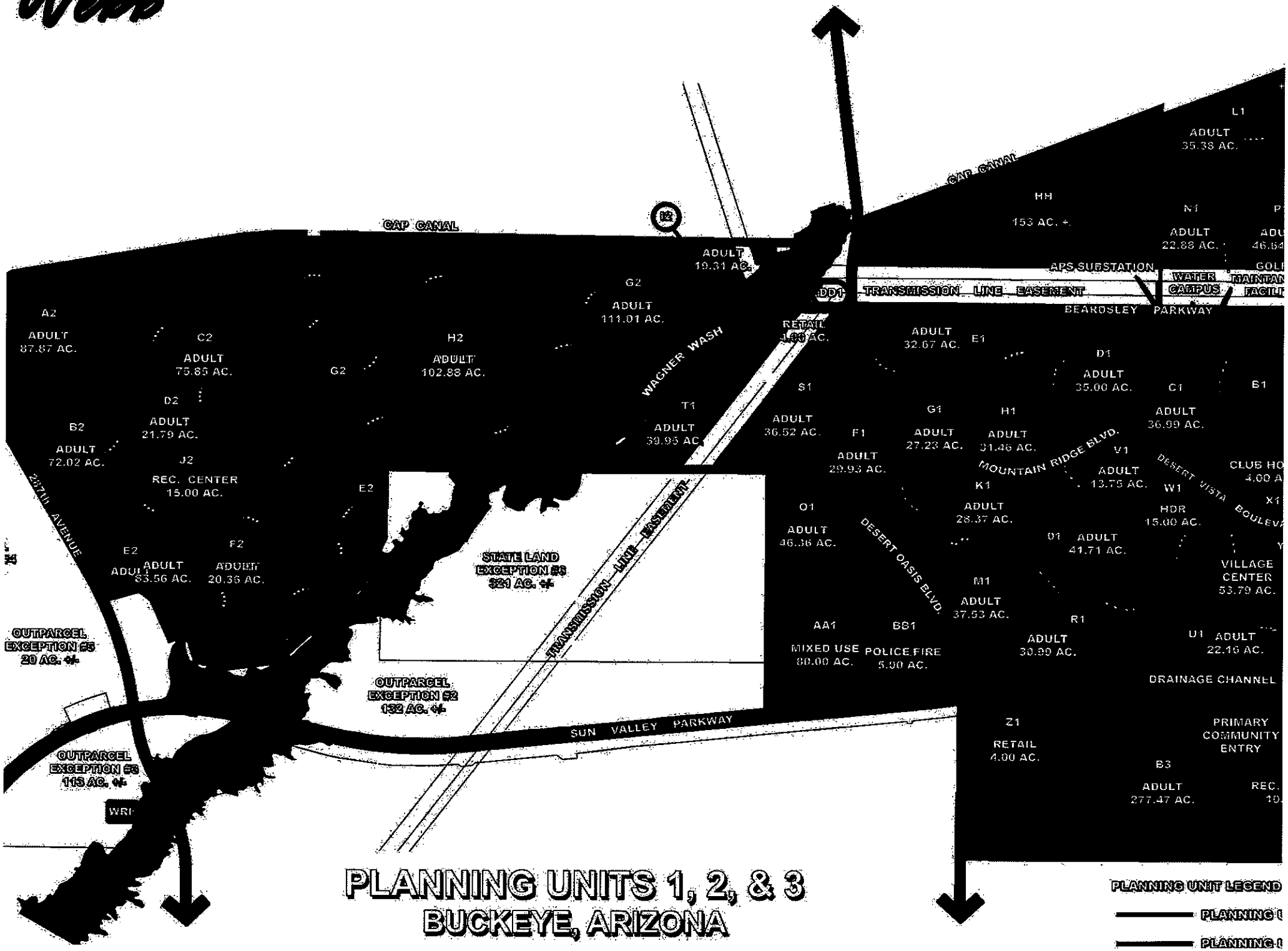
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1

LOCATION MAP

COE & VAN LOO

MAP SHOWING LOCATION OF THE DISTRICT AND FESTIVAL RANCH
IN CONTEXT OF SURROUNDING AREA

Webb



PLANNING UNITS 1, 2, & 3
BUCKEYE, ARIZONA

$800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2006

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 2006 (the "Bonds"), in the aggregate principal amount of $800,000.

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 (ii) and (iii) 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 September 19, 2006 (the "Bond Resolution"). The Bonds will be the first series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, $174,200,000 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 approximately 11,120 linear feet of trunk sewer lines from the Owner and to pay the costs of issuance of the Bonds. Such infrastructure is expected to be completed by October 2006 and will be dedicated to the Town upon completion.

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 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, 2007 (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.

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 $25,000 of principal amount or integral multiples of $5,000 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, 2017, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2016, 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 2016	
2007	$30,000
2008	15,000
2009	20,000
2010	20,000
2011	20,000
2012	20,000
2013	20,000
2014	25,000
2015	25,000
Term Bond Maturing 2026	
2017	$25,000
2018	30,000
2019	30,000
2020	30,000
2021	30,000
2022	35,000
2023	35,000
2024	40,000
2025	40,000
Term Bond Maturing 2031	
2027	$45,000
2028	45,000
2029	50,000
2030	50,000

Whenever Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the registrar, transfer agent and paying agent for the Bonds (the "Registrar/Paying Agent") 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 Registrar/Paying Agent, 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 available, 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 Bond Resolution 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 applicable law, 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* property 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, 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) and will be kept separately from other funds of the District. With respect to *ad valorem* property taxes, 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. 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 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). For tax year 2006, there is an additional restriction imposed by the Legislature. This limits the 2006 primary property tax levy to 102 percent (plus new construction) of the 2005 actual primary property tax levy, instead of being limited to 102 percent of the 2005 constitutional maximum levy. 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 2006-07 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)	24.5%
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 2006-07, the first $59,099 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 24.5% or 16% as applicable. The assessment ratio for mining, utility, commercial and industrial property is being reduced, starting at 25%, by one half of one percent annually through 2014, resulting in an assessment ratio of 20% from and after December 31, 2014.

(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. 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.

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
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 year 2006-07 for the District by property classifications:

TABLE 3

Legal Class	Description	2006-07	2006-07 Percent of Total
2	Agricultural & Vacant	$2,099,913	100.00%
3	Residential (owner occupied)	-	-
4	Residential (rental occupied)	-	- %
	Total	$2,099,913	100.00%

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 2006-07 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	2006-07 Net Secondary Assessed Valuation	As Percent of District's 2006-07 Net Secondary Assessed Valuation
Pulte(a)	$2,095,448	99.79%
Ten Thousand West LLC	4,465	0.21

(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 first tax year in which it will levy taxes.

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
2006-07	$69,297	-	-	$ 0	0%

(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 September 30, 2006. The next installment of taxes will be due October 1, 2006, but is not delinquent until November 1, 2006.

Source: Maricopa County Treasurer's Office

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 6

Fiscal Year	Debt Service Requirements for the Bonds		Total Debt Service Requirements for the Bonds(d)
	Principal	Interest	
2007	$ 30,000(a)	29,173	59,173
2008	15,000(a)	39,715	54,715
2009	20,000(a)	38,980	58,980
2010	20,000(a)	38,000	58,000
2011	20,000(a)	37,020	57,020
2012	20,000(a)	36,040	56,040
2013	20,000(a)	35,060	55,060
2014	25,000(a)	34,080	59,080
2015	25,000(a)	32,855	57,855
2016	25,000	31,630	56,630
2017	25,000(b)	30,405	55,405
2018	30,000(b)	29,105	59,105
2019	30,000(b)	27,545	57,545
2020	30,000(b)	25,985	55,985
2021	30,000(b)	24,425	54,425
2022	35,000(b)	22,865	57,865
2023	35,000(b)	21,045	56,045
2024	40,000(b)	19,225	59,225
2025	40,000(b)	17,145	57,145
2026	40,000	15,065	55,065
2027	45,000(c)	12,985	57,985
2028	45,000(c)	10,600	55,600
2029	50,000(c)	8,215	58,215
2030	50,000(c)	5,565	55,565
2031	55,000	2,915	57,915
Total	$800,000	$625,643	$1,425,643

(a) Represents mandatory sinking fund amounts for term bond due July 15, 2016.

(b) Represents mandatory sinking fund amounts for term bond due July 15, 2026.

(c) Represents mandatory sinking fund amounts for term bond due July 15, 2031.

(d) 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 7

Direct and Overlapping Jurisdiction	2006-2007 Secondary Assessed Valuation	Net Outstanding Bonded Debt(a)	Proportion Applicable to the District Based on Assessed Valuation		2006-2007 Combined Tax Rate Per $100 Assessed(b)
			Approx. Percent	Net Amount	
State of Arizona	$54,436,547,031	None	0.00%	None	$0.0000
Maricopa County(d)	36,294,693,601	None	0.00	None	1.6800(c)
Maricopa County Community College District(e)	36,294,693,601	$369,320,000	0.01	$36,932	1.0646
Western Maricopa Education Center	12,801,623,379	None	0.02	0	0.0500
Wickenburg Unified School District No. 9	120,533,790	20,995,000	1.74	365,313	5.7482
Town of Buckeye (f)	193,594,069	605,000	1.08	6,534	1.3371
The District	2,099,913	800,000	100.00	800,000	3.3000
Total Net Direct and Overlapping General Obligation Bonded Debt				$1,208,779	$13.1299

(a) This table includes general obligation bonds outstanding and general obligation bonds scheduled for sale as of October 1, 2006. 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 twelve 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 $0.1200 tax rate of the Central Arizona Water Conservation District, the $0.2047 tax rate of the Maricopa County Flood Control District, the $0.0507 tax rate of the County Free Library, the $0.1184 tax rate of the Maricopa District, the $0.0068 tax rate of the County Fire District contribution and the $1.1794 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 Maricopa County, Arizona certificates of participation outstanding in the aggregate principal amount of $4,715,000 or lease revenue bonds issued by the Maricopa County Public Finance Corporation in the aggregate principal amount of $82,325,000. Does not include County Stadium District revenue bonds outstanding in the aggregate principal amount of $50,050,000.

(e) Does not include Maricopa County Community College District revenue bonds outstanding in the aggregate principal amount of $20,605,000.

(f) Does not include excise tax obligations of the Town outstanding in the aggregate principal amount of $26,490,000.

Additional General Obligation Bonded Indebtedness of the District

In addition to 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 $174,200,000 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, 2006:

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 ") is assessed to pay debt service on the Series 2005 Assessment Bonds. The public infrastructure was composed of more than 34,000 linear feet of local roadways in the First Assessment Area which are expected to cost more than $4,600,000 and to all be completed by May 2007. The total estimated cost of such public infrastructure is greater than the amount to be available from proceeds of the sale of the Series 2005 Assessment Bonds; the balance of the cost of the Public Infrastructure will be paid by the Owner. The District is expected to sell Assessment District No. 2 Special Assessment Revenue Bonds, Series 2006 (the "Series 2006 Assessment Bonds") in aggregate principal amount of approximately $958,000 to finance a subsequent portion of public infrastructure for such development as early as December 2006. Approximately 165.5 acres of land within the District will be assessed to pay debt service on the Series 2006 Assessment Bonds. 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.

In General

The District as 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. (See maps 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 ("CMP") adopted by the Town in October of 2000. An Area Plan for Festival Ranch was adopted by the Town in June of 1997.

Festival Ranch is also the subject of a Development Agreement, dated October 4, 2000 (the "Land Development Agreement"), which addresses the rights of the Owner to develop the property as provided in and subject to the conditions of such agreement. (The Land Development Agreement has been modified by way of a single recorded amendment.) The Land Development Agreement addresses various

issues often times made the subject of development agreements in Arizona, such as, among other things Town services, reimbursements to the Owner for certain public infrastructure, the Town's processing of plans and permits, and public bidding. The Land Development Agreement, as amended, also addresses the legal right to obtain and legal obligation to provide potable water and the required capital and operations contributions to the Town for water, sewer, police and fire services within the District. Police, fire and sanitation services are provided to the District by the Town. The Owner is obligated to assist in the funding of certain capital and operational costs associated with the provision of water, sewer, police and fire protection within the District.

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.

Infrastructure Development

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 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 is to be substantially completed by October 2006. The approval to commence operations is anticipated to be received by October 2006. Stipulations of the approval will 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.

The Town is not designated as having an assured water supply pursuant to applicable Arizona law. An assured water supply means 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 the Arizona Department of Water Resources ("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. An "analysis of assured water supply" approved by ADWR was obtained by the Owner. On November 23, 2004, the Owner received the certificate of assured water supply for the property in the District owned by it (including that within the First Assessment Area). Until such time as ADWR designates the Town as having an assured water supply, the Owner must seek and obtain certificates of assured water supply in accordance with applicable Arizona law as a prerequisite for subdividing and developing areas within the District, which it has done with respect to approximately 3,985 lots. The Town has agreed to take all reasonable steps to assist the Owner in connection with

applications for certificates of assured water supply 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, which can be terminated or modified by ADWR should circumstances warrant, is a necessary condition to the ability of the Owner to plat, construct and sell homes within the related area of the District.

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. In order to subdivide and sell lots, owners of property in the District must obtain a Certificate of Assured Water Supply ("Certificate") from the Arizona Department of Water Resources ("ADWR"). Obtaining the Certificate requires, among other things, a hydrology study supporting a determination that sufficient water is available for the developed use of the property for at least 100 years.

On January 22, 2004, ADWR issued an Analysis of Assured Water Supply (the "Analysis") for the property within the District. In the Analysis, ADWR determined that 7,690 acre feet per year of groundwater will be physically available, which is equivalent to the projected build-out demands for the development. The proposed development evaluated by ADWR includes 3,208 single-family residential lots, 9,018 active adult single-family residential lots, 1,450 multi-family residential units and 1,122 nonresidential acres containing commercial areas, a hospital, schools, parks, rights-of-way, a community center, easements and three golf courses.

The Analysis is used in support of applications for the Certificates. With respect to the property covered by the Analysis, two Certificates have been issued by ADWR. The first was issued November 23, 2004, for 3,473 lots, with an estimated water demand of 2,130.14 acre feet per year. The second was issued May 7, 2006, for 819 lots, with an estimated water demand of 608.72 acre feet per year.

Based upon the foregoing, approximately 35 percent (4,292 lots of 12,226 total lots) of the lots within the District have received the necessary Certificates. Applications for Certificates for the remainder of the property within the District have not yet been made.

Maintaining sufficient water supplies in the Lower Hassayampa Groundwater Sub-Basin may require efforts to supplement the groundwater supply through purchase of water for use or recharge and through recharge and reuse of treated effluent, all at levels greater than currently in place.

Failure to maintain sufficient supplies may prevent further development in the Lower Hassayampa Groundwater Sub-Basin from obtaining the necessary Certificates. ADWR may revoke a Certificate if an

assured water supply does not exist, but cannot revoke a Certificate if any of the residential lots within the plat have been sold. As to the Certificate issued November 23, 2004, for 3,473 lots, at least one lot has been sold. Loss of, or inability to obtain, necessary Certificates may have adverse effects. See "RISK FACTORS - Completion of the Public Infrastructure and the Other Infrastructure."

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 Festival Foothills traditional subdivisions, and are anticipated to be open to student enrollment in the 2007/2008 school year.

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: 20,500 lineal feet of trunk sewer from the water reclamation facility and within the first planning unit have been installed, 21,400 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, and on Desert Vista Boulevard from Canyon Springs Boulevard to Beardsley Parkway have been installed. The Owner has received construction drawing approval for Beardsley Parkway from Canyon Springs Boulevard to Desert Vista 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 2006 and June 2007. The Owner has publicly bid the improvements outlined above and anticipates that these improvements will be included in future bond offerings by the District.

Mass grading operations have been completed on approximately 1,100 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 under construction and scheduled for completion by February 2007. Installation of sewer, water, storm drain, concrete, paving and dry utilities within planning unit one, which will serve 408 lots, is substantially complete. The Owner anticipates receiving certificates of occupancy and closing homes beginning 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. Construction of the permanent facility is currently scheduled for 2008.

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 5,060 to 8,800 square feet; homes will be base priced from $180,000 to over $360,000. 387 homes have been built in the First Assessment Area; 15 of such homes have been sold to third party homeowners and 349 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	$800,000
Total	$800,000
Applications	
Costs of Acquisition	$704,500
Costs of Issuance (including Original Purchaser's Compensation)	95,500
Total	$800,000

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 such as "Growing Smarter" described below. (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. For instance, "Growing Smarter" could be a factor in this regard. 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.

During 1998, the Arizona Legislature promulgated the "Growing Smarter Act of 1998" and then in 2000 "Growing Smarter Plus" (collectively "Growing Smarter") which created new planning

requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Fast-growing communities like the Town must plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is required. To pay for growth, communities are permitted to establish service area limits, beyond which new growth pays the full cost for services. Pursuant to Growing Smarter, the Town is required to submit its general plan to the voters for ratification. (The Town has not yet submitted a plan to the electorate but plans to do so within the next two years.) Every 10 years, voters will have the final say over general planning in their communities. It is unclear at this time how Growing Smarter will affect development activity in the State and particularly the Town and the District in the future.

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 including the Assessment Area is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See "Direct and Overlapping Indebtedness."

Completion of the Public Infrastructure and the Other Infrastructure

The construction of infrastructure for development of the land in the District is not yet complete. See "LAND DEVELOPMENT." 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 "LAND DEVELOPMENT - Infrastructure Development." 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 in the First Assessment Area, the assessment for the Series 2005 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

The payment of the ad valorem taxes securing the Bonds and the ability of the District to foreclose the lien of delinquent unpaid ad valorem taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona

relating to judicial foreclosure. Although bankruptcy proceedings would not cause the ad valorem taxes securing the Bonds to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Bonds.

In addition, the various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) 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 of development and construction. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, the Owner anticipates that there may be significant changes to the agreements and contracts summarized in this 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 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 Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The opinion of Bond Counsel assumes continuing compliance with such restrictions, conditions and requirements.

The Code also imposes an "alternative minimum tax" ("AMT") upon certain corporations and individuals. The AMT is equal to the excess (if any) of a taxpayer's "tentative minimum tax" for a taxable year over its regular income tax liability for the taxable year. The tentative minimum tax is based upon a taxpayer's "alternative minimum taxable income" ("AMTI"). A taxpayer's AMTI is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMT of individuals or corporations.

Notwithstanding the preceding sentence, included in the adjustments of AMTI for corporations is an adjustment increasing the corporation's AMTI by seventy-five percent (75%) of the excess (if any) of the corporation's "adjusted current earnings" over the corporation's AMTI for the taxable year (determined without regard to such adjustment for excess adjusted current earnings and the alternative tax net operating loss deduction). A corporation's "adjusted current earnings" includes all tax-exempt interest, including the interest on the Bonds.

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded

from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Bonds, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective Bondholder. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such tax consequences.

The Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

Under existing federal tax law, if the Bonds are determined to be invalid for failure to comply with a substantive or procedural requirement of local law, the Bonds will be deemed not to be an obligation of the District and interest thereon will not be excludable from gross income for federal income tax purposes. The Bonds do not provide for an adjustment in interest rate or yield in the event of taxability, and an event of taxability does not cause an acceleration of the principal of the Bonds.

From time to time, there are legislative proposals in Congress which, if enacted could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District 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 2006, 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 $770,000 (reflecting the aggregate principal amount of the Bonds, less compensation of the Underwriter of $30,000). 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 only other continuing disclosure undertaking entered into by it for purposes of the Rule, which was with respect to the Series 2005 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

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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 240 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
2005*	25,406*	3,700,516*	6,044,785**
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

*Based on 2005 Special Census.
**Estimate as of July 1, 2005.

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 principal economic activity for the Town and outlying areas of the Town is agriculture. Part of the Town's agricultural production includes Pima cotton which is processed in local cotton gins and exported worldwide. 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. 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
2006(a)	4.7%	4.4%	3.7%	4.7%
2005	5.1	4.7	4.1	5.2
2004	5.5	5.0	4.4	5.6
2003	6.0	5.7	5.2	6.7
2002	5.8	6.1	5.6	7.1
2001	4.7	4.7	4.2	5.3

(a) Data through August 2006.

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	1,400
Wal-Mart Distribution Center	Retail Warehouse	1,120
Liberty Elementary School District No. 25	Education	340
CMH Manufacturing dba Schult Homes, Inc.	Mobile Homes	315
Buckeye Elementary School District No. 33	Education	280
Buckeye Union High School District No. 201	Education	245
Town of Buckeye	Government	220
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(a)
Mining and Construction	$ 125,700	$ 128,900	$ 140,900	$ 163,100	$ 180,700
Manufacturing	135,000	128,300	129,000	132,200	133,200
Trade, Transportation, and Utilities	319,000	321,500	333,200	354,500	369,800
Information	39,100	37,200	34,300	32,900	32,200
Financial Activities	130,400	132,900	137,700	145,600	150,100
Professional and Business Services	250,300	255,600	270,800	295,900	316,200
Educational and Health Services	149,600	156,700	169,600	178,900	185,500
Leisure and Hospitality	150,500	152,900	158,300	165,800	173,700
Other Services	60,400	61,300	62,900	65,500	67,900
Government	197,100	200,600	204,500	208,800	206,700
Total	$1,557,100	$1,575,900	$1,643,204	$1,745,205	$1,816,000

(a) Data through August 2006.

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(a)	$13,159,063
2004-05(b)	8,221,207
2003-04	4,648,570
2002-03	2,776,931
2001-02	1,676,502
2000-01	1,411,865

(a) Projected.

(b) Unaudited.

Source: Town of Buckeye, Finance Department.

Agriculture

The Town includes and is surrounded by farmland on which a variety of agricultural products are grown and vacant desert. The main income crops grown within the Town and the surrounding area include cotton, vegetables, alfalfa, citrus and grains. While no figures are available for acreages or dollar amounts of individual crops grown within the Town, the following statistics show total cash receipts for the area encompassing the County.

Maricopa County
Cash Receipts from Agricultural Marketings
(Total Crops and Livestock)
($ in 000's)

Year	Total Receipts
2004	$1,022,736
2003	886,112
2002	958,206
2001	886,169
2000	818,160

Source: *Arizona Agricultural Statistics*, Arizona Crop and Livestock Reporting Service.

Educational Facilities

Elementary and high school education is available through the Buckeye Elementary School District No. 33, Liberty Elementary School District No. 25 and the Buckeye High School District No. 201, 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
2005	$51,138
2004	42,872
2003	38,776
2002	33,040
2001	33,467

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
2006(a)	$162,418	$ 473	$13,921	$176,812
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
2001	N/R	N/R	N/R	N/R

N/R = No Report

(a) Data through June 2006.
(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
2006(a)	1,655
2005(b)	4,219
2004	2,986
2003(b)	570
2002(b)	100
2001	N/R

N/R = No Report

(a) Data through June 2006.
(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 2006

At your request we have examined the official proceedings leading to the issuance of $800,000 aggregate principal amount of District General Obligation Bonds, Series 2006, 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. 06-....., passed and adopted by the District Board on September 19, 2006 (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.

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 Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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, 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 Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 ....., 2006, 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 Registrar/Paying Agent 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 Registrar/Paying Agent, 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 Registrar/Paying Agent, 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 Registrar/Paying Agent, 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 Registrar/Paying Agent. 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

$800,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2006

(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 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

FT Interactive Data
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, 2008, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

(ii) ***IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.***

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES 2, 3, 4 and 5 of the Limited Offering Memorandum, dated October 19, 2006, 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

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion, amendment or other change without any notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Limited Offering Memorandum is delivered in final form. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY LIMITED OFFERING MEMORANDUM, DATED OCTOBER 12, 2006

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 2006 will not exceed $10,000,000. See "QUALIFIED TAX EXEMPT OBLIGATIONS" herein.

$760,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2006

DATED: Date of Initial Delivery **DUE: As shown below**

The Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006 (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 $25,000 of principal amount or integral multiples of $5,000 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, 2007. 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 a resolution of the District Board of the District. The Bonds will be payable as to both principal and interest from ad valorem property 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 31, 2006.

RBC CAPITAL MARKETS

_____, 2006

*Subject to change

MATURITY SCHEDULE*

$195,000 Term Bonds @____% Due July 15, 2016 - Price ___%
$320,000 Term Bonds @____% Due July 15, 2026 - Price ___%
$245,000 Term Bonds @____% Due July 15, 2031 - 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

Jeanine Guy, Interim District Manager
Doug Allen, C.P.A., District Treasurer
Linda Garrison, District Clerk

Registrar, Transfer Agent and Paying Agent

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 BOND RESOLUTION, THE SECURITY FOR THE BONDS, THE DISTRICT AND 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 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" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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

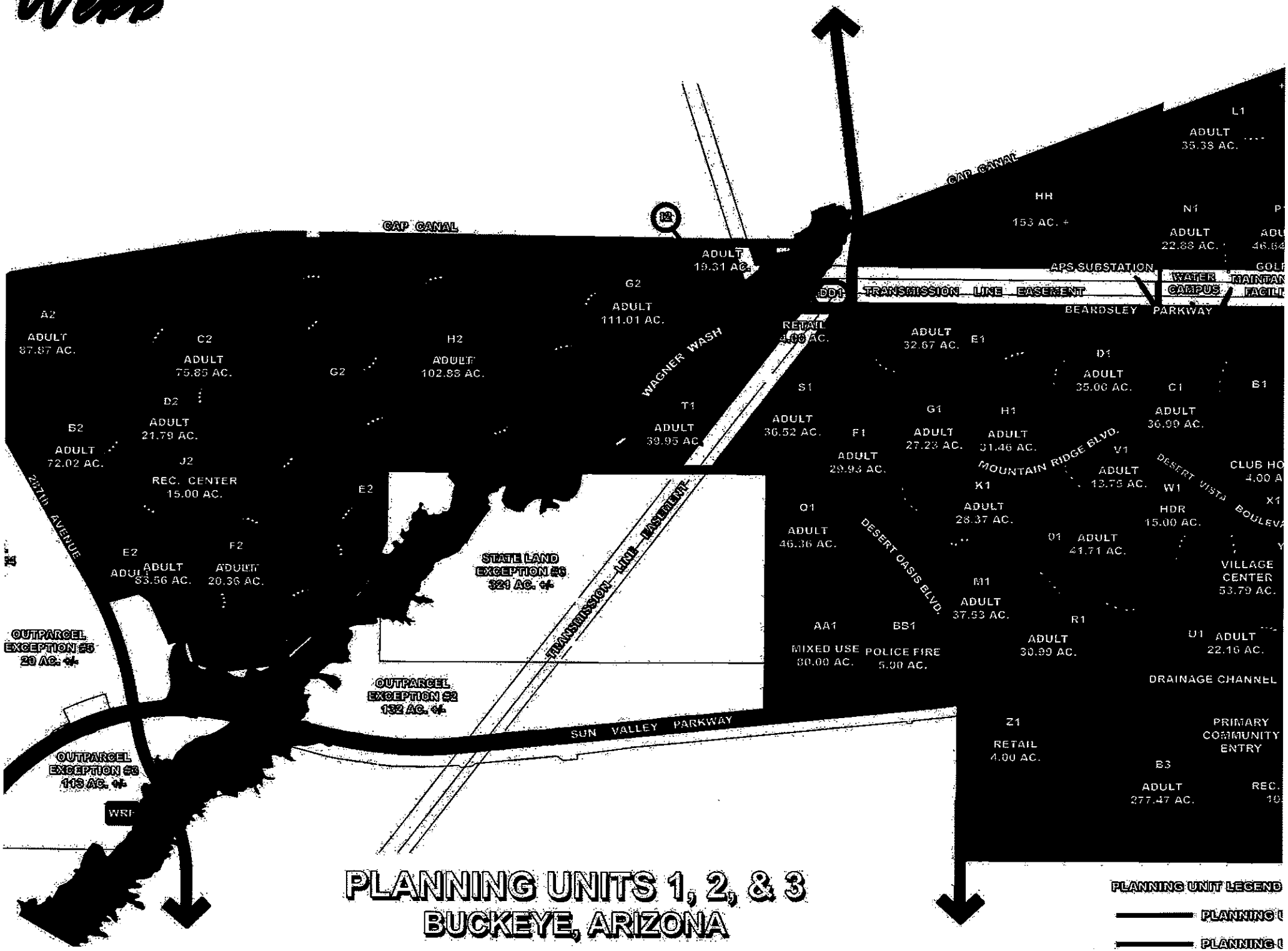
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1

LOCATION MAP

CDE & VAN LOO

MAP SHOWING LOCATION OF THE DISTRICT AND FESTIVAL RANCH
IN CONTEXT OF SURROUNDING AREA

Webb™



PLANNING UNITS 1, 2, & 3
BUCKEYE, ARIZONA

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$760,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2006

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 2006 (the "Bonds"), in the aggregate principal amount of $760,000*.

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 (ii) and (iii) 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 September 19, 2006 (the "Bond Resolution"). The Bonds will be the first series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, $174,240,000* 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 approximately 11,120 linear feet of trunk sewer lines from the Owner and to pay the costs of issuance of the Bonds. Such infrastructure is expected to be completed by October 2006 and will be dedicated to the Town upon completion.

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 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, 2007 (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.

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 $25,000 of principal amount or integral multiples of $5,000 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."

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*Subject to change.

Redemption Provisions

*Optional Redemption.** The Bonds maturing on and after July 15, 2017, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2016, 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 2016	
2007	$25,000
2008	15,000
2009	15,000
2010	15,000
2011	20,000
2012	20,000
2013	20,000
2014	20,000
2015	20,000
Term Bond Maturing 2026	
2017	$25,000
2018	25,000
2019	25,000
2020	30,000
2021	30,000
2022	35,000
2023	35,000
2024	35,000
2025	40,000
Term Bond Maturing 2031	
2027	$45,000
2028	45,000
2029	50,000
2030	50,000

Whenever Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the registrar, transfer agent and paying agent for the Bonds (the "Registrar/Paying Agent") 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

*Subject to change.

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 Registrar/Paying Agent, 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 available, 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 Bond Resolution 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 applicable law, 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* property 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, 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) and will be kept separately from other funds of the District. With respect to *ad valorem* property taxes, 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. 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 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). For tax year 2006, there is an additional restriction imposed by the Legislature. This limits the 2006 primary property tax levy to 102 percent (plus new construction) of the 2005 actual primary property tax levy, instead of being limited to 102 percent of the 2005 constitutional maximum levy. 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 2006-07 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)	24.5%
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 2006-07, the first $59,099 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 24.5% or 16% as applicable. The assessment ratio for mining, utility, commercial and industrial property is being reduced, starting at 25%, by one half of one percent annually through 2014, resulting in an assessment ratio of 20% from and after December 31, 2014.

(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. 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.

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
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 year 2006-07 for the District by property classifications:

TABLE 3

Legal Class	Description	2006-07	2006-07 Percent of Total
2	Agricultural & Vacant	$2,099,913	100.00%
3	Residential (owner occupied)		-
4	Residential (rental occupied)	-	%
	Total	$2,099,913	100.00%

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 2006-07 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	2006-07 Net Secondary Assessed Valuation	As Percent of District's 2006-07 Net Secondary Assessed Valuation
Pulte(a)	$2,095,448	99.79%
Ten Thousand West LLC	4,465	0.21

(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 first tax year in which it will levy taxes.

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
2006-07	$69,297	-	-	$ 0	0%

(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 August 31, 2006. The next installment of taxes will be due October 1, 2006, but is not delinquent until November 1, 2006.

Source: Maricopa County Treasurer's Office

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 6

Fiscal Year	Debt Service Requirements for the Bonds: Principal*	Debt Service Requirements for the Bonds: Interest(d)	Total Debt Service Requirements for the Bonds(e)
2007	$ 25,000(a)	$31,561	$ 56,561
2008	15,000(a)	42,263	57,263
2009	15,000(a)	41,400	56,400
2010	15,000(a)	40,538	55,538
2011	20,000(a)	39,675	59,675
2012	20,000(a)	38,525	58,525
2013	20,000(a)	37,375	57,375
2014	20,000(a)	36,225	56,225
2015	20,000(a)	35,075	55,075
2016	25,000	33,925	58,925
2017	25,000(b)	32,488	57,488
2018	25,000(b)	31,050	56,050
2019	25,000(b)	29,613	54,613
2020	30,000(b)	28,175	58,175
2021	30,000(b)	26,450	56,450
2022	35,000(b)	24,725	59,725
2023	35,000(b)	22,713	57,713
2024	35,000(b)	20,700	55,700
2025	40,000(b)	18,688	58,688
2026	40,000	16,388	56,388
2027	45,000(c)	14,088	59,088
2028	45,000(c)	11,500	56,500
2029	50,000(c)	8,913	58,913
2030	50,000(c)	6,038	56,038
2031	55,000	3,163	58,163
Total	$760,000	$671,249	$1,431,249

*Subject to change.

(a) Represents mandatory sinking fund amounts for term bond due July 15, 2016.

(b) Represents mandatory sinking fund amounts for term bond due July 15, 2026.

(c) Represents mandatory sinking fund amounts for term bond due July 15, 2031.

(d) Interest is estimated at 5.75% per annum.

(e) 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 7

Direct and Overlapping Jurisdiction	2006-2007 Secondary Assessed Valuation	Net Outstanding Bonded Debt(a)	Proportion Applicable to the District Based on Assessed Valuation		2006-2007 Combined Tax Rate Per $100 Assessed(b)
			Approx. Percent	Net Amount	
State of Arizona	$54,436,547,031	None	0.00%	None	$0.0000
Maricopa County(d)	36,294,693,601	None	0.00	None	1.6800
Maricopa County Community College District(e)	36,294,693,601	$369,320,000	0.01	$36,932	1.0646
Western Maricopa Education Center	12,801,623,379	None	0.02	0	0.0500
Wickenburg Unified School District No. 9	120,533,790	20,995,000	1.74	365,313	5.7482
Town of Buckeye (f)	193,594,069	605,000	1.08	6,534	1.3371
The District	2,099,913	760,000	100.00	760,000	3.3000
Total Net Direct and Overlapping General Obligation Bonded Debt				$1,168,779	$13.1299

(a) This table includes general obligation bonds outstanding and general obligation bonds scheduled for sale as of October 1, 2006. 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 twelve 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 $0.1200 tax rate of the Central Arizona Water Conservation District, the $0.2047 tax rate of the Maricopa County Flood Control District, the $0.0507 tax rate of the County Free Library, the $0.1184 tax rate of the Maricopa District, the $0.0068 tax rate of the County Fire District contribution and the $1.1794 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 Maricopa County, Arizona certificates of participation outstanding in the aggregate principal amount of $4,715,000 or lease revenue bonds issued by the Maricopa County Public Finance Corporation in the aggregate principal amount of $82,325,000. Does not include County Stadium District revenue bonds outstanding in the aggregate principal amount of $50,050,000.

(e) Does not include Maricopa County Community College District revenue bonds outstanding in the aggregate principal amount of $20,605,000.

(f) Does not include excise tax obligations of the Town outstanding in the aggregate principal amount of $26,490,000.

Additional General Obligation Bonded Indebtedness of the District

In addition to 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 $174,240,000* 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, 2006:

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 ") is assessed to pay debt service on the Series 2005 Assessment Bonds. The public infrastructure was composed of more than 34,000 linear feet of local roadways in the First Assessment Area which are expected to cost more than $4,600,000 and to all be completed by May 2007. The total estimated cost of such public infrastructure is greater than the amount to be available from proceeds of the sale of the Series 2005 Assessment Bonds; the balance of the cost of the Public Infrastructure will be paid by the Owner. The District is expected to sell Assessment District No. 2 Special Assessment Revenue Bonds, Series 2006 (the "Series 2006 Assessment Bonds") in aggregate principal amount of approximately $958,000 to finance a subsequent portion of public infrastructure for such development as early as December 2006. Approximately 165.5 acres of land within the District will be assessed to pay debt service on the

*Subject to change.

Series 2006 Assessment Bonds. 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.

In General

The District as 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. (See maps 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 ("CMP") adopted by the Town in October of 2000. An Area Plan for Festival Ranch was adopted by the Town in June of 1997.

Festival Ranch is also the subject of a Development Agreement, dated October 4, 2000 (the "Land Development Agreement"), which addresses the rights of the Owner to develop the property as provided in and subject to the conditions of such agreement. (The

Land Development Agreement has been modified by way of a single recorded amendment.) The Land Development Agreement addresses various issues often times made the subject of development agreements in Arizona, such as, among other things Town services, reimbursements to the Owner for certain public infrastructure, the Town's processing of plans and permits, and public bidding. The Land Development Agreement, as amended, also addresses the legal right to obtain and legal obligation to provide potable water and the required capital and operations contributions to the Town for water, sewer, police and fire services within the District. Police, fire and sanitation services are provided to the District by the Town. The Owner is obligated to assist in the funding of certain capital and operational costs associated with the provision of water, sewer, police and fire protection within the District.

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.

Infrastructure Development

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 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 is to be substantially completed by October 2006. The approval to commence operations is anticipated to be received by October 2006. Stipulations of the approval will 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.

The Town is not designated as having an assured water supply pursuant to applicable Arizona law. An assured water supply means 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 the Arizona Department of Water Resources ("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. An "analysis of assured water supply" approved by ADWR was obtained by the Owner. On November 23, 2004, the Owner received the certificate of assured water supply for the property in the District owned by it (including that within the First Assessment Area). Until such time as ADWR designates the Town as having an assured water supply, the Owner must seek and obtain certificates of assured water supply in accordance with applicable Arizona law as a prerequisite for subdividing and developing areas within the District, which it has done with respect to approximately 3,985 lots. The Town has agreed to

take all reasonable steps to assist the Owner in connection with applications for certificates of assured water supply 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, which can be terminated or modified by ADWR should circumstances warrant, is a necessary condition to the ability of the Owner to plat, construct and sell homes within the related area of the District.

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. In order to subdivide and sell lots, owners of property in the District must obtain a Certificate of Assured Water Supply ("Certificate") from the Arizona Department of Water Resources ("ADWR"). Obtaining the Certificate requires, among other things, a hydrology study supporting a determination that sufficient water is available for the developed use of the property for at least 100 years.

On January 22, 2004, ADWR issued an Analysis of Assured Water Supply (the "Analysis") for the property within the District. In the Analysis, ADWR determined that 7,690 acre feet per year of groundwater will be physically available, which is equivalent to the projected build-out demands for the development. The proposed development evaluated by ADWR includes 3,208 single-family residential lots, 9,018 active adult single-family residential lots, 1,450 multi-family residential units and 1,122 nonresidential acres containing commercial areas, a hospital, schools, parks, rights-of-way, a community center, easements and three golf courses.

The Analysis is used in support of applications for the Certificates. With respect to the property covered by the Analysis, two Certificates have been issued by ADWR. The first was issued November 23, 2004, for 3,473 lots, with an estimated water demand of 2,130.14 acre feet per year. The second was issued May 7, 2006, for 819 lots, with an estimated water demand of 608.72 acre feet per year.

Based upon the foregoing, approximately 35 percent (4,292 lots of 12,226 total lots) of the lots within the District have received the necessary Certificates. Applications for Certificates for the remainder of the property within the District have not yet been made.

Maintaining sufficient water supplies in the Lower Hassayampa Groundwater Sub-Basin may require efforts to supplement the groundwater supply through purchase of water for use or recharge and through recharge and reuse of treated effluent, all at levels greater than currently in place.

Failure to maintain sufficient supplies may prevent further development in the Lower Hassayampa Groundwater Sub-Basin from obtain-

ing the necessary Certificates. ADWR may revoke a Certificate if an assured water supply does not exist, but cannot revoke a Certificate if any of the residential lots within the plat have been sold. As to the Certificate issued November 23, 2004, for 3,473 lots, at least one lot has been sold. Loss of, or inability to obtain, necessary Certificates may have adverse effects. See "RISK FACTORS - Completion of the Public Infrastructure and the Other Infrastructure."

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 Festival Foothills traditional subdivisions, and are anticipated to be open to student enrollment in the 2007/2008 school year.

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: 20,500 lineal feet of trunk sewer from the water reclamation facility and within the first planning unit have been installed, 21,400 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, and on Desert Vista Boulevard from Canyon Springs Boulevard to Beardsley Parkway have been installed. The Owner has received construction drawing approval for Beardsley Parkway from Canyon Springs Boulevard to Desert Vista 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 2006 and June 2007. The Owner has publicly bid the improvements outlined above and anticipates that these improvements will be included in future bond offerings by the District.

Mass grading operations have been completed on approximately 1,100 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 under construction and scheduled for completion by February 2007. Installation of sewer, water, storm drain, concrete, paving and dry utilities within planning unit one, which will serve 408 lots, is substantially complete. The

Owner anticipates receiving certificates of occupancy and closing homes beginning 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. Construction of the permanent facility is currently scheduled for 2008.

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 hereinabove.

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 such as "Growing Smarter" described below. (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. For instance, "Growing Smarter" could be a factor in this regard. 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.

During 1998, the Arizona Legislature promulgated the "Growing Smarter Act of 1998" and then in 2000 "Growing Smarter Plus" (collectively "Growing Smarter") which created new planning

requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Fast-growing communities like the Town must plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is required. To pay for growth, communities are permitted to establish service area limits, beyond which new growth pays the full cost for services. Pursuant to Growing Smarter, the Town is required to submit its general plan to the voters for ratification. (The Town has not yet submitted a plan to the electorate but plans to do so within the next two years.) Every 10 years, voters will have the final say over general planning in their communities. It is unclear at this time how Growing Smarter will affect development activity in the State and particularly the Town and the District in the future.

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 including the Assessment Area is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See "Direct and Overlapping Indebtedness."

Completion of the Public Infrastructure and the Other Infrastructure

The construction of infrastructure for development of the land in the District is not yet complete. See "LAND DEVELOPMENT." 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 "LAND DEVELOPMENT - Infrastructure Development." 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 in the First Assessment Area, the assessment for the Series 2005 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

The payment of the ad valorem taxes securing the Bonds and the ability of the District to foreclose the lien of delinquent unpaid ad valorem taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona

relating to judicial foreclosure. Although bankruptcy proceedings would not cause the ad valorem taxes securing the Bonds to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Bonds.

In addition, the various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) 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 of development and construction. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, the Owner anticipates that there may be significant changes to the agreements and contracts summarized in this 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 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 Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The opinion of Bond Counsel assumes continuing compliance with such restrictions, conditions and requirements.

The Code also imposes an "alternative minimum tax" ("AMT") upon certain corporations and individuals. The AMT is equal to the excess (if any) of a taxpayer's "tentative minimum tax" for a taxable year over its regular income tax liability for the taxable year. The tentative minimum tax is based upon a taxpayer's "alternative minimum taxable income" ("AMTI"). A taxpayer's AMTI is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMT of individuals or corporations.

Notwithstanding the preceding sentence, included in the adjustments of AMTI for corporations is an adjustment increasing the corporation's AMTI by seventy-five percent (75%) of the excess (if any) of the corporation's "adjusted current earnings" over the corporation's AMTI for the taxable year (determined without regard to such adjustment for excess adjusted current earnings and the alternative tax net operating loss deduction). A corporation's "adjusted current earnings" includes all tax-exempt interest, including the interest on the Bonds.

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded

from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Bonds, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective Bondholder. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such tax consequences.

The Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

Under existing federal tax law, if the Bonds are determined to be invalid for failure to comply with a substantive or procedural requirement of local law, the Bonds will be deemed not to be an obligation of the District and interest thereon will not be excludable from gross income for federal income tax purposes. The Bonds do not provide for an adjustment in interest rate or yield in the event of taxability, and an event of taxability does not cause an acceleration of the principal of the Bonds.

From time to time, there are legislative proposals in Congress which, if enacted could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District 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 2006, 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 $_____ (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 only other continuing disclosure undertaking entered into by it for purposes of the Rule, which was with respect to the Series 2005 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

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 240 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
2005*	25,406*	3,700,516*	6,044,785**
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

*Based on 2005 Special Census.
**Estimate as of July 1, 2005.

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 principal economic activity for the Town and outlying areas of the Town is agriculture. Part of the Town's agricultural production includes Pima cotton which is processed in local cotton gins and exported worldwide. 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. 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
2006(a)	4.7%	4.4%	3.7%	4.7%
2005	5.1	4.7	4.1	5.2
2004	5.5	5.0	4.4	5.6
2003	6.0	5.7	5.2	6.7
2002	5.8	6.1	5.6	7.1
2001	4.7	4.7	4.2	5.3

(a) Data through August 2006.

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	1,400
Wal-Mart Distribution Center	Retail Warehouse	1,120
Liberty Elementary School District No. 25	Education	340
CMH Manufacturing dba Schult Homes, Inc.	Mobile Homes	315
Buckeye Elementary School District No. 33	Education	280
Buckeye Union High School District No. 201	Education	245
Town of Buckeye	Government	220
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(a)
Mining and Construction	$ 125,700	$ 128,900	$ 140,900	$ 163,100	$ 180,700
Manufacturing	135,000	128,300	129,000	132,200	133,200
Trade, Transportation, and Utilities	319,000	321,500	333,200	354,500	369,800
Information	39,100	37,200	34,300	32,900	32,200
Financial Activities	130,400	132,900	137,700	145,600	150,100
Professional and Business Services	250,300	255,600	270,800	295,900	316,200
Educational and Health Services	149,600	156,700	169,600	178,900	185,500
Leisure and Hospitality	150,500	152,900	158,300	165,800	173,700
Other Services	60,400	61,300	62,900	65,500	67,900
Government	197,100	200,600	204,500	208,800	206,700
Total	$1,557,100	$1,575,900	$1,643,204	$1,745,205	$1,816,000

(a) Data through August 2006.

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(a)	$13,159,063
2004-05(b)	8,221,207
2003-04	4,648,570
2002-03	2,776,931
2001-02	1,676,502
2000-01	1,411,865

(a) Projected.

(b) Unaudited.

Source: Town of Buckeye, Finance Department.

Agriculture

The Town includes and is surrounded by farmland on which a variety of agricultural products are grown and vacant desert. The main income crops grown within the Town and the surrounding area include cotton, vegetables, alfalfa, citrus and grains. While no figures are available for acreages or dollar amounts of individual crops grown within the Town, the following statistics show total cash receipts for the area encompassing the County.

Maricopa County
Cash Receipts from Agricultural Marketings
(Total Crops and Livestock)
($ in 000's)

Year	Total Receipts
2004	$1,022,736
2003	886,112
2002	958,206
2001	886,169
2000	818,160

Source: *Arizona Agricultural Statistics*, Arizona Crop and Livestock Reporting Service.

Educational Facilities

Elementary and high school education is available through the Buckeye Elementary School District No. 33, Liberty Elementary School District No. 25 and the Buckeye High School District No. 201, 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
2005	$51,138
2004	42,872
2003	38,776
2002	33,040
2001	33,467

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
2006(a)	$162,418	$ 473	$13,921	$176,812
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
2001	N/R	N/R	N/R	N/R

N/R = No Report

(a) Data through June 2006.
(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
2006(a)	1,655
2005(b)	4,219
2004	2,986
2003(b)	570
2002(b)	100
2001	N/R

N/R = No Report

(a) Data through June 2006.
(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 2006

At your request we have examined the official proceedings leading to the issuance of $760,000* aggregate principal amount of District General Obligation Bonds, Series 2006, 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. 06-___, passed and adopted by the District Board on September 19, 2006 (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.

---

*Subject to change.

2. The Resolution has been duly passed and adopted by the District Board.

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 Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 Resolution adopted on September 19, 2006 (hereinafter referred to as the "*Resolution*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Registrar, Transfer Agent and Paying Agent (or any successor thereto as provided in the Resolution, hereinafter referred to as the "*Registrar/Paying Agent*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Registrar/Paying Agent 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, 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 Registrar, Transfer Agent and Paying Agent

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

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 ....., 2006, 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 Registrar/Paying Agent 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 Registrar/Paying Agent, 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 Registrar/Paying Agent, 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 Registrar/Paying Agent, 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 Registrar/Paying Agent. 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

$760,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2006

(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 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

FT Interactive Data
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, 2008, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

(ii) ***IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.***

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES 2, 3, 4 and 5 of the Limited Offering Memorandum, dated _____, 2006, 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

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 31, 2006

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 2006

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $800,000 aggregate principal amount of District General Obligation Bonds, Series 2006, dated October 31, 2006, 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. 05-06, passed and adopted by the District Board on September 19, 2006 (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.

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 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
683171

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■ 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 31, 2006

RBC Dain Rauscher Inc., doing business
under the name RBC Capital Markets
2398 E. Camelback Road
Phoenix, Arizona 85016

Re: $800,000 Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) District
General Obligation Bonds, Series 2006

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 2006, in the aggregate principal amount of $800,000 (hereinafter referred to as the "*Bonds*") and otherwise as counsel to the Issuer. The Bonds (i) are issued 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 September 19, 2006 (hereinafter referred to as the "*Resolution*"); (ii) are the subject of a Limited Offering Memorandum dated October 19, 2006 (hereinafter referred to as the "*Offering Memorandum*"); and (iii) are being sold pursuant to a Purchase Contract dated October 19, 2006 (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.)

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 any other addressee in connection with the Bonds or by virtue of this opinion. This opinion is solely for the addressees' 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.

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 Purchase Contract;

(ii) An executed copy of the Offering Memorandum;

(iii) An executed copy of the Bond Registrar, Transfer Agent and Paying Agent Contract for Bonds, dated as of October 1, 2006 (hereinafter referred to as the "*Bond Registrar Contract*") by and between the Issuer and Wells Fargo Bank, N.A.

(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 Letter of Representations dated even date herewith (hereinafter referred to as the "*Letter of Representations*") by and among the Issuer, the Trustee and 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;

(vii) An executed copy of a Dissemination Agency Agreement, dated as of October 1, 2006 collectively with the Purchase Contract, the Resolution, the Bond Registrar Contract, 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;

(viii) Such other agreements, certificates (including particularly, but not by way of limitation, a certificate of Owner, 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

(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 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 Official Statement (including, as applicable, the Preliminary Limited Offering Memorandum dated October 12, 2006 (hereinafter referred to as the "*Preliminary Offering Memorandum*") with respect to the Bonds, and (d) to carry out and consummate the transactions contemplated by the Offering Memorandum, 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 Offering Memorandum (including, as applicable, the Preliminary 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 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 Official Statement, 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 October 19, 2006, 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 Offering Memorandum, the District Documents or the Bonds or would in any way adversely affect the validity or enforceability of 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 Offering Memorandum) or (iii) contesting in any way the completeness or accuracy of the Preliminary Offering Memorandum or the 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 Offering Memorandum, the Bond Resolution, the District Documents or the Bonds.

7. The information contained in the Offering Memorandum on the cover thereof, under the headings "THE DISTRICT," "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" - "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 "RELATIONSHIOP 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" and Appendix E - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds, fairly summarizes the information which it purports to summarize.

8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution under the Trust Indenture Act of 1939, as amended.

9. The sale of the Bonds pursuant to the terms described in the 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 may be relied upon only by you and by persons to whom we grant written permission to do so.

GUST ROSENFELD P.L.C.

Scott W. Ruby
For the Firm

SWR:gmh
683170

Greenberg Traurig

October 31, 2006

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 2006

This opinion is rendered pursuant to the Purchase Contract, dated October 19, 2006 (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 $800,000 principal amount of District General Obligation Bonds, Series 2006 (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
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 DISTRICT," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" (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," "LAND DEVELOPMENT," "LITIGATION," "TAX EXEMPTION," "QUALIFIED TAX-EXEMPT OBLIGATIONS," "RELATIONSHIPS AMONG PARTIES" and "CONTINUING DISCLOSURE," the financial information or other technical or statistical data included in the Limited Offering Memorandum, the information included on the cover of the Limited Offering Memorandum or the information included in the Appendices 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
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October 31, 2006

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: $800,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006 (the "Bonds")

Ladies and Gentlemen:

We have acted as counsel to Pulte Home Corporation, a corporation organized and existing pursuant to the laws of the State of Michigan and doing business in the State of Arizona (the "Owner"), particularly in connection with the transactions provided for by the documents referred to herein in and connection with the issuance and sale of the Bonds, sold pursuant to a Purchase Contract, dated October 19, 2006 (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 October 24, issued by the Corporation Division of the Michigan Department of Labor and Economic Growth.

d. Certificate of Good Standing of the Owner, dated October 23, 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 31, 2006 (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, delivery and performance of the Transaction Document by the Owner have been duly authorized by all requisite corporate action on the part of the Owner.

3. The Transaction Document has been duly executed and delivered by the Company.

4. The Transaction Document is valid, binding and enforceable obligations of the Owner.

5. The execution and delivery by the Owner of the Transaction Document and the consummation of the transactions contemplated by the Transaction Document: (a) will not violate the Organizational Documents; or (b) 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.

6. 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.

7. 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.

8. 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.

9. To our knowledge, the information contained in the Official Statement under the headings "LAND DEVELOPMENT," "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
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October 31, 2006

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: $800,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2006

Ladies and Gentlemen:

We are counsel to Pulte Home Corporation, a Michigan corporation (hereinafter referred to as the "Owner"). This opinion letter is being delivered to you at the request of Owner in connection with the Purchase Contract, dated October 19, 2006 (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 out 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.

The foregoing opinions are subject to the following (in addition to the qualifications and other limitations set forth above):

A. The laws covered by the opinions expressed in this opinion letter are limited solely to the "laws" of the State of Michigan (the "Opining Jurisdiction") in effect on the date of this opinion letter and we do not express any opinion concerning any other laws. For purposes of the opinion letter, "laws" means the statutes, the judicial and administrative decisions, and the rules and regulations of the governmental agencies of the applicable jurisdiction, but excluding the statutes and ordinances, the administrative decisions, and the rules and regulations of counties, towns, municipalities and special political subdivisions (whether created or enabled through legislative action at the Federal, state or regional level), and judicial decisions to the extent that they deal with any of the foregoing. We disclaim any opinion concerning the laws of any other jurisdiction, or any other statutes or laws of the named jurisdiction or the effect thereof.

B. We have not investigated and express no opinion concerning (i) Federal and state bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights and remedies of creditors generally, (ii) Federal Reserve Board margin regulations, (iii) pension and employee benefit laws and regulations (e.g., ERISA), (iv) Federal and state antitrust and unfair competition laws and regulations, (v) filing and notice requirements under the Hart-Scott-Rodino Act and the Exon-Florio Act, (vi) compliance with fiduciary duty requirements, (vii) fraudulent transfer and fraudulent conveyance laws, (viii) Federal and state environmental laws and regulations, (ix) Federal and state land use and subdivision laws and regulations, (x) Federal and state tax laws and regulations, (xi) Federal patent, copyright and trademark, state trademark, and other Federal and state intellectual property laws and regulations, (xii) Federal and state racketeering laws and regulations (e.g., RICO), (xiii) Federal and state health and safety laws and regulations (e.g., OSHA), (xiv) Federal and state labor laws and regulations, (xv) Federal and state laws, regulations and policies concerning (I) national and local emergency, (II) possible judicial deference to acts of sovereign states, and (III) criminal and civil forfeiture laws, (xvi) Federal and state securities laws, and (xvii) other Federal and state statutes of general application to the extent they provide for criminal prosecution (i.e., mail fraud and wire fraud statutes).

C. In reviewing the material documents and agreements of Owner, including the Owner Documents, we have assumed, to the extent any of them do not purport to be governed by the laws of the State of Michigan, that the laws of each jurisdiction governing such material documents and agreements are those of the State of Michigan.

This opinion letter is provided to you by us in our capacity as counsel to Owner and may not be relied upon by any other person, or by any person for any purpose other than the purchase

and sale of the captioned Bonds pursuant to the Purchase Contract, without, in each instance, our prior written consent. This opinion letter is given as of the date hereof, and we undertake no obligation to advise you of any changes occurring after the date hereof.

Very truly yours,

Honigman Miller Schwartz and Cohn LLP

HONIGMAN MILLER SCHWARTZ AND COHN LLP

DF/RK/TEP

DETROIT.2357354.3

PETITION FOR FORMATION
AND
PETITION FOR ADOPTION OF RESOLUTIONS
ORDERING AND DECLARING
FORMATION OF
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(TOWN OF BUCKEYE, ARIZONA)

STATE OF ARIZONA)
COUNTY OF MARICOPA)
TOWN OF BUCKEYE)

The undersigned owners of all of the land (hereinafter collectively referred to as the "*Petitioner*"), hereinafter described by metes and bounds, acting pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Act*"), respectfully petitions the Honorable Town Council of the Town of Buckeye, Arizona (hereinafter referred to as the "*Town*"), to adopt such resolutions (hereinafter referred to as the "*Resolutions*") as may be necessary to declare its intent to form and order the formation of a tax levying community facilities district (hereinafter referred to as the "*District*") and would respectfully request the proceedings to provide for the following:

A. The name of the District is to be "***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 (TOWN OF BUCKEYE, ARIZONA)***",

B. The District is to be formed, and shall exist, pursuant to the terms and provisions of the Act,

C. The District is to contain an area of approximately 3,766 acres of land, more or less, wholly within the corporate boundaries of the Town and is to be composed of the land described by metes and bounds in ***Exhibit A*** hereto, which is made a part hereof for all purposes,

D. The District is to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; is, except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona, separate and apart from the Town, and is to be formed for, and to have, all the purposes and powers of a "District" as such term is defined, and as provided, in the Act,

E. Public convenience and necessity require the adoption of the Resolutions.

NOW THEREFORE, the Petitioner represents, attests and declares that:

1. On the date hereof, as shown on the assessment roll for State and county taxes in Maricopa County, Arizona, all of the land to be in the District, as described in *Exhibit A* hereto and depicted on the map attached hereto as *Exhibit B* which is made a part hereof, is owned by Petitioner or, if a person listed on such assessment roll is no longer the owner of the land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to be Petitioner and that there are no resident electors on the land to be in the District; and

2. Attached hereto as *Exhibit C* and made a part hereof, is a certificate of the Tax Assessor of Maricopa County stating who are the owners of the land in the proposed District and listing the tax parcel numbers for the parcels of real property affected by or included within the boundaries of the District; and

3. Attached hereto as *Exhibit D* and made a part hereof, is a certificate of the Maricopa County Recorder stating who are qualified electors residing on the land in the proposed District; and

4. Based on its own knowledge and the information contained in *Exhibits C* and *D* hereto, the Petitioner is the sole owner of the real property described in *Exhibit A*; no other person having any interest in such real property has filed a written request for copies of any notices under the Act; and there are no qualified electors residing on such real property; and

5. The land to be included in the District: (i) consists of approximately 3,766 acres; (ii) lies wholly within the corporate limits of the Town; and (iii) shall be benefited from the improvements for which the District is proposed to be formed; and

6. This Petition is signed (either as a single document or in counterparts) by the owners of all the land to be in the District, any requirements of posting, publication, mailing, notice, hearing and landowner election otherwise required by the Act in connection with the formation of the District and the adoption of the Resolutions are waived, and the Town may, and is hereby requested to, on receipt of this Petition, declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or landowner election; and

7. A "general plan" (as such term is defined in the Act) for the proposed District has been filed with the Town Clerk setting out a general description of the proposed public infrastructure improvements for which the District is proposed to be formed and the general areas to be improved.

FURTHER, Petitioner requests that this Petition be properly filed as provided by law; that the Town adopt the Resolutions required to declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and landowner election otherwise required by the Act in connection with the Resolutions; and that such other orders, acts, procedures and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as the Honorable Town Council shall deem proper and necessary.

Submitted and effective this 19th day of APRIL, 2005.

10,000 WEST, LLC, a limited liability company

By Philip A. Edlund

Its Secretary

PULTE HOME CORPORATION, a Michigan corporation

By

Its Attorney-in-Fact

STATE OF AZ
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 23 day of March, 2005, by Philip A. Edlund, Secretary of 10,000 West, LLC, on behalf of the company.

My commission expires:

9-13-07

Charlene Sarich
Notary Public

OFFICIAL SEAL
CHARLENE SARICH
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Sept. 13, 2007

STATE OF AZ
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 4 day of APRIL, 2005, by MIKE BRILZ, ATTORNEY IN FACT of Pulte Home Corporation, on behalf of the corporation.

My commission expires:

JUNE 15, 2007

Jackie Wilmoth
Notary Public

OFFICIAL SEAL
JACKIE WILMOTH
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires June 15, 2007

SWR:gmh 559036 12/13/04

ATTACHMENTS:

EXHIBIT A	Legal description of property to be included in the District
EXHIBIT B	Map of property to be included in the District
EXHIBIT C	County Assessor's certificate of owners of property in the District
EXHIBIT D	County Recorder's certificate of qualified electors in the District
Lienholder Consent:	10,000 West L.L.C.
	Bank of Scotland

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY
TO BE INCLUDED IN THE DISTRICT

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:

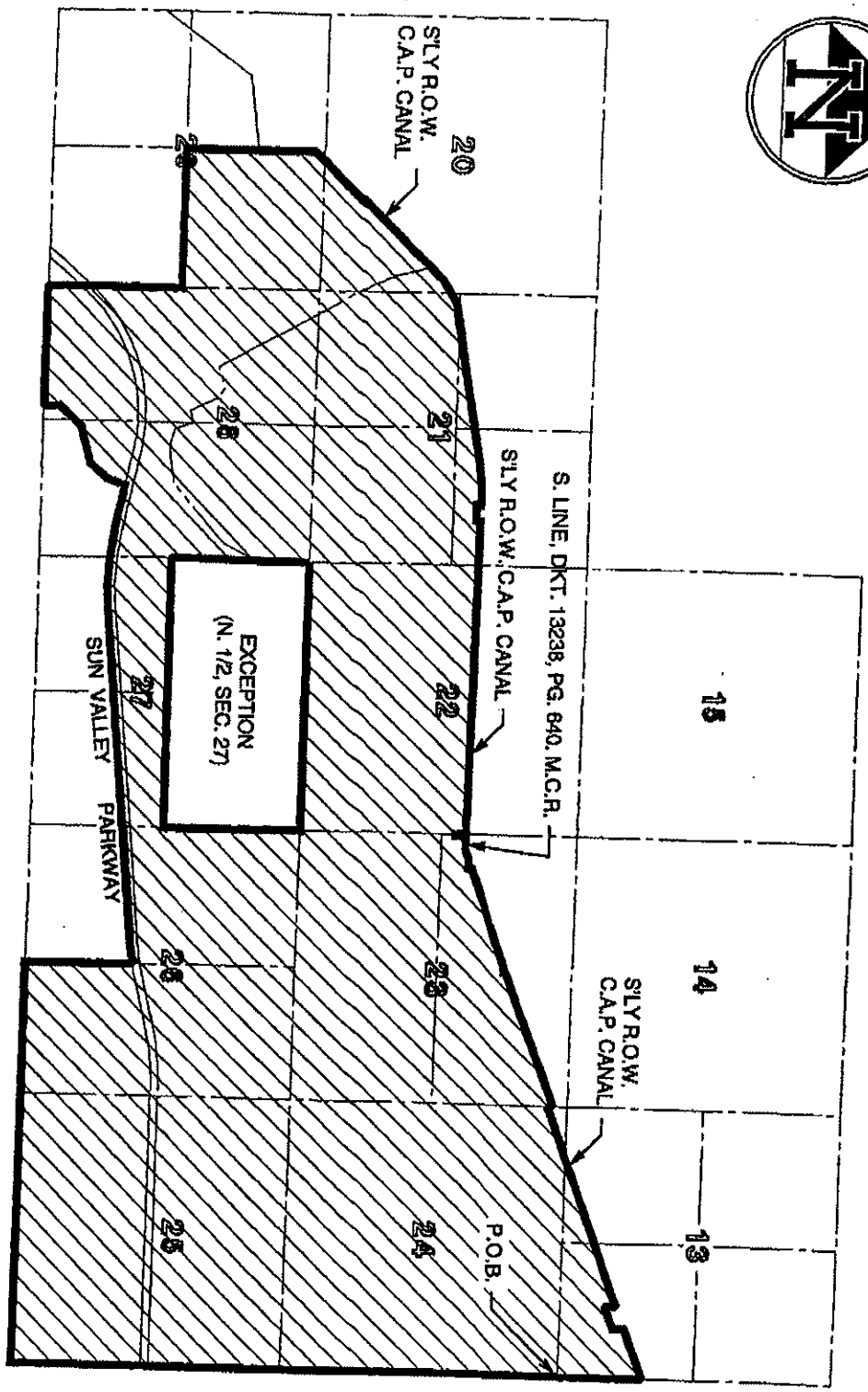
The North Half of Section 27, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona,

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.

EXHIBIT B

Map of Property to be Included in the District



Registered Professional 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

EXHIBIT C

County Assessor's Certificate of Owners of Property in the District

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT NO. 1
(CITY OF GOODYEAR, ARIZONA)

ASSESSOR'S CERTIFICATE

I, the undersigned Maricopa County Assessor, hereby certify that the following persons are the owners of the real property described in *Exhibit A* hereto as shown on the most recent assessment roll for state and county taxes and owners of the corresponding tax parcels which are included in the area described in *Exhibit A* hereto.

Owner

1. Name: Pulte Home Corporation
   Address: 15333 N Pima Road
   Scottsdale, AZ 85260

2. Name: Ten Thousand West LLC
   Address: 8777 N Gainey Center Drive Suite 205
   Scottsdale, AZ 85258

Dated: 1-7-05

MARICOPA COUNTY ASSESSOR

Fred Kelly

SWR: gmh/cj 59906 12/20/04
Updated 01/07/05 cj

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;

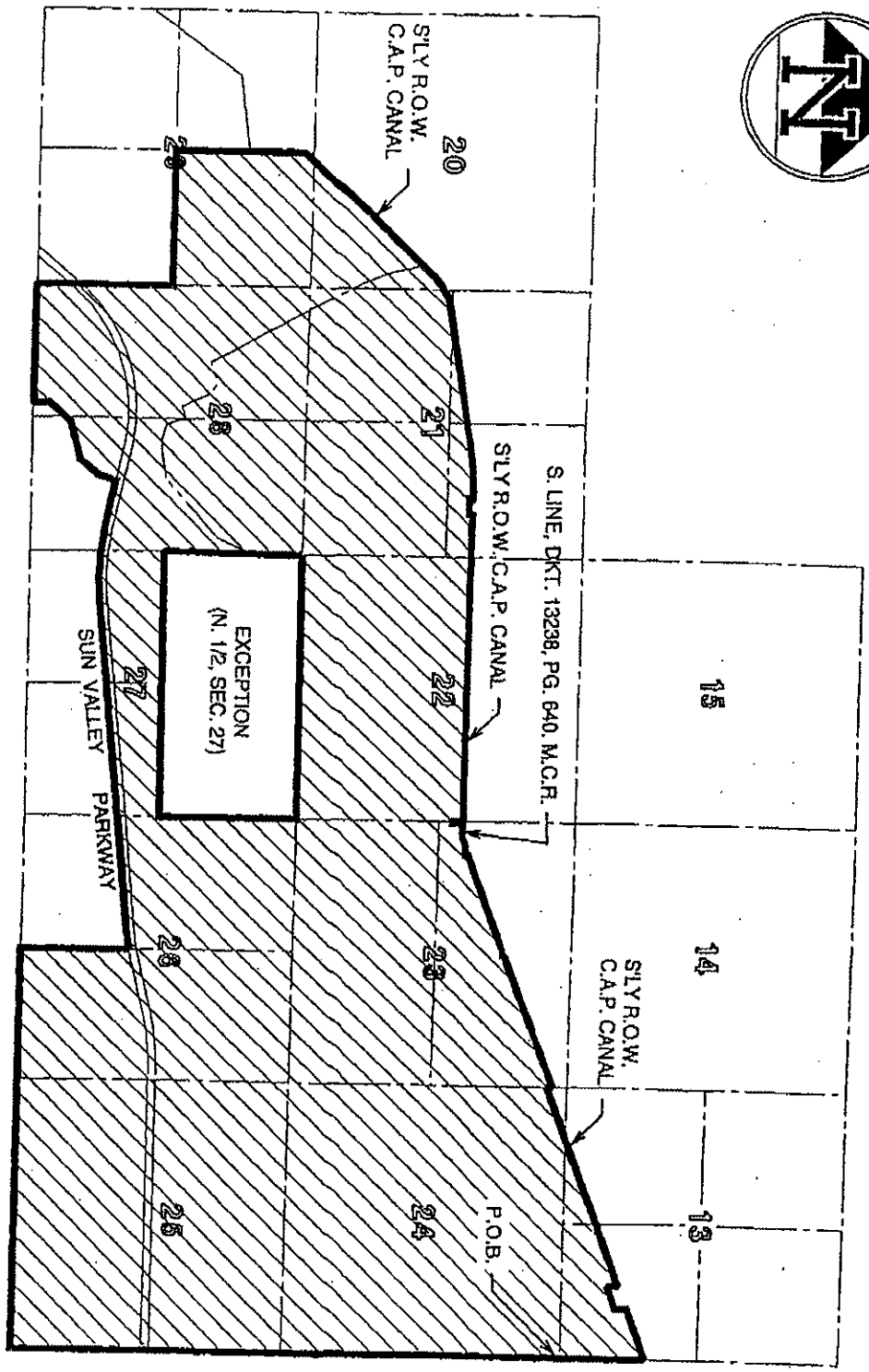
Thence South 00°24'51" West, departing said Southerly right-of-way line along said East line, a distance of 1,633.09 feet to the Point of Beginning.

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.



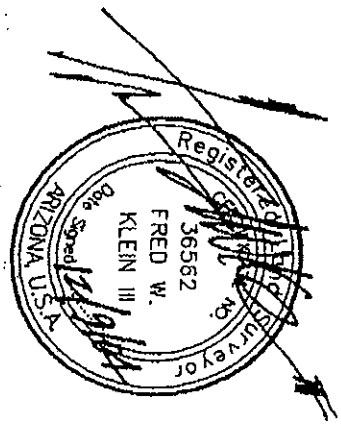


EXHIBIT	FESTIVAL RANCH COMMUNITY FACILITY DISTRICT	JOB NO
N:\680001\LAND\EH-CFD.DGN		680001
4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

EXHIBIT D

County Recorder's Certificate of Qualified Electors in the District

Maricopa County
Elections Department

Karen Osborne, Direct

111 S. 3rd Avenue, Suite 102
Phoenix, Arizona 85003-2235
Phone: (602) 506-1511
Fax: (602) 506-3069
TDD: (602) 506-1517

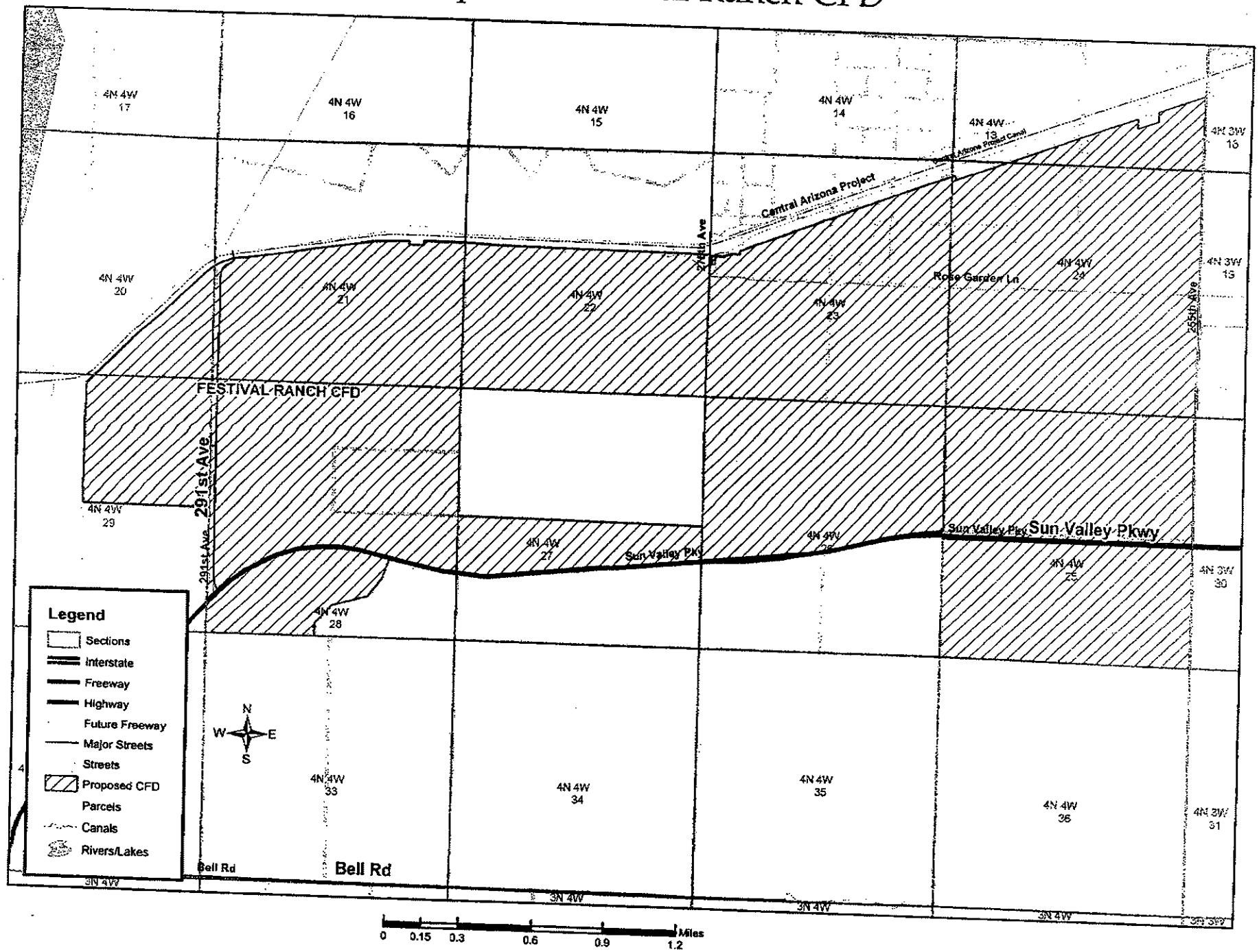
CERTIFICATION

I, **HELEN PURCELL,** County Recorder in and for Maricopa County, State of Arizona, hereby certify that as of April 14, 2005, according to the general register of the voters maintained by the Maricopa County Recorder, there are no qualified electors residing in the area of the Proposed Festival Ranch Community Facilities District. Witness my hand and seal this 14th day of April, 2005.

HELEN PURCELL
MARICOPA COUNTY RECORDER

Jean Pinnovast, D.C.R.
County Recorder

Proposed Festival Ranch CFD



F:\GIS\Maps\Special_Districts\Community_Facilities_Districts\FestivalRanch_CFD\Propose... ated On: 12/29/2004 estival Ranch CFD.mxd

LIENHOLDER
CONSENT TO WAIVER
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)

The undersigned is a lienholder or otherwise has an interest in property proposed to be included in the proposed Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") pursuant to that certain deed of trust recorded in the offices of the Maricopa County Recorder as Instrument No. 2004-0549496. As persons with an interest in the property, the undersigned hereby consent to the submission to the Clerk for the Town of Buckeye of a General Plan for the proposed District and a Petition for Formation and Petition for Adoption of Resolution Ordering and Declaring Formation of Festival Ranch Community Facilities District (Town Buckeye, Arizona). The undersigned further consent to the waiver by the Town of Buckeye of any and all requirements of posting, publication, mailing, notice, hearing and landowner election with respect to the formation of the District. Beneficiary hereby instructs Trustee to execute this consent, or a counterpart copy hereof.

10,000 WEST, L.L.C., an Arizona limited liability company, as beneficiary

By: Lyle Anderson Holding, Inc., a Delaware corporation, Manager

By [signature]
Its President

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, as Trustee

By [signature]
Its REGIONAL COUNSEL

STATE OF ARIZONA
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 21st day of March, 2005, by Patrick R. Whelan, as President of Lyle Anderson Holding, Inc., a Delaware corporation, as Manager of 10,000 West, L.L.C., an Arizona limited liability company, on behalf of the company.

Elise V. Peters
Notary Public

My commission expires:
Sept. 18, 2008

OFFICIAL SEAL
ELISE V. PETERS
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Commission Expires September 18, 2008

SWR:gmh 561137 12/31/04

STATE OF Arizona
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 23rd day of March, 2005, by John M. Graham, Regional Counsel of First American Title Insurance Company, a California corporation, on behalf of the corporation.

Heather Garber
Notary Public

OFFICIAL SEAL
HEATHER GARBER
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires Jun. 17, 2005

SWR:gmh 561137 12/31/04

LIENHOLDER
CONSENT TO WAIVER
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)

The undersigned is a lienholder or otherwise has an interest in property proposed to be included in the proposed Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") pursuant to that certain deed of trust recorded in the offices of the Maricopa County Recorder as Instrument No. 2002-298363 and thereafter amended and restated December 3, 2003 as No. 2003-1649448 and October 25, 2004 as No. 2004-1245183 and, with respect to the undersigned Bank of Scotland, pursuant to that Assignment of Leases, Lease Payments and Profits recorded in the offices of the Maricopa County Recorder on December 3, 2003 as Instrument No. 2003-1649449 and thereafter amended by First Amendment recorded October 25, 2004 as Instrument No. 2004-1246184. As persons with an interest in the property, the undersigned hereby consent to the submission to the Clerk for the Town of Buckeye of a General Plan for the proposed District and a Petition for Formation and Petition for Adoption of Resolution Ordering and Declaring Formation of Festival Ranch Community Facilities District (Town Buckeye, Arizona). The undersigned further consent to the waiver by the Town of Buckeye of any and all requirements of posting, publication, mailing, notice, hearing and landowner election with respect to the formation of the District. Beneficiary hereby instructs Trustee to execute this consent, or a counterpart copy hereof.

BANK OF SCOTLAND, a banking organization established by Act of the Scottish Parliament, as Beneficiary

By_____
Its ASSOCIATE DIRECTOR.

For and on behalf of the Governor and Company of the Bank of Scotland

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, as Trustee

By_____
Its REGIONAL COUNSEL

STATE OF ~~United Kingdom~~ Arizona
COUNTY OF ~~Manchester~~ Maricopa

The foregoing instrument was acknowledged before me this ~~4th~~ 23rd day of March, 2005, by John K. Graham, Regional Counsel of First American Title Insurance Company, a California corporation, on behalf of the corporation.

Heather Garber
Notary Public

My commission expires:
June 17, 2005

OFFICIAL SEAL
HEATHER GARBER
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires Jun 17, 2005

~~SCOTLAND~~ Manchester
United Kingdom

The foregoing instrument was acknowledged before me this 4th day of March, 2005, by RUSSELL OLIVER of the Bank of Scotland, a banking organization established by Act of the Scottish Parliament, for and on behalf of the Governor and Company of the Bank of Scotland.

Notary Public

My Commission lasts indefinitely.

GAVIN RICHARD BUSHELL
NOTARY PUBLIC
Ship Canal House
King Street Manchester M2 4WB

PHX/RBALLARD/1625090.1/90235.001

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2005-523798 04/22/2005 13:51
00671820022A-12-4-2--
ELECTRONIC RECORDING

When recorded return to:

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

GENERAL PLAN FOR THE PROPOSED FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

To: Clerk, Town of Buckeye, Arizona

For the purposes of Section 48-702(B), Arizona Revised Statutes, as amended, the following is the general plan for the proposed captioned district:

Article I.

GENERAL AREA TO BE IMPROVED WITHIN THE PROPOSED CAPTIONED DISTRICT

All that area described in *Exhibit A* attached hereto and made a part hereof for all purposes shall comprise the area to be benefited. The public infrastructure improvements shall be constructed in public rights-of-way or easements located both within and outside the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and the areas described in *Exhibit A* hereto, all for the benefit of the area described in *Exhibit A* hereto.

Article II.

GENERAL DESCRIPTION OF THE PUBLIC INFRASTRUCTURE IMPROVEMENTS FOR WHICH THE PROPOSED CAPTIONED DISTRICT IS PROPOSED TO BE FORMED:

1. INITIAL PUBLIC INFRASTRUCTURE

The proposed District is to be formed to accomplish the purposes permitted in the Act. It is anticipated that the district initially will construct the public infrastructure described in

Exhibit B, which shall be available for use by the public. Future public infrastructure which is presently contemplated and may be completed include certain water and sewer facilities and road improvements for the District. The map attached as *Exhibit C* sets forth the general location of the district and the public infrastructure described in *Exhibit B*.

2. ADDITIONAL PUBLIC INFRASTRUCTURE

In addition to the initial public infrastructure described in paragraph 1 above, the proposed District is being formed for accomplishing the following public infrastructure improvements as such improvements are authorized by the governing body of the District in accordance with applicable law and are consistent with the powers of a community facilities district:

(a) Sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge;

(b) Drainage and flood control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use and discharge;

(c) Water systems for domestic, industrial, irrigation, municipal or fire protection purposes including production, collection, storage, treatment, transport, delivery, connection and dispersal, but not including facilities for agricultural irrigation purposes unless for the repair or replacement of existing facilities when required by other improvements permitted by this article;

(d) Highways, streets, roadways, bridges and parking facilities including all areas for vehicular use for travel, ingress, egress and parking;

(e) Areas for pedestrian, equestrian, bicycle or other non-motor vehicle use for travel, ingress, egress and parking;

(f) Pedestrian malls, parks, recreational facilities other than stadiums and open space areas for the use of the public for entertainment, assembly and recreation;

(g) Landscaping including earthworks, structures, lakes and other water features, plants, trees and related water delivery systems;

(h) Public buildings, public safety facilities and fire protection facilities;

(i) Lighting systems;

(j) Traffic control systems and devices including signals, controls, markings and signage;

(k) School sites and facilities;

(l) Equipment, vehicles, furnishings and other personalty related to the items listed in clauses (a) through and including (k) above; and

(m) Operation and maintenance of the items listed in clauses (a) through and including (l) above.

DATED: April 19, 2005

10,000 WEST, LLC, a limited liability company

By Philip A. Edlund
Its Secretary

PULTE HOME CORPORATION, a Michigan corporation

By
Its Attorney in Fact

STATE OF AZ
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 23 day of March, 2005, by Philip A. Edlund, Secretary of 10,000 West, LLC, a limited liability company, on behalf of the company.

Charlene Sarich
Notary Public

My commission expires:
9-13-07

OFFICIAL SEAL
CHARLENE SARICH
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Sept. 13, 2007

STATE OF AZ
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 4 day of APRIL, 2005, by MIKE BRILZ, ATTORNEY IN FACT of Pulte Home Corporation, a Michigan corporation, on behalf of the corporation.

Jackie Wilmoth
Notary Public

My commission expires:
JUNE 15, 2007

OFFICIAL SEAL
JACKIE WILMOTH
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires June 15, 2007

ATTACHMENTS:

EXHIBIT A	Legal description of property to be included in the District
EXHIBIT B	Description of initial public infrastructure to be constructed or installed by the District
EXHIBIT C	Map showing general areas of the public infrastructure to be constructed or installed by the District

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY
TO BE INCLUDED IN THE DISTRICT

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;

Legal Description for
Festival Ranch
Community Facility District
December 9, 2004

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.

EXHIBIT B

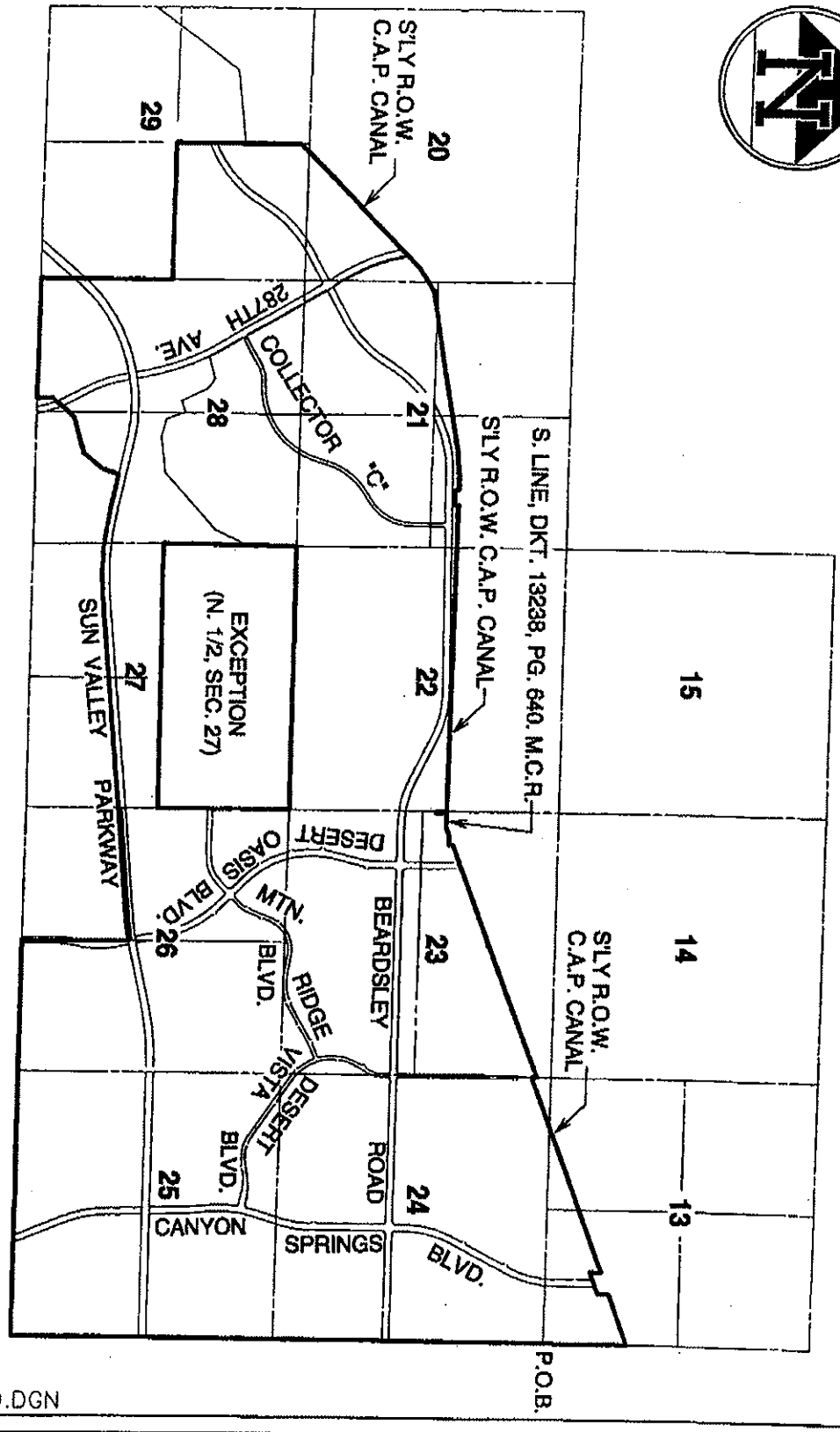
DESCRIPTION OF INITIAL PUBLIC INFRASTRUCTURE

General Improvements

Sun Valley Parkway
Festival Parkway
Beardsley Road
263rd Avenue
271st Avenue
279th Avenue
287th Avenue
Loop Road through Town Center
Collector Roads
Traffic Signals
CAP Canal Bridge
Wagner Wash Bridge
Mass Grading
Water Reclamation Facility (WRF)
Sewer Trunk Lines
Effluent Main
Booster Pumps, Water Storage Tanks and other water facilities
Water Lines
Water Wells
Perimeter Walls and Buffers
Parks
Police/Fire Facilities
K-8 School

EXHIBIT C

MAP SHOWING GENERAL AREAS OF THE
PUBLIC INFRASTRUCTURE



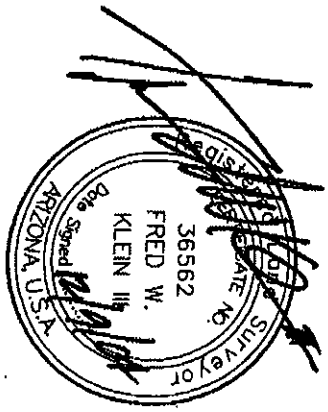


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EXHIBIT C	FESTIVAL RANCH COMMUNITY FACILITY DISTRICT	JOB NO 680001
4550 NORTH 12TH ST. PHOENIX, ARIZONA 85014 TEL. (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

TOWN OF BUCKEYE

REGULAR COUNCIL MEETING

APRIL 19, 2005

AGENDA

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
7:00 p.m.

Accessibility for all persons with disabilities will be provided upon request. Please telephone your accommodation request (623 386-4691) 72 hours in advance if you need a sign language interpreter or alternate materials for a visual or hearing impairment.

Members of the Town Council will either attend in person or by telephone conference call or video presentation. Items listed may be considered by the Council in any order.

REVISED AGENDA

POSTED 4-18-05 5:00 P.M.

The following item has been added to the Agenda:

5U. Council to consider and if advisable, adopt Ordinance 19-05 amending the Town Code Sections 18-1-4 and 18-1-5, declaring an emergency, and read by title only.

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1. Call to Order/Pledge of Allegiance/Roll Call.

2. Comments from the Public – Members of the audience may comment on any item of interest. *Council Action: Open Meeting Law does not permit Council discussion of items not specifically on the agenda.*

3. *Approval of items on the Consent Agenda – All items with and (*) are considered to be routine matters and will be enacted by one motion and vote of the Town Council. There will be not separate discussion of these items unless a Councilmember requests, in which event the item will be removed from the consent agenda and considered in its normal sequence.*
CONSENT AGENDA

***3. Council to consider approval of the minutes of the April 5, 2005 Council workshop and regular meeting as presented.**

***4. Council to consider invoices due by the Town for payment. Copies of invoices are available at Town Hall for review.**

5. New Business

***5A. Council to consider appointment of a representative and alternate to the Community Development Advisory Committee (CDAC) for a term of office from July 1, 2005 to June 30, 2006.**

***5B. Council to consider and if advisable, approve the award of a contract to Southwest Engineering in an amount not to exceed $8,100 for engineering services related to the construction of a traffic signal at the intersection of MC-85 and Miller Road with the form subject to minor changes necessary to finalize the agreement.**

*Council Action: Motion to approve consent agenda items *3, *4, *5A, and *5B.*

NON CONSENT AGENDA ITEMS

5C. Council to consider and if advisable, adopt Ordinance 21-05 increasing the corporate limits of the Town of Buckeye and read by tile only. Request by Jim Talbert of Manhard Consulting on behalf of Montalbano Homes for the annexation of approximately eighty (80) acres located on the

northwest corner of Perryville Road and Broadway Road. MONTALBANO HOMES A04-31
Council Action: Discussion and possible motion.

5D. Council to consider and if advisable, adopt Ordinance 22-05 increasing the corporate limits of the Town of Buckeye and read by title only. Request by George Musser on behalf of Bruce Heiden for the annexation of approximately 400 acres located on the northwest corner of Southern Avenue and Rooks Road. HEIDEN A04-28
Council Action: Discussion and possible motion.

5E. Council to consider and if advisable, adopt Resolution 33-05 approving the Final Plat of a subdivision to be known as "Verrado Parcel 4.623" located within Planning Unit IV in the southeastern portion of Phase 1 of the Verrado Master Planned Community in a portion of Section 30, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County. Site consists of 34 lots on 13.53 acres. This site consists of 13.53 acres, 34 single family lots, with a proposed lot size of 80'x135'. Request by Biskind, Hunt & Taylor, P.L.C. VERRADO FP05-10
Council Action: Discussion and possible motion.

5F. Council to consider and if advisable, adopt Resolution 34-05 approving the Final Plat of a subdivision to be known as "Westpark Parcel 14" located within Phase 2 of the Westpark Master Planned Community in a portion of Section 19 of Township 1 North, Range 3 West of Gila and Salt River Base and Meridian. This site consists of 22.78 acres, 116 single family lots, with a proposed lot size of 45'x110'. Request by Karen Williamson of Roston on behalf of AZPropertyCo Holdings, LLC. FP04-568
Council Action: Discussion and possible motion.

5G. Council to consider and if advisable, adopt Resolution 35-05 approving the Final Plat of a subdivision to be known as "Westpark Parcel 13" located within Phase 2 of the Westpark Master Planned Community in a portion of Section 19 of Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. This site consists of 23.88 acres, 98 lots, and 53'x115' lot size. This site consists of 23.88 acres, 98 single family lots, with a proposed lot size of 53'x115'. Request by Karen Williamson of Roston on behalf of AZPropertyCo Holdings, LLC FP04-567
Council Action: Discussion and possible motion.

5H. Council to consider and if advisable, adopt Resolution 36-05 approving the Final Plat of a subdivision to be known as "Parkplace at Buckeye" located in apportion of the southwest quarter of Section 6, Township 1 South, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. This site consists of approximately 66.07 acres, 267 single family lots, with lot sizes 48'x63', 53'x119', 58'x85'. Request by George Musser on behalf of Parkplace at Buckeye, L.L.C. FP04-502
Council Action: Discussion and possible motion.

5I. Council to consider and if advisable, adopt Resolution 37-05 approving the Final Plat of a subdivision to be known as "Tartesso Unit 1" located within the Tartesso West Master Planned Community in portions within Section 20 and 29, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. This site consists of 258 gross acres, 766 lots, with various lot sizes. Request by Stephen Earl of Earl, Curley, & Legarde on behalf of Stardust-Tartesso W12, Inc. TARTESSO WEST FP03-484
Council Action: Discussion and possible motion.

5J. Council to consider and if advisable, adopt Resolution 38-05 approving the Final Plat of a subdivision to be known as "Tartesso Unit 2A" located within the Tartesso West Master Planned Community in portions within Section 25 and 30, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. This site consists of 451 gross acres, 1,247 lots, with various lot sizes. Request by Stephen Earl of Earl, Curley, & Legarde on behalf of Stardust-Tartesso W12, Inc. TARTESSO WEST FP04-166
Council Action: Discussion and possible motion.

5K. Council to consider authorizing the initiation of an amendment to the Town of Buckeye Development Code by amending Article 7, Sections 7-7-4, and 7-8-4 regarding the status and approval of preliminary plats and Section 7-8-4 regarding Development Code Amendments.
Council Action: Discussion and possible motion.

5L. Council to consider authorizing the initiation of an amendment to the Town of Buckeye Development Code by amending Article 7, Section 7-7-4 and 7-8-4 regarding Preliminary Plat extensions.
Council Action: Discussion and possible motion.

5M. Council to consider and if advisable approve the Intergovernmental Agreement between Agua Fria Union High School District #216 and the Town of Buckeye regarding development processing and general cooperation.
Council Action: Discussion and possible motion.

5N. Council to consider and if advisable, approve a contract with WLB Group for the scope of services proposed for year one in the amount of $199,185 to complete a Cultural Resources Survey necessary for the purchase of BLM land.
Council Action: Discussion and possible motion.

5O. Council to consider a request from Buckeye Main Street Coalition for $75,000 (salary $50,000, benefits $15,000, travel, conferences, dues and education expense $10,000) from the Downtown Revitalization Fund to be used to hire a new Main Street Director.
Council Action: Discussion and possible motion.

5P. Council to consider and if advisable, award a contract to Garney Construction for Guaranteed Maximum Price #2 (GMP#2) in an amount of $5,014,009 with $250,700.45 Contingency for a total contract price of $5,264,709.45 for the expansion of the Wastewater Treatment Plant.
Council Action: Discussion and possible motion.

5Q. Council to consider and if advisable, award a contract to Banicki Construction in the amount not to exceed $979,033.80 for the reconstruction of 5th Street (Beloat Road to Monroe Ave.), 7th Street (Beloat Road – Mahoney Avenue), and Narramore Avenue (Beloat Road to MC85) with the form of the agreement subject to those minor changes necessary to finalize the agreement. This project is partially funded through the CDBG process in the amount of $462,000.
Council Action: Discussion and possible motion.

5R. Council to consider a petition received relative to formation of the Festival Ranch Community Facilities District and, if deemed advisable, to adopt Resolution 39-05 forming such District and

entering into a Development, Financing Participation and Intergovernmental Agreement No. 1 with such District.
Council Action: Discussion and possible motion.

5S. Council to consider and if advisable, authorize two temporary Planner I positions in the Community Development Department to be funded by an agreement with the Development Community.
Council Action: Discussion and possible motion.

5T. Council to consider and if advisable approve the Westpark Development Service Agreement regarding the maintenance of streets for the Phase I Infrastructure in the Westpark Community Facilities District.
Council Action: Discussion and possible motion.

5U. Council to consider and if advisable, adopt Ordinance 19-05 amending the Town Code Sections 18-1-4 and 18-1-5, declaring an emergency, and read by title only.
Council Action: Discussion and possible motion.

6. Town Manager's Report – *The Manager may provide a brief summary of current events; however, there can be discussion on the following matters:*

Manager's update on Council related matters.
Update on Legislative issues.

7. Comments from the Mayor and Council – *Mayor and Council may present a brief summary on current events. The Council may not propose, discuss, deliberate, or take any legal action of information presented. Council may direct inquiries to staff.*

8. Adjournment.
Council Action: Motion to adjourn.

TOWN OF BUCKEYE
REGULAR COUNCIL MEETING
APRIL 19, 2005
MINUTES

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
7:00 p.m.

REVISED AGENDA
POSTED 4-18-05 5:00 P.M. Item 5U was added to the agenda

1. Call to Order/Pledge of Allegiance/Roll Call.
Vice Mayor Urwiller called the meeting to order at 7:00 p.m.

Members Present:	Councilman Meck, Councilman Beard, Vice Mayor Urwiller, Councilwoman May, and Councilman Doster
Members Absent:	Councilman Garza and Mayor Hull.
Departments Present:	Town Manager Carroll Reynolds, Town Attorney Scott Ruby, Town Clerk Linda Garrison, Deputy Clerk Lucinda Aja, Fire Chief Scott Rounds, Fire Marshall Bob Costello, Finance Director Ron Brown, Parks, Rec and Library Director Jeanine Guy, Police Chief Dan Saben, Public Works Director Chris Young, Community Development Director Dennis Zwagerman, Town Engineer Woody Scoutten, Sr. Accountant Iris Wallace, Human Resources Director Toni Brown, and Airport Director Jason Hardison.

2. Comments from the Public
- Elizabeth McClure addressed the Council about the need of a recycling program for Buckeye.
- Richard Adams stated that he would like another Senior Center survey done to see if the attendants are happy.
- Rachel Aja of the Homebuilders Association asked to speak about Item 5U, and to thank and commend the Community Development Department for all of their hard work.

CONSENT AGENDA
All items with and (*) are considered to be routine matters and will be enacted by one motion and vote of the Town Council. Councilwoman May requested Item 5A be pulled from the consent agenda. Motion made by Councilman Beard and seconded by Councilwoman May to approve Items *3, *4, and *5B. Motion passed unanimously. Motion made by Councilman Meck and seconded by Councilwoman May to approve Item *5A. Motion passed unanimously.

*3. Council approved the minutes of the April 5, 2005 Council workshop and regular meeting as presented.

*4. Council approved invoices due by the Town for payment. Copies of invoices are available at Town Hall for review.

5. New Business
*5A. Council approved appointment of Councilman Doster as representative and Councilman Beard as alternate to the Community Development Advisory Committee (CDAC) for a term of office from July 1, 2005 to June 30, 2006.

*5B. Council approved the award of a contract to Southwest Engineering in an amount not to exceed $8,100 for engineering services related to the construction of a traffic signal at the intersection of MC-85 and Miller Road with the form subject to minor changes necessary to finalize the agreement.

NON CONSENT AGENDA ITEMS
5C. Ordinance 21-05 Annexation MONTALBANO HOMES A04-31
Requested by Jim Talbert of Manhard Consulting on behalf of Montalbano Homes for the annexation of approximately eighty (80) acres located on the northwest corner of Perryville Road and Broadway Road.
Motion made by Councilman Meck and seconded by Councilwoman May to adopt Ordinance 21-05 increasing the corporate limits of the Town of Buckeye and read by tile only. Motion passed unanimously.

5D. Ordinance 22-05 HEIDEN A04-28
Requested by George Musser on behalf of Bruce Heiden for the annexation of approximately 400 acres located on the northwest corner of Southern Avenue and Rooks Road. Motion made by Councilman Beard and seconded by Councilwoman May to adopt Ordinance 22-05 increasing the corporate limits of the Town of Buckeye and read by title only. Motion passed unanimously.

5E. Resolution 33-05- Final Plat of a subdivision to be known as Verrado Parcel 4.623 VERRADO FP05-10
Requested by Biskind, Hunt & Taylor, P.L.C. to approve Resolution 33-05 approving the Final Plat of a subdivision to be known as "Verrado Parcel 4.623" located within Planning Unit IV in the southeastern portion of Phase 1 of the Verrado Master Planned Community in a portion of Section 30, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County. Site consists of 34 lots on 13.53 acres. This site consists of 13.53 acres, 34 single family lots, with a proposed lot size of 80'x135'. Motion made by Councilman Meck and seconded by Councilwoman May to approve with the stipulation stating there shall be no parking on all streets within the area as measured 60 feet from the point of intersection of the back of curb lines extended and a no parking area shall be designated with signage and curb indicators with exact color and type to be determined by the Town of Buckeye Public Works Director. Motion passed unanimously.

5F. Resolution 34-05 Westpark Parcel 14- FP04-568
Requested by Karen Williamson of Roston on behalf of AZPropertyCo Holdings, LLC. to adopt Resolution 34-05 approving the Final Plat of a subdivision to be known as "Westpark Parcel 14" located within Phase 2 of the Westpark Master Planned Community in a portion of Section 19 of Township 1 North, Range 3 West of Gila and Salt River Base and Meridian. This site consists of 22.78 acres, 116 single family lots, with a proposed lot size of 45'x110'. Motion made by Councilman Meck and seconded by Councilwoman May to approve with three (3) stipulations stating (1) there shall be no parking on all streets within the area as measured 60 feet from the point of intersection of the back of curb lines extended and a no parking area shall be designated with signage and curb indicators with exact color and type to be determined by the Town of Buckeye Public Works Director, (2) On street parking shall be restricted to one side of the street within this plat and shall be designated as no parking zones with signage and curb indicators (exact type and colors to be determined by the Town of Buckeye Public Works Director), and (3) On Parcels 13, 14, 18, and 20 the back of curb street width of 28 feet with the addition of stipulations K an L. The remainder of Phase 2 and all of Phase 3 shall have a back of curb width of 32 feet.
Motion passed unanimously.

5G. Resolution 35-05-Final Plat of a subdivision to be known as Westpark Parcel 13 LLC FP04-567
Requested by Karen Williamson of Roston on behalf of AZPropertyCo Holdings to adopt Resolution 35-05 approving the Final Plat of a subdivision to be known as "Westpark Parcel 13" located within Phase 2 of the Westpark Master Planned Community in a portion of Section 19 of Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. This site consists of 23.88 acres, 98 lots, and 53'x115' lot size. Motion made by Councilman Meck and seconded by Councilwoman May to approve with three (3) stipulations stating (1) there shall be no parking on all streets within the area as measured 60 feet from the point of intersection of the back of curb lines extended and a no parking area shall be designated with signage and curb indicators with exact color and type to be determined by the Town of Buckeye Public Works Director, (2) On street parking shall be restricted to one side of the street within this plat and shall be designated as no parking zones with signage and curb indicators (exact type and colors to be determined by the Town of Buckeye Public Works Director), and (3) On Parcels 13, 14, 18, and 20 the back of curb street width of 28 feet with the addition of stipulations K an L. The remainder of Phase 2 and all of Phase 3 shall have a back of curb width of 32 feet. Motion passed unanimously.

5H. Resolution 36-05-Final Plat of a subdivision to be known as Parkplace at Buckeye FP04-502
Requested by George Musser on behalf of Parkplace at Buckeye, L.L.C. After some discussion a motion made by Councilman Meck and seconded by Councilwoman May to adopt Resolution 36-05 approving the Final Plat of a subdivision to be known as "Parkplace at Buckeye" located in apportion of the southwest quarter of Section 6, Township 1 South, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona consisting of approximately 66.07 acres, 267 single family lots, with lot sizes 48'x63', 53'x119', 58'x85'. with (2) stipulations, (1) On street parking shall be restricted to one side of the street within this plat and shall be designated as no parking zones with signage and curb indicators (exact type and colors to be determined by the Town of Buckeye Public Works Director), and (2) the back of curb street width of 28 feet, and a back of curb width of 32 feet. Motion passed unanimously.

5I. Resolution 37-05-Final Plat of a subdivision to be known as Tartesso Unit 1 TARTESSO WEST FP03-484
Requested by Stephen Earl of Earl, Curley, & Legarde on behalf of Stardust-Tartesso W12, Inc. Motion made by Councilman Meck and seconded by Councilman Beard to adopt Resolution 37-05 approving the Final Plat of a subdivision to be known as "Tartesso Unit 1" located within the Tartesso West Master Planned Community in portions within Section 20 and 29, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona consisting of 258 gross acres, 766 lots, with various lot sizes. Motion passed unanimously.

5J. Resolution 38-05- Final Plat of a subdivision to be known as Tartesso Unit 2A TARTESSO WEST FP04-166
Requested by Stephen Earl of Earl, Curley, & Legarde on behalf of Stardust-Tartesso W12, Inc.
Motion made by Councilman Meck and seconded by Councilwoman May to adopt Resolution 38-05 approving the Final Plat of a subdivision to be known as "Tartesso Unit 2A" located within the Tartesso West Master Planned Community in portions within Section 25 and 30, Township 2 North, Range 4 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. This site consists of 451 gross acres, 1,247 lots, with various lot sizes. Motion passed unanimously.

5K. Development Code Amendment- Article 7, Sections 7-7-4, and 7-8-4
Motion made by Councilwoman May and seconded by Councilman Meck to not authorize the initiation of an amendment to the Town of Buckeye Development Code by amending Article 7, Sections 7-7-4, and 7-8-4 regarding the status and approval of preliminary plats and Section 7-8-4 regarding Development Code Amendments. Motion passed unanimously.

5L. Development Code Amendment- Article 7, Section 7-7-4 and 7-8-4
Motion made by Councilman Meck and seconded by Councilwoman May to authorize the initiation of an amendment to the Town of Buckeye Development Code by amending Article 7, Section 7-7-4 and 7-8-4 regarding Preliminary Plat extensions with the addition of C and D from Item K. Motion passed unanimously.

5M. Intergovernmental Agreement between Agua Fria Union High School District #216 and the Town of Buckeye- Development Processing and General Cooperation.
Motion made by Councilman Beard and seconded by Councilman Doster to approve the Intergovernmental Agreement between Agua Fria Union High School District #216 and the Town of Buckeye regarding development processing and general cooperation. Motion passed unanimously.

5N. WLB Group- Cultural Resources Survey- Purchase of BLM Land
Motion made by Councilman Meck and seconded by Councilwoman May to approve a contract with WLB Group for the scope of services proposed for year one in the amount of $199,185 to complete a Cultural Resources Survey necessary for the purchase of BLM land with the stipulations that it is subject to changes in the standard conditions as worked out by legal council and the Parks and Rec Director, and it is subject to annual appropriation and approval. Motion passed unanimously.

5O. Buckeye Main Street Coalition- Main Street Director Salary
Motion made by Councilman Meck to grant a request from Buckeye Main Street Coalition for $75,000 (salary $50,000, benefits $15,000, travel, conferences, dues and education expense $10,000) from the Downtown Revitalization Fund to be used to hire a new Main Street Director with the stipulation that the amount includes the prorated amount for the remainder of this fiscal year. Motion passed unanimously.

5P. Garney Construction- Wastewater Treatment Plant Expansion
Chris Young said the project would start immediately upon approval to be completed in December of 2005 for expansion of 1.5 million gallons per day. Motion made by Councilman Meck and seconded by Councilwoman May to award a contract to Garney Construction for Guaranteed Maximum Price #2 (GMP#2) in an amount of $5,014,009 with $250,700.45 Contingency for a total contract price of $5,264,709.45 for the expansion of the Wastewater Treatment Plant. Motion passed unanimously.

5Q. Banicki Construction- Reconstruction of 5th Street (Beloat Road to Monroe Ave.), 7th Street (Beloat Road – Mahoney Avenue), and Narramore Avenue (Beloat Road to MC85)
Motion made by Councilman Doster and seconded by Councilman Beard to award a contract to Banicki Construction in the amount not to exceed $979,033.80 for the reconstruction of 5th Street (Beloat Road to Monroe Ave.), 7th Street (Beloat Road – Mahoney Avenue), and Narramore Avenue (Beloat Road to MC85) with the form of the agreement subject to those minor changes necessary to finalize the agreement. This project is partially funded through the CDBG process in the amount of $462,000. Motion passed unanimously.

5R. Festival Ranch Community Facilities District- Resolution 39-05
Motion made by Councilman Meck and seconded by Councilwoman May to adopt Resolution 39-05 forming such District and entering into a Development, Financing Participation and Intergovernmental Agreement No. 1 with such District and grant a petition received relative to formation of the Festival Ranch Community Facilities District. Motion passed unanimously.

5S. Temporary Planner I Positions- Community Development Department
Motion made by Councilman Meck and seconded by Councilwoman May to authorize two temporary Planner I positions in the Community Development Department to be funded by an agreement with the Development Community. Motion passed unanimously.

5T. Westpark Development Service Agreement- Maintenance of Streets for the Phase I Infrastructure
Motion made by Councilman Beard and seconded by Councilwoman May to approve the Westpark Development Service Agreement regarding the maintenance of streets for the Phase I Infrastructure in the Westpark Community Facilities District. Motion passed unanimously.

5U. Ordinance 19-05 Amending the Town Code Sections 18-1-4 and 18-1-5
Motion made by Councilman Beard and seconded by Councilwoman May to adopt Ordinance 19-05 amending the Town Code Sections 18-1-4 and 18-1-5, declaring an emergency, and read by title only. Motion passed unanimously.

6. Town Manager's Report

- Need for adoption of Public Safety Training, more information at a later date.
- Marquis Funeral time / location
- MAG Census Population and revenue estimate at 1.18 million increase in revenue sharing.

7. Comments from the Mayor and Council
Meck-The April 16th Retreat was very positive, inquired about the Sonora Fence
Beard-None
Vice Mayor Urwiller-New staff is Dave Dial, Sr. Civil Engineer
Councilwoman May-None
Councilman Doster-In response to the recycling inquiry: Town has a recycling program in place for municipal departments, and the City of Phoenix is going to assist us to put a program in place for the public.
Councilman Garza-absent
Mayor Hull-absent

8. Adjournment.
Their being no further business to come before Council motion made by Councilman Meck and seconded by Councilwoman May to adjourn at 8:57 p.m. Motion passed unanimously.

_____
Dustin Hull, Mayor

ATTEST:

_____
Linda Garrison, Town Clerk

I hereby certify that the foregoing is a true and correct copy of the Regular Council Meeting held on the 19th day of April, 2005. I further certify that a quorum was present.

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2005-0523797 04/22/2005 13:51
00671820022A-12-4-1--
ELECTRONIC RECORDING

When recorded return to:

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

RESOLUTION NO. 39-05

RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF BUCKEYE, ARIZONA, DECLARING INTENT TO FORM A COMMUNITY FACILITIES DISTRICT; ORDERING AND DECLARING FORMATION OF THE TAX LEVYING FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA); APPROVING THE DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1 WITH SUCH DISTRICT; AND DECLARING AN EMERGENCY.

SWR:par 576856

RESOLUTION NO. 39-05

RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF BUCKEYE, ARIZONA, DECLARING INTENT TO FORM A COMMUNITY FACILITIES DISTRICT; ORDERING AND DECLARING FORMATION OF THE TAX LEVYING FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA); APPROVING THE DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1 WITH SUCH DISTRICT; AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF BUCKEYE, ARIZONA, as follows:

Section 1. Findings. The mayor and council hereby make the following findings:

A. Prior to the adoption hereof, there was presented to us, the Mayor and Council of the Town of Buckeye, Arizona (hereinafter referred to as the "*Town*"), a petition for formation of a community facilities district and adoption of resolutions declaring formation of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona), submitted and effective April 19, 2005 (hereinafter referred to as the "*Petition*"), signed by the entities which, on the date of the Petition and on the date hereof, are the owners of all real property as shown on the assessment roll for State and County taxes for Maricopa County, Arizona, or, if such persons shown on such assessment roll are no longer the owners of land in the District, are the entities which are the successor owners which have become known and have been verified by recorded deed or similar evidence of transfer of ownership to be the owners of such real property (hereinafter such owners are collectively referred to as the "*Petitioner*") described in the Petition by metes and bounds to be in the community facilities district, the formation of which is requested by the Petitioner in the Petition, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Act*"). (The proposed district shall be referred to herein as the "*District*").

B. The Petitioner has represented, attested and declared the following:

1. The name of the District is requested pursuant to the Petition to be "*Festival Ranch Community Facilities District (Town of Buckeye, Arizona)*",

2. The District is to be formed, and will exist, pursuant to the terms and provisions of the Act,

3. The District is to contain an area of approximately 4,015 acres of land, more or less, wholly within the corporate boundaries of the Town, and is to be composed of the land described by metes and bounds as provided in *Exhibit A* hereto, which is made a part hereof for all purposes (hereinafter referred to as the "*Property*"),

4. The District is to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; except as otherwise provided in the Act, and is to be considered a municipal corporation and political subdivision of the State of Arizona separate and apart from the Town; and is to be formed for, and

have, all the purposes and powers of a "district" as such term is defined, and as provided, in the Act, and

5. Public convenience and necessity require the adoption of this resolution forming the District.

C. The Petitioner further represented, attested and declared that on the date thereof and hereof, as shown on the assessment roll for State and county taxes in Maricopa County, Arizona, all of the land to be in the District is owned by the Petitioner or, if a person listed on such assessment roll is no longer the owner of the land in the District, that the name of the successor owner has become known and verified by recorded deed or similar evidence of transfer of ownership to the Petitioner and that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed and that there are no qualified electors residing on the land to be in the District.

D. After representing, attesting and declaring the preceding, the Petitioner requested that the Petition be properly filed as provided by law and that, as the Petition is signed by the owners of all the land to be in the District, any requirements of posting, publication, mailing, notice, hearing and landowner election otherwise required by the Act in connection with the formation of the District and adoption hereof be waived, and that the Town, upon receipt of the Petition, declare its intention to form the District and thereafter form the District without being required to comply with such provisions for posting, publication, mailing, notice, hearing or landowner election.

E. A Development, Financing Participation and Intergovernmental Agreement No. 1 (the "*Development Agreement*") has been presented to the Mayor and Council, executed by the owners of all the land in the District and it is now in order for the Town to approve such Development Agreement.

Section 2. Agreements and Further Findings by the Town. The Mayor and Council hereby agree to and find the following:

A. The Petitioner seeks formation of the District to exercise the powers and functions set forth in the Act.

B. The General Plan (as defined hereafter) has been filed with the Clerk of the Town.

C. The Petition, and all necessary supporting materials, meets the requirements of A.R.S. § 48-707, subsections F and G and has been filed with the Council, and the showings in the Petition are each noticed by us and are hereby incorporated at this place as if set forth in whole.

D. The purposes for which the organization of the District is sought are as described in the Petition and General Plan and are purposes for which a community facilities district created pursuant to the Act may be lawfully formed.

E. The District is to be wholly comprised of the Property and the Property is wholly within the boundaries of the Town.

F. The Property is benefited by the District and the public infrastructure and the public infrastructure purposes set forth in the General Plan.

G. Pursuant to A.R.S. § 48-707, subsections F and G, no hearing on the formation of the District will be held.

H. The Petitioner is the owner of all of the Property and no qualified electors reside on the Property.

I. The public convenience and necessity require the adoption hereof.

Section 3. Approval of the General Plan. Prior to the adoption hereof, a "General Plan for the Proposed Festival Ranch Community Facilities District (Town of Buckeye, Arizona)" for the District was filed with the Clerk of the Town setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved and benefited (hereinafter referred to as the "*General Plan*"). The General Plan is hereby approved in all respects.

Section 4. Approval of the Development Agreement. The Development Agreement by and among the Town, the District and the owners of the property within the District, as presented to the Town and on file with the Clerk, is hereby approved. The Mayor is authorized and directed to execute and deliver and the Clerk is authorized and directed to attest, the Development Agreement.

Section 5. Intention to Form the District. The Mayor and Council hereby declares, pursuant to the Act, its intention to form the District comprised of the Property as a community facilities district, pursuant to the terms and provisions of, and with the powers and authority established by, the Act, with jurisdiction over the Property. Based on the Petition and the findings set forth herein, all requirements of posting, publication, mailing, notice, hearing and landowner election otherwise required by the Act in connection with the formation of the District and adoption hereof are waived.

Section 6. Granting of Petition; Formation of District. The Petition is hereby granted, and the District is hereby formed as a community facilities district pursuant to the terms and provisions of, and with the powers and authority established by, the Act, with jurisdiction over the Property. The Mayor and Council hereby determine May 25, 2005 to be the scheduled election date to submit the question of formation of the District to the qualified electors, if any, who reside within the boundaries of the District. As of the date hereof, which is a date within 50 days immediately preceding such scheduled election date, there are no resident electors or qualified electors residing on the Property, therefore, the submission of the formation of the District to an election of resident electors is hereby found to be unnecessary and no formation election will be held.

Section 7. Levy of Taxes. Formation of the District may result in the levy of taxes by the District on all taxable property located within the District to pay the costs of improvements constructed by the District and the administration of the District and for their operation and maintenance and the administration of the District.

Section 8. District Board and Officers. The District shall be governed by a "District Board" comprised of the members of the governing body of the Town, ex officio.

Section 9. District Boundaries and Map. The District boundaries are set to be as described in metes and bounds in *Exhibit A* hereto. The map showing the District boundaries is set forth in *Exhibit B* hereto and is hereby approved.

Section 10. Dissemination of This Resolution. The Town Clerk shall cause a copy of this resolution to be delivered to the County Assessor and the Board of Supervisors of Maricopa County, Arizona, and to the Department of Revenue of the State of Arizona.

Section 11. No General Liability of or for the Town. Neither the general fund or any other fund or moneys of the Town, nor that of the State of Arizona or any political subdivision of either (other than the District) shall be liable for the payment or repayment of any obligation, liability, bond or indebtedness of the District, and neither the credit nor the taxing power of the Town, the State of Arizona or any political subdivision of either (other than the District) shall be pledged therefor.

Section 12. Emergency. The immediate operation of the provisions of this resolution is necessary for the preservation of the public peace, health and safety and an emergency is hereby declared to exist, and this resolution shall be in full force and effect from and after its passage, adoption and approval by the Mayor and Council of the Town and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

Passed by the Council of the Town of Buckeye, Arizona, on April 19, 2005.

Chris P. Urwiller, Vice Mayor

ATTEST:

Linda Garrison, Town Clerk

APPROVED AS TO FORM:

Scott W. Ruby, Town Attorney

Exhibits:

A Legal description of district

B Boundary map of district

EXHIBIT A

LEGAL DESCRIPTION OF
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN 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:

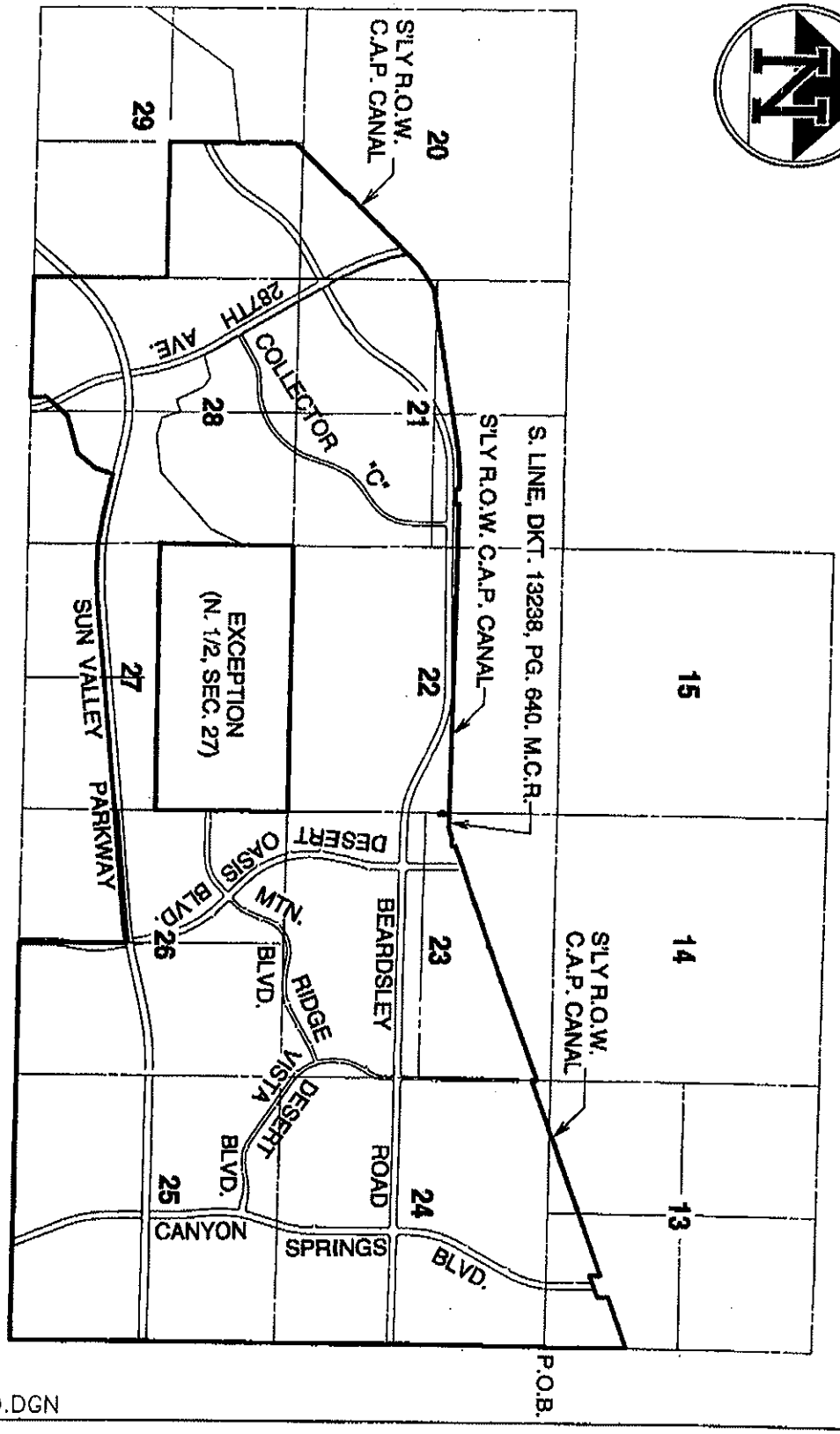
The North Half of Section 27, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona,

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.

EXHIBIT B

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



N:\680001\LAND\EH-CFD.DGN

EXHIBIT B	FESTIVAL RANCH COMMUNITY FACILITY DISTRICT	JOB NO 680001
4550 NORTH 12TH ST. PHOENIX, ARIZONA 85014 TEL. (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2005-0523800 04/22/2005 13:51
00671820022A-58-4-4--
ELECTRONIC RECORDING

When recorded, return to:

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

DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1

FOR

**FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT
(BUCKEYE, ARIZONA)**

by and among

TOWN OF BUCKEYE, ARIZONA,

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(BUCKEYE, ARIZONA),**

10,000 WEST, L.L.C.

and

PULTE HOME CORPORATION

Dated as of April 21, 2005

DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1 FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

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THIS DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1 FOR FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT, dated as of April 21, 2005 (the "*Agreement*"), by and among the Town of Buckeye, Arizona, a municipal corporation under the laws of the State of Arizona (the "*Municipality*"), Festival Ranch Community Facilities District, a community facilities district formed by the Municipality, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*District*"), 10,000 WEST, LLC, a limited liability company and PULTE HOME CORPORATION, a Michigan corporation (collectively, the "*Owners*") who owns in fee title all or substantially all of the real property in the District. Other persons having an interest in any real property within the District (the "*Lienholders*"), have acknowledged and agreed to the terms and provisions of this Agreement and have consented to the recording of this Agreement as a binding encumbrance against their respective property, by the execution of the Consent and Agreement attached hereto.

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 "*Act*"), and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the District and the Owners may enter into this 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 Act) and the financing of public infrastructure, including, but not limited to subsequent reimbursements or repayments over time; and

WHEREAS, with regard to the property described in *Exhibit "A"* hereto (the "*Property*") which makes up the real property included within the boundaries of the District, the Municipality, the District and the Owners have determined to specify some of such matters in this Agreement, particularly matters relating to the acquisition, construction financing, operation and maintenance of certain public infrastructure by the District, including matters relating to competitive bidding of the construction of the public infrastructure the acceptance thereof by the Municipality, the sale of bonds to finance the costs of the public infrastructure, and, if applicable and approved by the District, the reimbursement or repayment of the Owners with respect thereto, all pursuant to the Act; and

WHEREAS, this Agreement as a "development agreement" is consistent with the "general plan" of the Municipality as defined in Section 9-461, Arizona Revised Statutes, as amended, applicable to the Property on the date this Agreement is executed; and

WHEREAS, general obligation bonds (the "*G.O. Bonds*") and/or special assessment lien bonds (the "*Assessment Bonds*") of the District may be issued in the sole discretion of the District board of directors (the "*District Board*"), to provide moneys to finance certain "public infrastructure purposes" (as such term is defined in the Act) described in the General Plan of the District (the "*General Plan*") heretofore approved by the Municipality and the District (collectively, the G.O. Bonds and the Assessment Bonds of the District are referred to as the "*Bonds*"); and

WHEREAS, the District Board has ordered, called and conducted a general obligation bond election, whereat the persons qualified to vote at such election pursuant to the Act authorized the District Board to issue, in its sole discretion, G.O. Bonds in an amount not to exceed One Hundred Twenty Five Million Dollars ($175,000,000.00) to provide moneys for public infrastructure purposes consistent with the ballot, the General Plan and the Act; and

WHEREAS, the District Board, pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as amended, as nearly as practicable, or such other procedures as the District Board provides, may, in its sole discretion, levy assessments of the costs of any public infrastructure or public infrastructure purpose on any land in the District based on the benefit determined by the District Board to be received by the land, and issue and sell the Assessment Bonds payable from amounts collected from the special assessments; and

WHEREAS, pursuant to the Act, the District may enter into this Agreement with the Owners with respect to the advance of moneys for public infrastructure or public infrastructure purposes by the Owners and the repayment of such advances; and

WHEREAS, pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended (the "*Intergovernmental Agreement Act*"), the District and the Municipality may enter into the specified sections of this Agreement as an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them and for the purposes of the planning, design, inspection, ownership, control, maintenance, operation or repair of public infrastructure; and

WHEREAS, pursuant to Section 48-715, Arizona Revised Statutes, as amended, and the CFD Guidelines (as defined herein) before constructing or acquiring any public infrastructure improvements, the District Board is required, in each instance, to cause a report of the feasibility and benefits of the project (the "*Report*") relating to such public infrastructure improvements to be prepared by engineers and other qualified persons, which must include a description of the public infrastructure to be constructed or acquired and all other information useful to understand the project, a map showing, in general, the location of the project, an estimate of the cost to construct, acquire, operate and maintain the project, an estimated schedule for completion of the project, a map or description of the area to be benefited by the project, and a plan for financing the project; and

WHEREAS, nothing contained in this Agreement is intended to limit the District Board in exercising its judgment with respect to the issuance of Bonds during the process of reviewing and approving or rejecting any Report;

NOW, THEREFORE, in the joint and mutual exercise of their powers, in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, and subject to the conditions set forth herein the parties hereto agree as follows:

ARTICLE I

COMMUNITY FACILITIES DISTRICT

Section 1.1 **CFD Guidelines.** Except as otherwise specifically provided in this Agreement, as may be amended from time to time, the District shall be subject to and governed by the terms and provisions of the Town of Buckeye, Arizona, Policy Guidelines and Application Procedures for the Establishment of Community Facilities Districts, as amended from time to time (the "*CFD Guidelines*").

Section 1.2 **District Consulting Costs**. The District may retain an independent financial advisor, legal advisor, underwriter, engineer and such other advisors and consultants as may be necessary to assist the District in its operations, including but not limited to evaluating budgets, reports, financing documents, District construction documents and similar matters ("*District Consulting Costs*"). District Consulting Costs shall be included as District Administrative Expenses, provided, however, certain District Consulting Costs constituting capital expenditures of a project financed by Bonds may, if approved by the District Board, be paid with the proceeds of Bonds.

Section 1.3 **Compliance with Law and CFD Guidelines.** The District shall maintain its records and conduct its affairs in accordance with the Act, the laws of the State of Arizona and the CFD Guidelines.

Section 1.4 **Payment of Municipality's Costs and Expenses**. The Municipality shall be paid by the District for its costs and expenses relating to the District and the public infrastructure financed by the District as described in Section 7.3(d) of this Agreement. The Municipality will provide the District and the District will provide the Owners with an invoice for the Municipality's costs and expenses. The Owners agrees to pay to the District the amounts owed per Article VII of this Agreement within forty-five (45) days of receipt of the invoice.

Section 1.5 **Contracting for District Financial Infrastructure**.

(a) **Public Bid Requirement**. All infrastructure described in the General Plan that is or expected to be financed with District moneys or District Bond proceeds ("*District Financed Infrastructure*") shall be public infrastructure improvements as described in the Act. Any District Financed Infrastructure shall be publicly bid and awarded pursuant to the provisions of the Arizona Revised Statutes, as amended, and in accordance with the bidding policies of the Municipality (collectively, the "*Public Bid Requirements*").

(b) **Notice Inviting Bids**. Commencing on the date of this Agreement, the form of Notice Inviting Bids in *Exhibit "B"* hereto shall be used in substantially the form for such purpose, and the use of such form prior to the execution and delivery of this Agreement is hereby ratified in all respects.

(c) **Certificate of the Engineers**. Compliance with the Public Bid Requirements shall be evidenced by the certification of the engineers of the Owners and the District (collectively, the "*Engineers*") with respect thereto in the form of *Exhibit "C"* hereto (the "*Certificate of the Engineers*").

(d) **Limitation on Recourse**. Each construction or acquisition contract relating to the public infrastructure improvements or purposes shall provide that the respective contractors or vendors shall not have recourse, directly or indirectly, to the Municipality. In the case of any initial financing provided by the Owners of any construction or acquisition contract relating to public infrastructure improvements or purposes for which reimbursement is expected, such contract shall provide that the respective contractors or vendors shall not have recourse, directly or indirectly to the District, for the payment of any costs under such contract or any liability, claim or expense arising therefrom and that the Owners shall have sole liability for payment under such contract of all such amounts.

Section 1.6 **Submission of Reports; Approval or Rejection.** Owners or, if after the end of the Owners Exclusive Period (as hereinafter defined), the District or any third party owning real property within the District, shall have the right to submit to the District Board one or more Reports pertaining to the issuance of Bonds to finance the construction, acquisition or installation of all or a part of the public infrastructure improvements described in the General Plan. The District Board, exercising its sole discretion may thereafter approve or reject the Report and approve or reject the issuance of District Bonds. With respect to general obligation bonds or revenue bonds, the Owners Exclusive Period shall end on the earlier to occur of (a) the reimbursement to the Owners or the Developer, or any successor thereto, of $109,000,000 or more for public infrastructure improvements (not including the water treatment facility improvements), or (b) March 1, 2025. With respect to special assessments, the Owners Exclusive Period shall end on the earlier to occur of (a) less than 15% of the assessment to be levied to secure the special assessment bonds will be levied on property owned by the Owners, or (b) March 1, 2025. Notwithstanding any provision of this Section 1.6, the District Board may cause the preparation of a Report and thereafter issue general obligation bonds or assessment bonds if the District Board determines that the issuance of such bonds and the use of the proceeds thereof will mitigate or cure a health or safety issue located within or affecting property or residents within the District.

Section 1.7 **Withdrawal of Reports.** Notwithstanding Section 1.6 above, Owners shall be permitted to withdraw any Report submitted by Owners from consideration by the District at any time before the conclusion of the hearing thereon. In the event of such a withdrawal, the District Board shall not approve the Report or adopt any resolution which would effect an implementation of any part of the transaction described in such Report. Owners shall be permitted to resubmit any such withdrawn Report or any Report which has been rejected by the District Board and then amended by Owners, at such time as Owners may, in their sole discretion, deem advisable. The Owners are responsible for the costs incurred prior to the withdrawal, including consultant fees.

ARTICLE II

CONSTRUCTION OF PROJECTS BY OWNERS

Section 2.1 **Construction by Owners.**

(a) **At Owners Expense.** Subject to the other terms and provisions of this Agreement, Owners at their sole cost and expense may, unless the procedure to have the District construct the public infrastructure improvements as described in Article IV hereof is followed, cause the public infrastructure improvements or purposes, including but not limited to those improvements described in the General Plan and generally consistent with the community master plan for the Festival Ranch project (collectively, the "*Acquisition Infrastructure*" and as detailed in the General Plan on a project-by-project basis as an "*Acquisition Project*" or the "*Acquisition Projects*") to be provided for pursuant to plans and specifications approved by the Municipality (the "*Plans and Specifications*").

(b) **Compliance with Applicable Codes, Etc.** The Acquisition Projects shall be constructed in a good and workmanlike manner in compliance with all applicable standards, codes, rules, guidelines or regulations of the Municipality, as in effect from time to time, for the same or comparable construction projects of the Municipality.

Section 2.2 **Public Bidding.** The Acquisition Projects shall be bid in one or more parts pursuant to the Public Bid Requirements and the requirements set forth in Section 1.5 of this Agreement. Any contracts for such work shall be hereafter referred to as the "*Acquisition Project Construction Contracts*" and individually as an "*Acquisition Project Construction Contract*". Plans, specifications, bid documents and bidding procedures are subject to review and approval by the District. Bids will be submitted to, or as directed by, the District for opening and review. No award of an Acquisition Project Construction Contract shall be made without the concurrence of the District.

Section 2.3 **Project Costs; Change Orders.** The total bid amount of any Acquisition Project Construction Contract plus any other costs of the Acquisition Project that are not required to be bid pursuant to the Public Bid Requirements shall be submitted for review to and if acceptable, approved by the Manager for the District (the "*District Manager*") or his designee and the engineer for the District (the "*District Engineer*"). The total bid amount of any Acquisition Project Construction Contract shall not exceed the estimated cost of the Acquisition Project set forth in the approved Report. Any change order to any Acquisition Project Construction Contract shall be subject to approval by the District Engineer and District Manager (which approval shall not be unreasonably withheld or delayed) and shall be certified to in the Certificate of the Engineers; provided, however, that any change order increasing the amount of an Acquisition Project Construction Contract by more than 10% of the original contract amount or modifying significantly the scope of the work otherwise shall be approved by the District Board. Any increase in cost caused by any change order shall be the sole responsibility of Owners provided that such increase in cost caused by an approved change order may be included by Owners in any applicable Segment Price pursuant to Section 3.2 hereof.

Section 2.4 **At Owners Risk.** As between Owners, the Municipality and the District, Owners shall bear all risks, liabilities, obligations and responsibilities under each Acquisition Project Construction Contract and all risk of loss of or damage to any Acquisition Project (or any part thereof) occurring prior to the time of acquisition of such Acquisition Project (or part thereof).

Section 2.5 **Prior Conveyance Not a Bar.** The prior conveyance or dedication of easements, right-of-way or public infrastructure shall not affect or proscribe Owners right to construct public infrastructure improvements or purposes thereon or to be paid or reimbursed for such construction upon acquisition by the District.

ARTICLE III

ACQUISITION OF PROJECTS FROM OWNERS

Section 3.1 **Acquisition by District.**

(a) **Purchase.** Subject to the other terms and provisions of this Agreement and after approval by the District Board, exercising its sole discretion, approves a Report pertaining to the applicable Acquisition Project, Owners shall sell to the District, and the District shall acquire from Owners, each Acquisition Project, together with all real property or interests therein necessary to operate and maintain the District Financed Improvements (collectively, the "*Necessary Public Property*"), as a whole (the entire Acquisition Project) or, if applicable, in completed, discrete portions as determined by the District Engineer and the District Manager and in accordance with the Plans and Specifications (referred to herein as a "*Segment*") at the price for the Acquisition Project or, if applicable, each Segment (the "*Project Price*" or the "*Segment Price*" as applicable) established as provided in Section 3.2 hereof. At the request of the District the Owners shall convey any acquired Acquisition Project or Segment(s) and the Necessary Public Property to be conveyed directly to the Municipality, together with a direct assignment of any warranties, guarantees and bonds.

(b) **Financing; Limited Liability.** Any such acquisition shall be financed (i) at any time before the sale and delivery of any of the Bonds only pursuant to Section 5.1(a) hereof and (ii) at any time after the sale and delivery of any of the Bonds only pursuant to Section 5.1(b) hereof. Payment of the Project Price or Segment Price is subject to the availability of proceeds of District Bonds as described in Section 5.1.

(c) **Compensation Limited.** Owners have not been and shall not be compensated for any of the Acquisition Infrastructure except as provided by this Agreement. The District shall not be liable for any payment or repayment to Owners therefor except as provided by this Agreement.

(d) **No Prior Dedication.** As of the date of this Agreement, none of the Acquisition Infrastructure has been dedicated by Owners or accepted by the District or the Municipality or offered for dedication by Owners or acceptance by the District or the Municipality.

Section 3.2 **Determining Project Price.**

(a) **Actual Costs.** The Project Price for an Acquisition Project or the Segment Price for a Segment, as applicable, shall be equal to the sum of the amounts bid (together with or net of any approved change orders), and approved pursuant to Section 2.3 hereof, plus any other amounts that are not required to be bid pursuant to the Public Bid Requirements but are approved pursuant to Section 2.3 hereof, and actually paid by Owners for (1) third-party design and/or engineering of the Acquisition Project or Segment, (2) construction and or installation of the Acquisition Project or Segment pursuant to the Acquisition Project Construction Contract for such Acquisition Project or Segment, (3) inspection and supervision of

the construction of the Acquisition Project or Segment by the District for performance under such Acquisition Project Construction Contract and a reasonable third-party construction management fee, and (4) other miscellaneous and incidental costs relating to the construction and/or installation of such Acquisition Project or Segment allowed by the Act and approved in the Report, but not including any Necessary Public Property.

(b) **Certificate of Engineers.** The determination of the Project Price or the Segment Price shall be certified in the Certificate of the Engineers for that Segment.

Section 3.3 **Conditions for Payment.** The District shall pay the Project Price or the Segment Price, as applicable for and acquire from Owners, and Owners shall, subject to Section 5.1(a)(ii) below, accept the Project Price or the Segment Price for and sell to the District, the Acquisition Project or Segment as provided in Section 3.1 hereof after the approval of the Report and after receipt by the District Manager of the following with respect to the acquisition Project or Segment, in form and substance reasonably satisfactory to the District Manager:

(i) the Certificate of the Engineers;

(ii) the "Conveyance for Segment of Project" in the form of *Exhibit "D"* hereto (hereinafter referred to as a "*Conveyance*");

(iii) evidence that all Necessary Public Property has been conveyed to the Municipality and public access to the Segment or the Acquisition Project, as applicable, has been or will be provided to the Municipality;

(iv) the assignment of all contractors' and materialmen's warranties and guarantees as well as payment and performance bonds;

(v) an acceptance letter issued by the Municipality and by its terms subject specifically to recordation of the Conveyance of the Acquisition Project or Segment, as applicable, which is the subject of such letter; and

(vi) such other documents, instruments, approvals or opinions as may reasonably be requested by the District Manager including, with respect to any Necessary Public Property, title reports, insurance and opinions and evidence satisfactory to the District Manager that any Necessary Public Property to be acquired does not contain environmental contaminants which make such real property unsuitable for its intended use or, to the extent such contaminants are present, a plan satisfactory to the District Manager which sets forth the process by which such Necessary Public Property will be made suitable for its intended use and the sources of funds necessary to accomplish such purpose.

Section 3.4 **Conveyance of Necessary Public Property.** The Owners shall convey to the District, or if directed by the District and consented to by the Municipality, dedicate to the Municipality, without cost, all Necessary Public Property required for the operation and maintenance of the Acquisition Project or Segment, as applicable. The Necessary

Public Property required shall be similar to the requirements for construction projects of the Municipality similar to the Segment.

ARTICLE IV

CONSTRUCTION OF PROJECTS BY THE DISTRICT

Section 4.1 **Construction by District.**

(a) **Generally.** Subject to the other terms and provisions of this Agreement, the District, after the District Board, exercising its sole discretion, approves a Report, prior to the bidding therefor, may cause any of the public infrastructure described in the General Plan (hereinafter referred to if constructed pursuant to the provisions of this Article IV as collectively the "*Constructed Infrastructure*" and as detailed in the General Plan on a project-by-project basis a "Construction Project" or the "*Construction Projects*") to be constructed pursuant to the Plans and Specifications.

(b) **Similar Requirements.** The Construction Projects shall be constructed in accordance with the requirements for construction projects of the Municipality similar to the Construction Projects unless heretofore agreed otherwise by the Municipality.

Section 4.2 **Contracts.** The Construction Projects shall be bid in one or more parts by and in the name of the District pursuant to the Public Bid Requirements, and contracts shall be entered into by the District (hereinafter referred to as collectively the "*Construction Project Construction Contracts*" and as individually a "*Construction Project Construction Contract*").

Section 4.3 **Convey Necessary Public Property.** Prior to bidding any contract for the construction of a Construction Project, the Owners shall convey to the District, without cost, or if directed by the District and consented to by the Municipality, dedicate to the Municipality, without cost, all Necessary Public Property required for the construction, operation and maintenance of the public improvements comprising the Construction Projects. The type, size and terms of the Necessary Public Property required for the construction, operation or maintenance of the Construction Project shall be similar to the requirements for construction projects of the Municipality similar to the Construction Projects. In addition, such conveyance shall occur after receipt by the District Manager of the following with respect to such Necessary Public Property, in form and substance reasonably satisfactory to the District Manager:

(i) a special warranty deed or easement from the Owners for such Necessary Public Property executed by an authorized officer of the Owners,

(ii) such environmental assessments or other evidence satisfactory to the District Manager that such Necessary Public Property does not contain environmental contaminants which make such Necessary Public Property unsuitable for its intended use or to the extent such contaminants are present, a plan satisfactory to the District Manager which sets forth the process by which such Necessary Public Property will be made suitable for its intended use, a plan for remediation of such contaminants, if required by the District Manager and the sources of funds necessary to accomplish such purpose, and

(iii) such other documents, instruments, approvals or opinions as the District Board may reasonably request including title reports, insurance and opinions.

Section 4.4 **Limited Compensation.** Owners have not been and shall not be compensated for any costs of any Construction Project except as provided herein.

Section 4.5 **Approval of Report.** Construction of any Construction Project has not and shall not commence prior to the approval of the Report as required by, and for all purposes of, the Act and conveyance or dedication of a Necessary Public Property as provided in Section 4.3 hereof.

Section 4.6 **Financing; Limited Liability.** Any such construction or acquisition shall be financed (i) at any time before the sale and delivery of any of the Bonds only pursuant to Section 5.2(a) hereof and (ii) at any time after the sale and delivery of any of the Bonds only pursuant to Section 5.2(b) hereof. Payment of the costs of any Construction Project is subject to the availability of proceeds of District Bonds as described in Section 5.2.

ARTICLE V

FINANCING OF PROJECTS

Section 5.1 **Acquisition Projects.**

(a) **Before Bond Sale.**

(i) To provide for any acquisition of an Acquisition Project or a Segment occurring before the sale and delivery of any Bonds, the Project Price or, if applicable, the Segment Price(s) for Segment(s) comprising an Acquisition Project shall be paid by Owners subject to payment and acquisition by the District pursuant to the terms of this Agreement and the Conveyance of the Acquisition Project or Segment.

(ii) As soon as possible after the sale and delivery of any Bonds issued for the purpose of acquiring an Acquisition Project or any Segment, the amount of the Project Price for the Acquisition Project or the Segment Price of a Segment paid by the Owners prior to the sale and delivery of the Bonds shall, subject to the requirements of Section 3.3 hereof, be paid to Owners from, and only from, the proceeds of the sale and delivery of the Bonds issued for the purpose of acquiring an Acquisition Project or any Segment. Neither the District nor the Municipality shall be liable to Owners (or any contractor or assigns under any Contract) for payment of any Project Price or Segment Price except, the District shall be liable to the extent unencumbered proceeds of the sale of the Bonds issued for the purpose of acquiring an Acquisition Project or any Segment, are available for such purpose. No representation or warranty is given by the District, or District Board that Bonds will be approved for issuance and sale by the District Board, can be sold by the District, or that sufficient proceeds from the sale of the Bonds shall be available to pay any Project Price or Segment Price. The foregoing is not intended to limit the right of Owners to payment for any amount of the Project Price or Segment Price paid by Owners in excess of the proceeds from the sale of the Bonds if the District thereafter finances such amount from future Bond proceeds, and the District and the Municipality shall reasonably cooperate with Owners in preserving the right to any such future payment.

(iii) Until the sale and delivery of the Bonds issued and sufficient for the purpose of acquiring an Acquisition Project or any Segment, the District shall not have any obligation to repay Owners for any payment made by Owners to pay any Project Price or Segment Price.

(b) **After Bond Sale.**

(i) Any acquisition of an Acquisition Project or any Segment occurring after the sale and delivery of any Bonds issued for the purpose of acquiring an Acquisition Project or any Segment shall, subject to the requirements of Section 3.3 hereof, be provided for by the payment of the Project Price or Segment Price from, and only from, the proceeds of the sale and delivery of the Bonds issued and sufficient for the purpose of acquiring an Acquisition Project or any Segment.

(ii) Until the sale and delivery of the Bonds issued and sufficient for the purpose of acquiring an Acquisition Project or any Segment, the District shall have no obligation to pay such Project Price or Segment Price. Neither the District nor the Municipality shall be liable to Owners (or any contractor or assigns under any Contract) for payment of any Project Price or Segment Price except, the District shall be liable to the extent unencumbered proceeds of the sale of the Bonds issued for the purpose of acquiring an Acquisition Project or any Segment, are available for such purpose. No representation or warranty is given by the District or the District Board that Bonds will be approved for issuance and sale by the District Board, can be sold by the District or that sufficient proceeds from the sale of the Bonds issued for the purpose of acquiring an Acquisition Project or any Segment, shall be available to pay such Project Price or Segment Price. The foregoing is not intended to limit the right of Owners to payment for any deficiency between the proceeds from the sale of the Bonds and the amount of any Project Price or Segment Price paid by Owners if the District thereafter finances such amount from other or future Bonds and the District and the Municipality shall reasonably cooperate with Owners in preserving the right to any such future payment.

(c) **If Sufficient Bonds Not Issued.** If the Bonds are not issued or if the proceeds of the Bonds are insufficient to pay all of the Project Price or Segment Price, there shall be no recourse to the District or the Municipality and the District and the Municipality shall not have liability with respect to, the Project Price or Segment Price, except, the District shall be liable for payment only from the proceeds of the sale of the Bonds, if any. Nothing contained in this Section 5.1 shall obligate the Municipality to pay for any Segment Price or Acquisition Infrastructure from any monies of the Municipality. The foregoing is not intended to limit the ability of the Owners to payment for any deficiency between the proceeds from the sale of the Bonds for such purpose and the amount of a Project Price or Segment Price, if the District thereafter finances such amount from future Bond proceeds.

Section 5.2 Construction Project.

(a) **Before Bond Sale.**

(i) To provide for amounts due pursuant to any Construction Project Construction Contract (including incidental costs relating thereto) (the "*Construction Costs*") after the biddings thereof but before the sale and delivery of any Bonds, such amounts shall be paid by Owners pursuant to the terms of this Agreement. Incidental costs related to a Construction Project Construction Contract shall include, without limitation, permits, staking costs, general conditions, engineering costs, and third-party construction management costs. Each payment of such Construction Costs by the Owners shall be evidenced by a written acknowledgement of the District Manager included as part of the written approval of the District Engineer of each pay request of the contractor for such Construction Project Construction Contract.

(ii) As soon as possible after the sale and delivery of any Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract and sufficient Bond proceeds are reserved to pay the remaining Construction Costs of a

Construction Project Construction Contract, the total amounts of the Construction Costs paid by Owners prior to the sale and delivery of the Bonds shall be paid to Owners from, and only from, the proceeds of the sale and delivery of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract. Neither the District nor the Municipality shall be liable to Owners (or any contractor or assigns under any Contract) for payment of any such Construction Cost amount except, the District shall be liable to the extent unencumbered proceeds of the sale of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract are available for such purpose. No representation or warranty is given by the District or District Board that sufficient proceeds from the sale of any Bonds shall be available to pay such amounts of the Construction Costs paid by Owners. The foregoing is not intended to limit the right of Owners to payment for any amount of the Construction Costs paid by Owners in excess of the proceeds from the sale of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract if the District thereafter finances such amount from future Bonds and the District and the Municipality shall reasonably cooperate with Owners in preserving the right to any such future payment.

(iii) Until the sale and delivery of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract, the District shall not have any obligation to repay Owners for any payment of a Construction Cost paid by Owners and after the sale and delivery of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract such obligation shall be limited to the amount of the proceeds of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract available for such purpose.

(b) **After Bond Sale.**

(i) Any Construction Cost amounts due pursuant to any Construction Project Construction Contract after the sale and delivery of any of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract shall be provided for by the payment of such Construction Cost amounts from, and only from, the proceeds of the sale and delivery of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract.

(ii) Until the sale and delivery of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract, the District shall have no obligation to pay such Construction Cost amounts. Neither the District nor the Municipality shall be liable to Owners for payment of any such Construction Cost amount except, the District shall be liable to the extent unencumbered proceeds of the sale of the Bonds issued for the purpose of paying the Construction Costs of a Construction Project Construction Contract are available for such purpose. No representation or warranty is given by the District or District Board that the Bonds can be sold by the District, or that sufficient proceeds from the sale of the Bonds shall be available to pay such Construction Cost amounts.

(c) **If Sufficient Bonds Not Issued**. If the Bonds are not issued or if the proceeds of the sale of the Bonds are insufficient to pay any or all of the amounts described in

Subsections (a) or (b), there shall be no recourse to the District or the Municipality and the District and the Municipality shall have no liability with respect to any Construction Project Construction Contract, except, the District shall be liable for payment only from the proceeds of the sale of the Bonds. Nothing contained in this Section 5.2 shall obligate the Municipality to pay for any Construction Cost from any monies of the Municipality.

ARTICLE VI

MATTERS RELATING TO THE BONDS AND OTHER OBLIGATIONS OF THE DISTRICT

Section 6.1 Bonds Generally.

(a) **Submission of Report; Approval of Bonds.** Upon the submission of a Report, and upon a date established by the District Manager, the District Board shall, in its sole, unfettered discretion, take all such reasonable action necessary for the District to consider the approval or rejection of the Report. If the Report is approved, the District Board may take all reasonable action necessary to issue and sell the Bonds pursuant to the terms and conditions as may be established by the District Board in connection with its approval of the Report (the "*Approval*"), and the provisions of the CFD Guidelines and the Act.

(b) **Sales of Bonds; Amount.** The Bonds may be sold in one or several series, in an amount sufficient (i) to pay the Acquisition Price or the Segment Prices for the Acquisition Infrastructure and all Construction Costs relating to any Construction Project Construction Contract for the Constructed Infrastructure, in each case as established pursuant hereto and in the Approval (hereinafter referred to collectively as the "*Work*") which shall be based on the estimated costs and expenses indicated in the Report or the Approval (hereinafter referred to as the "*Estimate*"), (ii) to pay all other amounts indicated in any Report submitted as required by this Agreement, (iii) to pay all relevant issuance costs related to the applicable series of the Bonds, (iv) to pay capitalized interest for a period not in excess of that permitted by the Act and described in the Report or Approval, and (v) to the extent permitted by law, to fund a debt service reserve fund in an amount not in excess of that permitted by the Act and described in the Report or Approval (collectively, the "*Financeable Amount*").

(c) **Assessment Bonds.**

(i) Assessment Bonds shall be special assessment lien bonds payable from amounts collected from, among other sources, the hereinafter described special assessment (referred to as originally levied and as thereafter may be reallocated as described herein as the "*Assessments*").

(ii) The Assessments shall be based on the Financeable Amount indicated in the Report or the Approval. None of the Acquisition Project Construction Contracts or the Construction Project Construction Contracts applicable to the Work shall be required to be bid or awarded as a prerequisite to the levying of the Assessments.

(iii) The Assessments shall be levied pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as amended, as nearly as practicable or such other procedures as the District provides.

(iv) In the event of nonpayment of the Assessment, the procedures for collection thereof and sale of the applicable portion of the Property may be established by the

District, or the District may adopt the procedures prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended, as nearly as practicable, except that, under all procedures, neither the District nor the Municipality is required to purchase any of the Property at the sale if there is no other purchaser.

(v) To prepay, from property Owners payments, in whole or in part the applicable portion of the Assessment, on any interest payment date, the following shall be paid in cash to the District: (A) the interest on such portion to the next date Bonds may be redeemed plus (B) the unpaid principal amount of such portion rounded up to the next highest multiple of the lowest authorized denomination of the Bonds plus (C) any premium due on such redemption date with respect to such portion plus (D) any administrative or other fees charged by the District with respect thereto.

(vi) The Owners hereby acknowledges that lenders and Lienholders involved in financing future improvements on the Property (including mortgages for single family residences) may require that liens associated with the Assessment (or applicable portions thereof) be paid and released prior to accepting a lien with respect to any such financing.

(vii) This Agreement shall be construed to be an express consent by the Owners that (A) the District Board may designate the boundaries of an Assessment area; (B) the District may, with respect to the Property, incur costs and expenses necessary to complete the Work provided that the Work is a part of a Construction Project, and (C) the District may levy and collect the Assessments in amounts sufficient to pay all costs and expenses of the Financeable Amount, including the Work.

Section 6.2 Requirements for Assessment Bonds.

(a) **CFD Guidelines Apply.** The terms and provisions of the Assessment Bonds and the manner of sale shall be established by the CFD Guidelines, except as such CFD Guidelines are modified by this Agreement or the Approval.

(b) **Appraisal; Coverage Ratio.** At the time of sale of the Assessment Bonds, an appraisal dated not earlier than six (6) months prior to the date of sale of the Assessment Bonds, in form and substance satisfactory to the District, in its sole and absolute discretion, and prepared by an MAI appraiser (the "*Appraisal*") must show that the wholesale (bulk) value of each assessed parcel or lot in any assessment area securing the Assessment Bonds (as improved by the public infrastructure described in the relevant Report) less five percent (5%), is worth at least six times (in the case of a public sale of Assessment Bonds) and four times (in the case of a sale of the Assessment Bonds to qualified institutional buyers [as defined in Rule 144A as amended], accredited investors [as defined in Rule 501(a), Regulation A, as amended]) or sophisticated municipal market participants, as much as the principal amount of the Assessment Bonds allocated to each assessed parcel.

(c) **Financial Assurance.** At the time of sale of the Assessment Bonds, and to the extent not already provided by the contractors pursuant to the Public Bid Requirements, Owners shall provide or cause to be provided financial assurances in the form of escrowed cash,

bonds, letter of credit or other similar assurances, accessible by the District and in each case in form acceptable to the District Manager, for amounts necessary to pay all costs and expenses associated with providing all the public infrastructure purposes described in the Report as well as any unpaid costs and expenses of any public infrastructure purposes not paid or payable from the proceeds of the sale of the Assessment Bonds because such proceeds are insufficient in amount for such purposes. The foregoing is not intended to limit the right of Owners to reimbursement for any amount advanced in excess of the proceeds from the sale of the Assessment Bonds if the District is able to finance such amount from other or future Assessment Bond proceeds, and the District and the Municipality shall reasonably cooperate with Owners in preserving the right to any such future reimbursement.

(d) **Reserve Fund.** Unless reduced by the District Board in the Approval, the amount of the Assessment Bonds and the "sale proceeds" thereof shall be sized to include an amount sufficient to fund a reserve to secure payment of debt service on the Assessment Bonds. Payment from such reserve shall not effect a reduction in the amount of the Assessment, and any amount collected with respect to the Assessment thereafter shall be deposited to such reserve to the extent the Assessment is so paid therefrom.

Section 6.3 Requirements for General Obligation Bonds.

(a) **CFD Guidelines Apply.** Proceeds of G.O. Bonds may be used for any purpose permitted by the Act. The terms and provisions of the G.O. Bonds and the manner of sale shall be established by the CFD Guidelines, except as such CFD Guidelines are modified by, or inconsistent with, this Agreement or the Approval.

(b) **Tax Levy for Bonds.** The District may annually levy and collect an ad valorem tax upon all taxable property in the District which shall be sufficient after giving prudent consideration to other funds available to the District to pay when due the principal of, interest on and premium, if any, on the G.O. Debt (as hereinafter defined) incurred by the District to finance the construction or acquisition of public infrastructure.

(c) **Limited on Tax Levy For Bonds.** No indebtedness (indebtedness shall not include maintenance, administrative or operation expenses) secured by a pledge of ad valorem taxes, including, but not limited to, G.O. Bonds (collectively hereinafter referred to as "*G.O. Debt*"), shall be incurred unless ninety-five percent (95%) of the amount of ad valorem taxes estimated to be collected at a tax rate of not greater than three dollars ($3.00) per one hundred dollars ($100.00) of the secondary assessed value of the taxable property within the District, is sufficient to pay the highest combined debt service requirements for the proposed G.O. Debt and any other G.O. Debt outstanding. The secondary assessed value of the taxable property shall, for purposes of this paragraph, be equal to the value at the time of the issuance of the proposed G.O. Debt as shown in the records of the County Assessor. Notwithstanding the foregoing or any other provision of this Agreement, G.O. Debt may be authorized by the District Board in its sole discretion, for situations where a tax rate greater than three dollars ($3.00) per one hundred dollars ($100.00) of secondary assessed value of taxable property would be necessary to pay the highest combined debt service of the proposed and outstanding G.O. Debt, if other sources of revenue or additional security acceptable to the District Board are pledged to

pay debt service on the G.O. Debt in an amount that, when combined with the taxes collected at three dollars ($3.00) tax rate or less, provides a sufficient amount to pay the highest combined debt service of the proposed and outstanding G.O. Debt.

Section 6.4 **General Requirements.** The following requirements are hereby established and required with respect to any financing by the District.

(a) **Limited Offering of Bonds; Transfer Restrictions.** The District may impose offering and transfer restrictions with respect to any issue of Bonds. Such restrictions may include but are not limited to the following: Except as permitted below, the Bonds (Assessment Bonds or G.O. Bonds) shall be sold only to accredited investors (as defined in Rule 501(a), Regulation D as amended), qualified institutional buyers (as defined in Rule 144A, as amended) or sophisticated municipal market participants. Secondary transfers of the Bonds will be permitted upon the execution by the bondholder of a certificate, in a form satisfactory to the District, which contains at a minimum, the following certifications:

(i) the purchaser of the Bond is either an accredited investor, a qualified institutional buyer or a sophisticated municipal market participant;

(ii) the purchaser of the Bond represents that it is knowledgeable in such investments, and has independently evaluated the factors associated with its investment decision and has not relied on the District or the Municipality for any due diligence or disclosure;

(iii) the purchaser is purchasing the Bond for its own account and not with a view towards distribution; and

(iv) the purchaser of the Bond acknowledges that further transfers of such investment shall require a similar certification;

The transfer restrictions may terminate upon: with respect to G.O. Bonds, the rating of the G.O. Bonds at "A" or higher, and, with respect to Assessment Bonds, the rating of the Assessment Bonds at "A" or higher or the appraised value as required by Section 6.2(b) of the real property subject to assessment results in a value to lien ratio greater than 6 to 1 (including in the amount of the lien overlapping special assessment liens).

(b) **Disclosure of Limited Liability.** Any disclosure document prepared in connection with the offer or sale of Bonds must clearly indicate that neither the Municipality nor the State of Arizona or any political subdivision of either (other than the District) shall be liable for the payment or repayment of any obligation, liability, bond or indebtedness of the District, and neither the credit nor the taxing power of the Municipality, the State of Arizona, or any political subdivision of either (other than the District) shall be pledged therefor.

(c) **Disclosure to Purchasers.** A disclosure document must be provided by Owners or Owners' successor to each potential purchaser of a residential lot within the District disclosing the existence of an Assessment or tax (assuming such Assessment or tax remains at the time of sale to the potential purchaser). Each potential purchaser must acknowledge in

writing that the purchaser received and understood the disclosure document. The District shall maintain records of the written acknowledgments. To provide evidence satisfactory to the District Board that any prospective purchaser of land within the boundaries of the District has been notified that such land is within the boundaries of the District and that the Bonds may be then or in the future outstanding, a disclosure pamphlet substantially in the form of *Exhibit "E"* hereto (the "*Pamphlet*") shall be produced; provided, however, that the Pamphlet may be modified as necessary in the future to adequately describe the District and the Bonds and source of payment for debt service therefor as agreed by the District Board and Owners. Owners agree to require each homebuilder to perform the obligations set forth in Section 9.2 of this Agreement.

(d) **Continuing Disclosure Undertaking.** Each Obligated Person (as defined in Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934 (the "*Rule*")) shall execute and deliver, and thereafter comply with and carry out all the provisions of, a "*Continuing Disclosure Undertaking*" with respect to the Bonds which shall be in a form satisfactory to the District and the purchaser of the Bonds for such purchaser to comply with the requirements of the Rule.

ARTICLE VII

ACCEPTANCE BY THE MUNICIPALITY; MAINTENANCE; APPLICABILITY OF THE INTERGOVERNMENTAL AGREEMENT ACT

Section 7.1 **Acceptance of Improvements.** Upon satisfaction of the terms for acceptance set forth in this Agreement, and simultaneously with the payment of the related Project Price, Segment Price or Construction Costs of a Construction Project, the Acquisition Project or Segment of Acquisition Infrastructure or the Construction Project, as the case may be, shall be accepted by the Municipality, subject to the conditions pursuant to which facilities such as the Acquisition Project, Segment or Construction Project, as the case may be, are typically accepted by the Municipality and shall be made available for use by the general public.

Section 7.2 **District Expenses.**

(a) **District Administrative Expenses.** "*District Administrative Expenses*" shall include all the operating and administrative costs and expenses of the District, including but not limited to, District Consulting Costs, Municipality Services (as hereafter defined) and that portion of Municipality Overhead related to operating and administrative functions of the District. District Administrative Expenses will not include any costs or expenses paid by the District from revenues or taxes collected to pay the Debt Service (as such term is defined in the Act) on any Bonds of the District. District Administrative Expenses shall include Municipality Services and Municipality Overhead (as hereafter defined).

(b) **District Maintenance Expenses.** "*District Maintenance Expenses*" shall include all maintenance and operational costs and expenses, including a Replacement Reserve Amount, of any Segment, Construction Project or other public improvement financed by the District. District Maintenance Expenses shall include Municipality Services and that portion of Municipality Overhead related to the maintenance functions of the District.

"*Replacement Reserve Amount*" shall mean an amount calculated using reasonable accounting practices based on the useful life of the various assets established by the Internal Revenue Code. The Replacement Reserve Amount shall include and be limited to a replacement or depreciation reserve for the following improvements financed by the District: (i) water system improvements, other than transmission lines, (ii) sewer treatment plants and facilities, including improvements, other than collection lines, relating to the disposal of solids, and (iii) any other depreciable capital public improvements, provided the Municipality has established and funded similar replacement or depreciation reserves for substantially all like kind capital public improvements not financed by the District.

With respect to District Maintenance Expenses relating to the water system and sewer system utility enterprises, such applicable District Maintenance Expenses shall be reduced by the amount of water or sewer system revenues received from the consumers located in the District. To the extent that the Municipality or the District establish rates for water or sewer services within the District that are less than rates charged elsewhere in the Municipality, the amount of revenues deemed received from consumers located in the District shall be computed

as though the rates charged to such consumers were the same as the rates charged elsewhere in the Municipality.

(c) **Enhanced Maintenance Expenses.** "*Enhanced Maintenance Expenses*" shall mean all District Maintenance Expenses attributable to any Acquisition Project, Segment, Construction Project or other public improvement financed by the District or part thereof, other than water improvements or sewer treatment facilities, that are in excess of the maintenance and operational expenses normally incurred by the Municipality in connection with maintaining or operating a similar public service or improvement (the "*Standard Municipality Expense*"). The Standard Municipality Expense will be established by the Municipality using actual historical costs and expenses and the Municipality's management/accounting practices. By example and not as a limitation, the Municipality will establish its Standard Municipality Expense related to right-of-way landscaping and if the Owners install enhanced landscaping, other than at the request of the Municipality, the costs and expenses in excess of the Standard Municipality Expense incurred to maintain the landscaping shall constitute Enhanced Maintenance Expenses.

In establishing the Standard Municipality Expenses, the Municipality shall annually review its actual costs, excluding the actual costs in the District or any other community facilities district providing enhanced services or public improvements. Enhanced Maintenance Expenses shall not include maintenance and operation expenses attributable to enhanced public service levels or public improvements if such enhanced public service levels or public improvements were imposed on the Owners by the Municipality and the Owners would have not otherwise provided such enhancements.

(d) **Charges of Municipality.** District Administrative Expenses and District Maintenance Expenses shall include a charge by the Municipality to the District for: (i) the reasonable cost of Municipality services provided directly to the District ("*Municipality Services*"), and (ii) Municipality overhead expenses allocated to the District ("*Municipality Overhead*"). Any charge of Municipality Services shall be the cost of those services provided to the District by the Municipality calculated using sound management/accounting principals. Any charge of Municipality Overhead to the District shall be made by the Municipality pursuant to sound management/accounting practices consistently applied by the Municipality in allocating costs, expenses and funded depreciation reserves to its service areas, departments or special projects. Owners shall have the right to review and comment to the Municipality upon the allocation practices and methodologies used in allocating Municipality Services or Municipality Overhead and have the right, at Owners expense and during normal business hours, to review the Municipality's records to verify the costs and expenses of the Municipality.

Section 7.3 O&M Tax.

(a) **Amount of O&M Tax.** The District Board shall levy and collect a maintenance and operation ad valorem tax not to exceed thirty cents ($.30) per one hundred dollars ($100.00) of assessed valuation on all taxable property within the District ("*O&M Tax*"). To the extent the proceeds from the O&M Tax exceed the expenses and costs described in this Article VII, such O&M Tax shall be reduced to provide a proper matching of proceeds to expenses.

(b) **Use of Proceeds of O&M Tax.** The proceeds of the O&M Tax may be used by the District for any lawful maintenance, operational or administrative purpose as provided in the Act. While the Owners are obligated to pay any amounts pursuant to Section 7.4 of this Agreement, the O&M Tax shall be applied only to the following expenses and in the following priority: (i) payment of District Administrative Expenses; (ii) payment of Enhanced Maintenance Expenses; (iii) payment of District Maintenance Expenses, other than District Maintenance Expenses described in Section 7.4(a)(i) below; and (iv) District Maintenance Expenses described in Section 7.4(a)(i) below.

Section 7.4 Owners or HOA Maintenance Obligation.

(a) **Landscaping.** Notwithstanding the levy and collection of the O&M Tax or the dedication and acceptance by the District or Municipality of any Acquisition Project, Segment, Construction Project or other public improvement financed by the District, Owners, or a homeowners association, if such homeowners association is, to the satisfaction of the District, legally obligated to pay and is comprised of more than one thousand (1000) homes ("*HOA*") shall maintain, at its expense, all landscaping located within any park (except as otherwise expressly agreed with respect to a public park), right-of-way or public easement.

(b) **District Administrative and Maintenance Expenses.** Notwithstanding the levy and collection of the O&M Tax or the dedication and acceptance by the District or Municipality of any Acquisition Project, Segment, Construction Project or other public improvement financed by the District, Owners (or an HOA if, to the satisfaction of the District or Municipality, the HOA is legally obligated and is financially capable of bearing the costs) agree to pay the following expenses to the extent all or part of such expenses are not paid by the O&M Tax: (i) the District Administrative Expenses; (ii) the Enhanced Maintenance Expenses; and (iii) the District Maintenance Expenses, other than Enhanced Maintenance Expenses.

Further, notwithstanding the foregoing, the Owners shall not be obligated to pay the amounts owing pursuant to Section 7.4(b) for any public improvements financed by the District in response to a Report submitted by the District or a third party other than the Owners, provided however, Owners as a member of a group of either taxpayers or assessed parcel owners who, as a result of a uniformly applied tax or assessment methodology is liable for payments relating to improvements financed in response to a Report submitted by the District, shall have all rights and obligations established by the proceedings, including the right to protest and the obligation to pay amounts owed.

(c) **Maintenance Threshold.** The District or Municipality, with the participation of the Owners engineer, shall establish at the time of the submission of the Report boundaries of the served or benefited area (the "*Benefit Area*") for each Acquisition Project, Segment or Construction Project. Notwithstanding paragraph 7.4(b)(iii) above, the Owners or HOA, as applicable, shall not be obligated to pay the District Maintenance Expenses (other than Enhanced Maintenance Expenses) after the date ninety-five percent (95%) of the area benefited by the particular Acquisition Project, Segment, Construction Project or other public improvement financed by the District has been developed, based on the development

entitlements in effect from time to time within such benefited area (the "*Maintenance Threshold*"). While the Owners obligations under Section 7.4(b) are in effect, District Maintenance Expenses shall not include expenses related to street maintenance of streets within a Benefit Area that has satisfied the Maintenance Threshold.

Section 7.5 **Intergovernmental Agreement Act.** Notwithstanding any other provision of this Agreement to the contrary, the provisions of Article V, Article VII, Sections 8.1, 9.3 through 9.19, inclusive, are the only provisions that are effective for, from and against the Municipality for purposes of the Intergovernmental Agreement Act and as the Intergovernmental Agreement Act is intended to be applied for purposes of this Agreement.

ARTICLE VIII

INDEMNIFICATION AND INSURANCE

Section 8.1 **Indemnification.**

(a) **Generally.** The Owners or such other financially acceptable entity determined by the District Manager (1) shall indemnify and hold harmless the Municipality and the District and each council member, director, trustee, partner, member, officer, official, independent contractor or employee thereof and each person, if any, who controls the Municipality and/or the District within the meaning of the Securities Act of 1933, as amended (hereinafter the Securities Act of 1933 and the Securities Exchange Act of 1934 are referred to as the "*Securities Acts*"), (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, relating to: (i) the formation, activities or administration of the District; (ii) the levy and collection of any tax or assessment; (iii) the offer or sale of any Bonds; (iv) the claims of any contractor, vendor, subcontractor or supplier under any Acquisition Project Construction Contract or Construction Project Construction Contractor, or (v) or the carrying out of the provisions of this Agreement, including particularly but not by way of limitation (A) any Acquisition Project, Acquisition Project Construction Contract, and Construction Project, (B) any claim, loss, lawsuit, administrative action or other challenge to which any such Indemnified Party may become subject, under the Securities Acts or any other statute or regulation at law or in equity or otherwise, including but not limited to, losses, claims, damages or liabilities (or actions in respect thereof) arising out of or based upon any untrue statement or alleged untrue statement of a material fact set forth in any offering document relating to the Bonds, or any amendment or supplement thereto, or arising out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect, or (C) 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 the Owners (which consent shall not be unreasonably withheld); and (2) shall, subject to the Owners rights to defend in (c) below, reimburse any legal or other expenses reasonably incurred by any such Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability or action.

(b) **Limitation.** This Section shall not be applicable to matters involving any gross negligence or willful misconduct of any Indemnified Party.

(c) **Procedure.** Promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Owners, an Indemnified Party shall notify the Owners in writing of the commencement thereof and provide a copy of the written threat received by such Indemnified Party. Failure of the Indemnified Party to give such notice shall reduce the liability of the Owners by the amount of damages attributable to the failure of the Indemnified Party to give such notice to the Owners, but the omission to notify the Owners of any such action shall

not relieve the Owners from any liability that it may have to such Indemnified Party otherwise than under this section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Owners of the commencement thereof, the Owners may, or if so requested by such Indemnified Party shall, participate therein or defend the Indemnified Party therein, with counsel satisfactory to such Indemnified Party and Owners (it being understood that, except as hereinafter provided, the Owners shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the Owners to such Indemnified Party of an election so to assume the defense thereof, the Owners 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; provided, however, that unless and until the Owners defend any such action at the request of such Indemnified Party, the Owners shall have the right to participate at their own expense in the defense of any such action. If the Owners shall not have employed counsel to defend any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to the Owners (in which case the Owners shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, the legal and other expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the Owners.

ARTICLE IX

MISCELLANEOUS

Section 9.1 **Tax Covenant.** None of the Municipality, the District nor the Owners shall knowingly take, or cause to be taken, any action which would cause interest on any Bond to be includable in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

Section 9.2 **Pamphlet.**

(a) **Preparation of Pamphlet.** To provide evidence satisfactory to the District Manager that any prospective purchaser of land within the boundaries of the District has been notified that such land is within the boundaries of the District and that the Bonds may be then or in the future outstanding, the Pamphlet shall be produced; provided, however, that the Pamphlet may be modified as necessary in the future to adequately describe the District and the Bonds and source of payment for debt service therefor as agreed by the District Manager and the Owners.

(b) **Distribution of Pamphlet; Disclosure Statement.** The Owners shall require that each homebuilder to whom the Owners have sold land shall:

(i) provide the Pamphlet to any prospective purchaser of land;

(ii) cause any purchaser of land to sign a disclosure statement upon entering into a contract for purchasing such land, such disclosure statement to acknowledge receipt of a copy of the Pamphlet and to disclose the effect of the special assessments on the District of the Bonds in a form reasonably acceptable to the District Manager;

(iii) provide a copy of each fully executed disclosure statement to be filed with the District Manager; and

(iv) provide such information and documents, including audited financial statements to the District, but only to the extent necessary for the District's compliance with Rule 15c2-12 of the Securities Exchange Act of 1934.

Section 9.3 **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties to this Agreement and their respective legal representatives, successors and assigns; provided, however, that none of the parties hereto shall be entitled to assign its right hereunder or under any document contemplated hereby without the prior written consent of the Lienholders to this Agreement, which consent shall not be unreasonably withheld or delayed.

Section 9.4 **Further Assurances.** Each party hereto shall, promptly upon the request of any other, have acknowledged and delivered to the other any and all further

instruments and assurances reasonably requested or appropriate to evidence or give effect to the provisions of this Agreement.

Section 9.5 **Entire Understanding; Amendment.** This Agreement, by and among the Municipality, the District and the Owners set forth the entire understanding of the parties as to the matters set forth herein as of the date this Agreement is executed and cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto. This Agreement is intended to reflect the mutual intent of the parties with respect to the subject matter hereof, and no rule of strict construction shall be applied against any party.

Section 9.6 **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Arizona.

Section 9.7 **Waiver.** The waiver by any party hereto of any right granted to it under this Agreement shall not be deemed to be a waiver of any other right granted in this Agreement nor shall the same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived under or by this Agreement.

Section 9.8 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, but all of which taken together shall constitute one of the same instrument.

Section 9.9 **Release and Discharge.** This Agreement supercedes all previous written or oral agreements or understandings regarding the subject matter of this Agreement. The Owners knowingly and voluntarily forever releases and discharges the Municipality and all of its past and present elected officials, officers, directors, agents, employees, successors, assigns, attorneys, and representatives from all legal and equitable claims, causes of action, debts, accounts, and damages, known or unknown, asserted or unasserted, and of every nature and extent whatsoever, that the Owners have against the Municipality, and arising from actions, omissions, delays or other events that occurred prior to the date of this Agreement.

Section 9.10 **Cancellation; Covenant.** Pursuant to and for purposes of Section 38-511, Arizona Revised Statutes, as amended, the Municipality and the District may, within three 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 Municipality or the District, respectively, is, at any time while this Agreement is in effect, an employee or agent of the Owners 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 Municipality or the District, respectively, from the Owners arising as the result of this Agreement. The Owners have 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 Owners in any capacity or a consultant to any party to this Agreement with respect to the subject matter of this Agreement.

Section 9.11 **Term of Agreement.** The term of this Agreement shall be as of the date of the execution and delivery hereof by each of the parties hereto and shall expire upon the earlier of: (i) the agreement of the District, the Municipality and the Owners to the termination hereof; (ii) the dissolution of the District (which the parties hereto shall, to the extent permitted by applicable law, cause to occur an soon as practicable after the later of the issuance of the Bonds and the payment in full or provision for payment in full of the Bonds) or: (iii) June 1, 2050.

Section 9.12 **Notices.** All notices, certificates or other communications hereunder (including in the Exhibits hereto) shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail in registered or certified form with postage fully prepaid addressed as follows:

If to the Municipality:

Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326
Attention: Town Manager

If to the District:

Festival Ranch Community Facilities District
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326
Attention: District Manager

With Copy to:

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

If to the Owner:

10,000 West, L.L.C.
8777 N. Gainey Center Drive, Suite 205
Scottsdale, Arizona 85258
Attention: Dick Frye, Vice President

PULTE HOME CORPORATION
15111 North Pima Road
Scottsdale, AZ 85260
Attention: Steve Kunzweiler, Manager of Planning & Entitlements

Any of the foregoing, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 9.13 **Severability.** If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

Section 9.14 **Headings and Titles.** The headings or titles of the several Articles and Sections hereof and in the Exhibits hereto, and any table of contents appended to copies hereof and thereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement. All references herein to "Exhibits," "Articles," "Sections," and other subdivisions are to the corresponding Exhibits, Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Exhibit, Article, Section or subdivision hereof.

Section 9.15 **Obligations Imposed by Law.** This Agreement does not relieve any party hereto of any obligation or responsibility imposed upon it by law.

Section 9.16 **Record with County Recorder.** No later than ten (10) days after this Agreement is executed and delivered by each of the parties hereto, the Owners shall on behalf of the Municipality and the District record a copy of this Agreement with the County Recorder of Maricopa County, Arizona.

Section 9.17 **Survival of Agreements.** Unless otherwise expressly provided, the representations, covenants, indemnities and other agreements contained herein shall be deemed to be material and continuing, shall not be merged and shall survive any conveyance or transfer provided herein.

Section 9.18 **Force Majeure.** If any party hereto shall be unable to observe or perform any covenant or condition herein by reason of "force majeure," then the failure to observe or perform such covenant or condition shall not constitute a default hereunder so long as such party shall use its best efforts to remedy with all reasonable dispatch the event or condition causing such inability and such event or condition can be cured within a reasonable amount of time. "Force majeure," as used here, means any condition or event not reasonably within the control of such party, including, without limitation, acts of God; strikes, lockouts, or other disturbances of employer/employee relations; acts of public enemies; orders or restraints of any kind of the government of the United States or any State thereof or any of their departments, agencies, or officials, or of any civil or military authority; insurrection; civil disturbances; riots;

epidemics; landslides; lightning; earthquakes; subsidence; fires; hurricanes; storms; droughts; floods; arrests; restraints of government and of people; explosions; and partial or entire failure of utilities. Failure to settle strikes, lockouts and other disturbances of employer/employee relations or to settle legal or administrative proceedings by acceding to the demands of the opposing party or parties, in either case when such course is in the judgment of the party hereto unfavorable to such party, shall not constitute failure to use its best effort to remedy such a condition or event.

Section 9.19 **Consent.** Whenever the consent or approval of any party hereto, or of any agency therefor, shall be required under the provisions hereof, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

Section 9.20 **Lienholders.** The Lienholders join in the execution of this Agreement for the sole purpose of binding their respective interests in lands within the District and consenting to all matters agreed to herein by the Owners, and the Lienholders do not, by joining in the execution of this Agreement, obligate themselves to any of the affirmative obligations set forth herein on the part of the Owners.

IN WITNESS WHEREOF, the officers of the Municipality and of the District have duly affixed their signatures and attestations, and the officers of the Owners their signatures, all as of the day and year first written above.

TOWN OF BUCKEYE, ARIZONA

By _____
Dustin Hull, Mayor

ATTEST:

_____
Town Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the Municipality who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the Municipality.

_____
Scott W. Ruby, Town Attorney

FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT

By _____
Chairman, District Board

ATTEST:

_____
District Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the District, who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the District.

District Counsel

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 21st day of April, 2005, by Dustin Hull, as Mayor of the Town of Buckeye, Arizona, a municipal corporation under the laws of the State of Arizona.

Notary Public

My commission expires:

March 31, 2009

OFFICIAL SEAL
LINDA A. GARRISON
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Comm. Expires March 31, 2009

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 21st day of April, 2005, by DUSTIN HULL, as Chairman of the District Board of Festival Ranch Community Facilities District, an Arizona community facilities district.

Notary Public

My commission expires:

March 31, 2009

OFFICIAL SEAL
LINDA A. GARRISON
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Comm. Expires March 31, 2009

10,000 WEST, LLC, a limited liability company

By Philip A. Edlund
Its Secretary

PULTE HOME CORPORATION, a Michigan corporation

By
Its Attorney in Fact

STATE OF AZ
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 23 day of March, 2005, by Philip A. Edlund, Secretary of 10,000 West, LLC, a limited liability company, on behalf of the company.

Charlene Sarich
Notary Public

My commission expires:

9-13-07

OFFICIAL SEAL
CHARLENE SARICH
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Sept. 13, 2007

STATE OF AZ
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 4 day of APRIL, 2005 by MIKE BRILZ, ATTORNEY IN FACT of Pulte Home Corporation, a Michigan corporation, on behalf of the corporation.

Jackie Wilmoth
Notary Public

My commission expires:

JUNE 15, 2007

OFFICIAL SEAL
JACKIE WILMOTH
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires June 15, 2007

LIENHOLDER
CONSENT AND AGREEMENT

Reference is made to that certain Development, Financing Participation and Intergovernmental Agreement No. 1 for Festival Ranch Community Facilities District, dated as of April 21, 2005, by and among the Town of Buckeye, Arizona, the Festival Ranch Community Facilities District, 10,000 West, L.L.C. and Pulte Home Corporation to which this Consent and Agreement is attached (the "*Development Agreement*"). All capitalized terms used and not otherwise defined in this Consent and Agreement shall have the meanings set forth in this Development Agreement. The undersigned 10,000 West, L.L.C., an Arizona limited liability company ("*Beneficiary*"), is the beneficiary under a Performance Deed of Trust dated May 17, 2004 and recorded in the offices of the Maricopa County Recorder on May 18, 2004 as Instrument No. 2004-0549496 (the "*Deed of Trust*"), covering property proposed to be included in this proposed Festival Ranch Community Facilities District (the "*District*"). First American Title Insurance Company, a California corporation is the Trustee under said Deed of Trust (the "*Trustee*"). The undersigned, each as one of the "*Other Parties*" having an interest in the real property within the District to the Development Agreement, acknowledges that the Development Agreement shall bind the real property in which the undersigned has an interest that is located within the District and authorizes the recordation of the Development Agreement with respect to such real property. In no event, however, shall anything in this Consent and Agreement constitute personal assumption by the undersigned of the obligations of the Owner under the Development Agreement.

[SIGNATURE PAGES TO FOLLOW]

10,000 WEST LLC,
an Arizona limited liability company

By: **Lyle Anderson Holding, Inc.,**
a Delaware corporation,
as Manager

By: Patrick R. Whelan

Its: President

FIRST AMERICAN TITLE INSURANCE COMPANY,
A California Corporation, as Trustee

By

Its REGIONAL COUNSEL

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this day, personally appeared before me Patrick R. Whelan, as President of Lyle Anderson Holding, Inc., a Delaware corporation, as Manager of 10,000 West, L.L.C., an Arizona limited liability company, known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on March 21, 2005

Elise V. Peters
Notary Public

OFFICIAL SEAL
ELISE V. PETERS
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Commission Expires September 18, 2008

My commission expires:
Sept. 18, 2008

State of Arizona)
) ss.
County of Maricopa)

On this day, personally appeared before me John K. Graham, as Regional Counsel of FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on March 23, 2005

Heather Garber
Notary Public

My commission expires:

June 17, 2005

OFFICIAL SEAL
HEATHER GARBER
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires Jun. 17, 2005

BANK OF SCOTLAND, a banking organization
established by Act of the Scottish Parliament,
as Beneficiary

By _____ RUSSELL OLIVER

Its DIRECTOR.

For and on behalf of the Governor and Company
of the Bank of Scotland

FIRST AMERICAN TITLE INSURANCE COMPANY,
A California Corporation, as Trustee

By _____

Its REGIONAL COUNSEL

ENGLAND.
~~SCOTLAND~~
United Kingdom

The foregoing instrument was acknowledged before me this 25 day of FEBRUARY, 2005, by RUSSELL OLIVER, DIRECTOR. of the Bank of Scotland, a banking organization established by Act of the Scottish Parliament, for and on behalf of the Governor and Company of the Bank of Scotland.

_____
Notary Public

Anthony Janion Gibbs,
Notary Public
Solicitor & Partner with
Cobbetts
Ship Canal House, King Street,
Manchester M2 4WB

My commission expires:
on for life.

State of Arizona)
) ss.
County of Maricopa)

On this day, personally appeared before me John K. Graham, as Regional Counsel of FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on March 23, 2005

Heather Garber
Notary Public

My commission expires:
June 17, 2005

OFFICIAL SEAL
HEATHER GARBER
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires Jun. 17, 2005

ATTACHMENTS

EXHIBIT A -- Legal Description Of Property To Be Included In The District
EXHIBIT B -- Form of Notice Inviting Bids
EXHIBIT C -- Form Of Certificate Of Engineers For Conveyance Of Segment Of Project
EXHIBIT D -- Form Of Conveyance Of Segment Of Project
EXHIBIT E -- Form Of Disclosure Pamphlet

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

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;

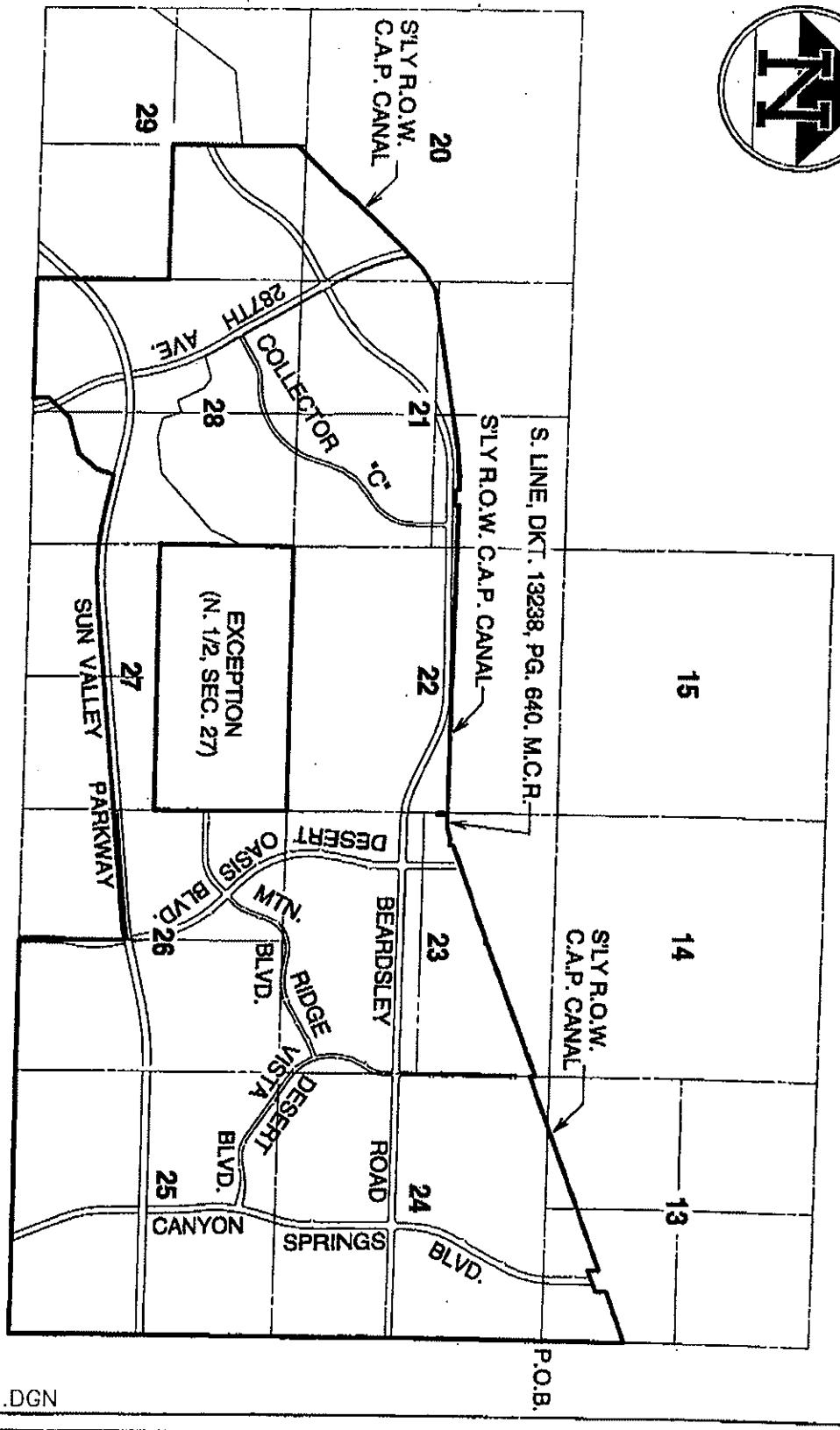
Thence South 00°24'51" West, departing said Southerly right-of-way line along said East line, a distance of 1,633.09 feet to the Point of Beginning.

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.



N:\680001\LAND\EH-CFD.DGN

EXHIBIT	FESTIVAL RANCH COMMUNITY FACILITY DISTRICT	JOB NO 680001
4550 NORTH 12TH ST. PHOENIX, ARIZONA 85014 TEL. (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

EXHIBIT B

FORM OF NOTICE INVITING BIDS TO BE USED SHALL BE SUBSTANTIALLY THE FORM OF NOTICE USED BY THE TOWN OF BUCKEYE FOR WORK BID PURSUANT TO THE ARIZONA REVISED STATUTES AS MAY BE MODIFIED BY THE DISTRICT

Sealed bids will be received by _____ until 10:00 a.m. MST, on _____ at _____. At this time, the bids will be publicly opened and read aloud and award will be made to the lowest responsible bidder. Each bid shall be accompanied by a cashier's check or a bid bond acceptable to _____ for a sum of not less than ten percent (10%) of the amount of the bid, made payable to _____.

No bid will be considered unless it is submitted on the provided bid form. _____ reserves the right to reject all or any part of any bid.

Contact _____, Construction Coordinator, at _____ or _____, the District Engineer, for additional information.

Plans, specifications and bid forms may be obtained for the sum of $_____ from the Construction Coordinator, _____, or by calling _____. This fee is non-refundable. Construction documents will not be available before _____.

For those interested in purchasing plans and specifications by mail, there will be an additional advance charge of $_____ to cover postage and handling. Therefore, a check made payable to _____ in the amount of $_____ should accompany the request. Please allow four to five days for delivery.

The infrastructure which is the subject of the bids is being bid and constructed pursuant to the terms of Development, Financing Participation and Intergovernmental Agreement No. 1 between _____ and _____ Community Facilities District. The successful contractor will not have recourse, directly or indirectly, to the Town of Buckeye or _____ Community Facilities District for any costs under any construction contract or any liability, claim or expense arising therefrom.

A pre-bid conference will be held at _____, _____, at 10:00 a.m. MST. The work consists of construction of:

All bids received in response to this Notice Inviting Bids shall be in conformance with the applicable Arizona State Law.

EXHIBIT C

FORM OF CERTIFICATE OF ENGINEERS FOR CONVEYANCE OF ACQUISITION PROJECT OR SEGMENT OF PROJECT

CERTIFICATE OF ENGINEERS FOR CONVEYANCE OF SEGMENT OF PROJECT

(insert description of Project/Segment)

STATE OF ARIZONA)
COUNTY OF MARICOPA)
FESTIVAL RANCH)
COMMUNITY FACILITIES DISTRICT)
_____)

We the undersigned, being Professional Engineers in the State of Arizona and, respectively, the duly appointed District Engineer for Festival Ranch Community Facilities District (the "*District*"), and the engineer employed by _____ (the "*Owner*"), each hereby certify for purposes of the District Development, Financing Participation and Intergovernmental Agreement No. 1 Festival Ranch Community Facilities District, dated as of _____, 20___ (the "*Agreement*"), by and among the District, the Town of Buckeye, Arizona (the "*Municipality*") and the Owners that:

1. The Acquisition Project or Segment indicated above has been performed in every detail pursuant to the Plans and Specifications (as such term and all of the other initially capitalized terms in this Certificate are defined in the Agreement) and the Contract (as modified by any change orders permitted by the Agreement) for such Segment.

2. The Project Price or Segment Price as publicly bid and including the cost of approved change orders for such Acquisition Project or Segment is $_____.

3. The Owners provided for compliance with the requirements for public bidding for such Acquisition Project or Segment as required by the Agreement (including, particularly but not by way of limitation, Title 34, Chapter 2, Article 1, Arizona Revised Statutes, as amended) or such other applicable law prescribing public bidding requirements in connection with award of the Contract for such Acquisition Project or Segment.

4. The Owners filed all construction plans, specifications, contract documents, and supporting engineering data for the construction or installation of such Acquisition Project or Segment with the Municipality.

5. The Owners obtained good and sufficient performance and payment bonds in connection with such Contract as were required by the Agreement.

DATED AND SEALED THIS _____ DAY OF _____, _____.

By _____
District Engineer

[P.E. SEAL]

By _____
Engineer for the Owner

[P.E. SEAL]

Confirmed for purposes of Sections 1.5, 2.3, 3.2 of the Development Agreement by

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

_____
District Manager

EXHIBIT D

FORM OF CONVEYANCE OF ACQUISITION PROJECT OR SEGMENT OF PROJECT

(Insert description of Project/Segment)

STATE OF ARIZONA)
COUNTY OF MARICOPA)
FESTIVAL RANCH)
COMMUNITY FACILITIES DISTRICT)
_____)

KNOW ALL MEN BY THESE PRESENTS THAT:

_____, an Arizona _____ (the "*Owner*"), for good and valuable consideration received by the Owners from Festival Ranch Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona (the "*Municipality*"), and duly organized and validly existing pursuant to the laws of the State of Arizona (the "*District*"), receipt of which is hereby acknowledged [**, and the promise of the District to hereafter pay the amounts described in the hereinafter described Development Agreement***], does by these presents grant, bargain, sell and convey to the [**Municipality**], its successors and assigns, all right, title and interest in and to the following described property, being the subject of a District Development, Financing Participation and Intergovernmental Agreement No. 1 Festival Ranch Community Facilities District, dated as of _____, 20___, by and among the Owners, the Municipality and the District and more completely described in such Development Agreement:

[Insert description of Project/Segment]

together with any and all benefits, including warranties and performance and payment bonds, under the applicable Contract (as such term is described in such Development Agreement) or relating thereto, all of which are or shall be located within public rights-of-way, public utility or other public easements dedicated or to be dedicated by plat or otherwise free and clear of any and all liens, easements, restrictions, conditions, or encumbrances affecting the same [**, such subsequent dedications not affecting the promise of the District to hereafter pay the amount described in such Development Agreement***], but subject to all reservations in patents, and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities or other matters as set forth on Schedule I hereto.

TO HAVE AND TO HOLD the above-described property, together with all and singular the rights and appurtenances hereunto in anywise belonging, including all necessary

*Insert with respect to any acquisition financed pursuant to Section 5.1(a) hereof including for any amounts remaining and eligible for reimbursement.

rights of ingress, egress, and regress, subject, however, to the above-described exception(s) and reservation(s), unto the [**Municipality**], its successors and assigns, forever; and the Owners does hereby bind itself, its successors and assigns to warrant and forever defend, all and singular, the above-described property, subject to such exception(s) and reservation(s), unto the [Municipality], its successors and assigns, against the acts of all others.

The Owners binds and obligates itself, its successors and assigns, to execute and deliver at the request of the District any other or additional instruments of transfer, bills of sale, conveyances, or other instruments or documents which may be necessary or desirable to evidence more completely or to perfect the transfer to the [**Municipality**] of the above-described property, subject to the exception(s) and reservation(s) hereinabove provided.

This conveyance is made pursuant to such Development Agreement, and the Owners hereby agrees that the amounts specified above and paid [**or promised to be paid**] to the Owners hereunder satisfy in full the obligations of the District under such Development Agreement for such Project or Segment and hereby releases the District from any further responsibility to make payment to the Owners under such Development Agreement.

The Owners, in addition to the other representations and warranties herein, specifically makes the following representations and warranties:

1. The Owners has the full legal right and authority to make the sale, transfer, and assignment herein provided.

2. The Owners is not a party to any written or oral contract which adversely affects this Conveyance.

3. The Owners is not subject to any bylaw, agreement, mortgage, lien, lease, instrument, order, judgment, decree, or other restriction of any kind or character which would prevent the execution of this Conveyance.

4. The Owners is not engaged in or threatened with any legal action or proceeding, nor is it under any investigation, which prevents the execution of this Conveyance.

5. The person executing this Conveyance on behalf of the Owners has full authority to do so, and no further official action need be taken by the Owners to validate this Conveyance.

6. The facilities conveyed hereunder are all located within property owned by the Owners, public rights-of-way, or public utility or other public easements dedicated or to be dedicated by plat or otherwise.

IN WITNESS WHEREOF, the Owners has caused this Conveyance to be executed and delivered this _____ day of _____, 20___.

_____

By _____
Title: _____

By _____
Title: _____

STATE OF ARIZONA)
COUNTY OF MARICOPA)

This instrument was acknowledged before me on _____, 20___, by _____, of _____, an Arizona _____, on behalf of said company.

_____
Notary Public

My Commission Expires: _____

[NOTARY SEAL]

SCHEDULE I
TO
CONVEYANCE OF SEGMENT OF PROJECT

(Insert all exceptions and reservations to the Conveyance)

EXHIBIT E

FORM OF DISCLOSURE PAMPHLET

FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT
DISCLOSURE STATEMENT
IMPORTANT – READ CAREFULLY

Buyer(s) _____
Parcel _____
Lot _____
Homebuilder _____

General CFD Provisions

The home you are purchasing is within the Festival Ranch Community Facilities District (the "*CFD*"), which was formed on _____. The CFD was created to finance the acquisition, construction and maintenance of public infrastructure benefiting _____. The cost of acquisition and construction of these improvements is paid for by general obligation and/or special assessment bonds issued by the CFD. The operation and maintenance expenses are paid from an ad valorem property tax levied against all property located within the CFD.

Ad Valorem Taxes of the CFD

General obligation bonds and the CFD operation and maintenance expenses are paid from ad valorem property taxes levied against all taxable property in the CFD. It is currently estimated that payment of the general obligation bonds and the CFD expenses will add approximately $_____ to the property tax rate; however, such tax rate increase could vary depending upon factors including the financing amount and terms, and the amount of the assessed valuation of taxable property within the CFD. Payment of general obligation bonds and expenses are included as part of your regular Maricopa County property tax statement and are in addition to taxes levied by the Town of Buckeye and other political subdivisions.

Special Assessments of the CFD

Special assessment bonds are paid from special assessment payments secured by a special assessment lien on each benefited lot. Special assessment liens pertaining to construction of the initial public infrastructure for _____ are estimated to range from $_____ to $_____ per benefited residential lot (current dollars). Special assessment liens vary depending upon the size of the lot, benefits estimated to be received by each lot, the public improvements to be financed, and the financing terms of each special assessment bond. Bills for the repayment of the special assessment bonds as well as the applicable administrative charges are sent out twice a year and are billed separately from your regular Maricopa County property tax bill. Failure to

timely pay any assessment installment will result in the acceleration of the entire assessment amount and the foreclosure sale of the benefited lot.

Example of Financings' Costs to Homeowner

Based on the developer's proposed financing plan for the CFD during the first _____ years, the following is an illustration of the estimated annual CFD taxes as they related to the repayment of CFD general obligation bonds and CFD Maintenance and Operation expenses as well as a special assessment lien of $_____ that is collected to pay the anticipated CFD special assessment bonds.

Home Sales Price	(A) Estimated General Obligation and Expense Payment (1)	(B) Estimated Special Assessment Payment (2)	(A) & (B) Estimated Total CFD Tax Payments	Estimated Special Assessment Lien Amount
$130,000	$	$	$	$
$150,000	$	$	$	$
$175,000	$	$	$	$
$220,000	$	$	$	$

Footnotes

(1) Represents the repayment of CFD general obligation bond indebtedness and CFD expenses based upon an estimated increase in the ad valorem property tax rate.

(2) Represents the repayment of special assessment bonds assuming a $_____ per lot special assessment lien. Special assessment bond terms assume a ____% interest rate, __-year amortization period, capitalized interest, 10% reserve fund and issuance expenses. To the extent that the bond terms vary from these assumptions, the payment amount will fluctuate. This figure does not include any administrative charges which may be charged by the District and/or third party administrators if any.

All of the taxes, assessments and charges described above are in addition to any taxes, fees and charges imposed by the Town of Buckeye, other political subdivisions and in addition to any assessments or fees imposed by any homeowners association.

Your signature below acknowledges that you have received and read this disclosure at the time you have signed our purchase contract.

[SIGNATURE PAGE TO FOLLOW]

_____
[name]

_____
[address]

_____
[name]

_____
[address]

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2005-0523799 04/22/2005 13:51
00671820022A-5-4-3--
ELECTRONIC RECORDING

When recorded, return to:

Mr. Scott W. Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, AZ 85004-2327

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

STATE OF ARIZONA
COUNTY OF MARICOPA

Pursuant to Resolution No. 39-05, Ordering and Declaring Formation of Festival Ranch Community Facilities District (Town of Buckeye, Arizona), adopted by the Mayor and Council of the Town of Buckeye, Arizona, on April 19, 2005, a community facilities district was formed pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended, over all of the real property described by metes and bounds in *Exhibit A* attached hereto. For further information, please contact Scott W. Ruby at 602.257.7432.

DATED: April 20, 2005

Scott W. Ruby, Attorney for the District

ATTACHMENT:

Exhibit A - Legal Description of District

SWR:gmh 560040 04/20/05

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.