$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

Closing: September 23, 2004

CLOSING INDEX

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

VOLUME 1

BOND DOCUMENTS

1. Agenda and Minutes of meeting held on August 3, 2004
   A. Resolution No. 12-04, Providing for the Issuance of Bonds
   B. Resolution No. 11-04, Approving Assessment and Assessment Diagram
   C. Assessment Methodology

2. Indenture of Trust and Security Agreement.

3. UCC Financing Statement.

4. District Dissemination Agency Agreement.

5. District Continuing Disclosure Undertaking.

6. Closing Certificate of District.

7. Tax Certificate of the District.

8. Closing Certificate of Town of Buckeye.

9. Closing Certificates of D.R. Horton, Inc. – Dietz-Crane ("*Owner*").

10. Letter of Indemnity from the Owner.

11. Continuing Disclosure Undertaking of the Owner.

12. Dissemination Agency Agreement of the Owner.

13. Purchase Contract for Bonds.

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

15. Certificate and Receipt of Trustee.

16. Receipt for Bonds.

17. Certificate of Purchaser Regarding the Initial Offering Price of the Bonds to the Public and as to Yield on the Bonds.

18. Certificate of Underwriter re: Qualified Institutional Buyer.

19. Specimen Bond.

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

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

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

23. Preliminary Limited Offering Memorandum dated August 27, 2004.

VOLUME 2

24. Final Limited Offering Memorandum dated September 15, 2004.

25. Consent of Burke Hansen, Inc.

26. Form of Investor Letters of Bondholders; executed letter.

27. Opinion of Counsel to Underwriter.

28. Opinions of Counsel for Owner.

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

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

31. Letter re Settlement, Delivery and Closing Procedures; Debt Retirement Schedule.

32. Issuer Request for Payment of Costs of Issuance; Issuer Request for Other Acquisition and Construction Costs.

ASSESSMENT DOCUMENTS

33. Feasibility Study.

34. Evidence of Publication of Notice of Hearing on Feasibility Study.

35. Agenda and Minutes of meeting of July 20, 2004 of District Board
    A. Resolution No. 08-04 of District Board Approving Feasibility Study & Public Hearing, and Declaring Intent to Issue Bonds.
    B. Resolution of Intention No. 09-04
    C. Resolution No. 10-04 Ordering the Work.

36. Closing Certificate of Assessment District Engineer; Assessment Methodology.

37. Waiver and Development Agreement Pertaining to the Assessment District No. 3.

38. Warrant, Assessment, Treasurer's Return and Certificate of Unpaid Assessment.

39. Notice of Recording of Assessment.

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

Sundance Community Facilities District (issuer) (2 CDs)
Town of Buckeye (town) (1 paper, 1 CD)
D.R. Horton, Inc. – Dietz-Crane (developer) (CD)
RBC Dain Rauscher Inc. (underwriter) (CD)
Gust Rosenfeld P.L.C. (bond counsel) (CD)
Wells Fargo Bank, N.A. (Trustee bank) (CD)
Greenberg Traurig LLC (underwriter counsel) (CD)
Titus, Brueckner & Berry (2 CDs)
Willdan (2 CDs)

SUNDANCE COMMUNITY FACILITIES DISTRICT
TOWN OF BUCKEYE, ARIZONA

August 3, 2004
6:00 p.m.
AGENDA

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 Sundance Community Facilities District Board will attend either in person or by telephone conference call or video presentations.

1. Call to order.

2. Note attendance.

3. MINUTES:
Minutes of meeting held on July 20, 2004 presented for Board review and approval.

4. APPROVE OR RATIFY EXPENDITURES

5. BUSINESS:

   (a) Conduct an assessment hearing relating to the Sundance Community Facilities District, Assessment District No. 3.

   (b) Board will consider, for possible action, adoption of Resolution No. 11-04 APPROVING THE ASSESSMENT AND ASSESSMENT DIAGRAM FOR THE DISTRICT, ASSESSMENT DISTRICT NO. 3, AND ORDERING THE LEVY AND COLLECTION OF THE AMOUNT ASSESSED.

   (c) Board will consider, for possible action, adoption of Resolution No. 12-04 AUTHORIZING THE ISSUANCE OF THE DISTRICT'S ASSESSMENT DISTRICT NO. 3, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004, APPROVING THE FORM OF THE FINANCING DOCUMENTS AND APPROVING THE FORM OF PRELIMINARY OFFICIAL STATEMENT RELATIVE TO THE SALE OF THE BONDS.

   (d) Board will consider, for possible action, adoption of Resolution No. 13-04 RESCINDING RESOLUTION NO. 07-03 PREVIOUSLY ADOPTED ON June 3, 2003; AUTHORIZING THE SALE OF GENERAL OBLIGATION BONDS BY THE DISTRICT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN FINANCING DOCUMENTS; AND LEVYING AN AD VALOREM TAX ON THE TAXABLE PROPERTY IN THE DISTRICT.

6. CITIZEN COMMENTS/APPEARANCES FROM THE FLOOR

7. ADJOURNMENT

RESOLUTION NO. 11-04

RESOLUTION OF THE BOARD OF DIRECTORS OF SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) APPROVING THE ASSESSMENT AND ASSESSMENT DIAGRAM FOR THE SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), ASSESSMENT DISTRICT NO. 3, AND RATIFYING THE LEVY AND COLLECTION OF THE AMOUNT ASSESSED.

WHEREAS, the Board of Directors of the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), initiated (i) the establishment of Assessment District No. 3 within the boundaries of the District (the "*Assessment District*"); (ii) the acquisition and/or construction of certain public infrastructure improvements and purposes (the "*Projects*"), and (iii) the financing of said Projects and necessary Incidental Expenses (as defined in the Resolution of Intention) with the District's special assessment lien bonds, by the adoption of its Resolution No. 09-04 (the "*Resolution of Intention*") on July 20, 2004; and

WHEREAS, the District acquired jurisdiction to order the design, acquisition and construction of such Projects by the Board of Directors adoption of Resolution No. 10-04 (the "*Resolution Ordering the Work*"); and

WHEREAS, pursuant to a Sundance Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement pertaining to Assessment District No. 3 (the "*Waiver Agreement*"), the owners of all of the real property within the Assessment District consented to: (i) the inclusion of all of the real property in the Assessment District, subject to later deletions of real property relating to non-developable and publicly owned land and other modifications; and (ii) the levy of an assessment, as provided by law, in an amount not to exceed $2,100,000 for the purpose of financing the Projects and Incidental Expenses; and

WHEREAS, an assessment in the amount of $1,871,175 was prepared, which was increased to reflect the addition of certain bond issuance costs and the funding of a debt service reserve fund, resulting in a total assessment certified to bond in the amount of $2,065,000 (the "*Assessment*") such Assessment may be decreased to reflect the actual costs of issuance and sizing of the debt service reserve fund) and warrant has been prepared as provided by law; and

WHEREAS, a hearing for the consideration of the Assessment was waived by all the Owners of real property in the Assessment District pursuant to the terms of the Waiver Agreement; notwithstanding, a hearing was scheduled for this date and a notice of such hearing on the Assessment has been given to all persons owning real property in the Assessment District as the names appear upon the tax roll and such hearing has been held; and

WHEREAS, no objections to the Assessment, legality of the Assessment or to the legality of any of the proceedings connected therewith have been filed with the District and no objections were presented at the hearing conducted by the Board of Directors of the District; and

WHEREAS, the Assessment District Engineer (as defined in Resolution of Intention No. 09-04) has caused to be prepared an estimate of all costs anticipated to be incurred in connection with the acquisition and construction of the Projects and the costs of certain Incidental Expenses related thereto;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AS FOLLOWS:

Section 1. The Assessment for the District in the amount of $2,065,000 as so made is hereby fully and finally confirmed and approved. The allocation of the assessed amount of $2,065,000 among the parcels and lots within the Assessment District, in the amounts shown in the Assessment are hereby fully and finally confirmed and approved. The assessment methodology used to allocate the Assessments among the parcels and lots prepared by the Assessment District Engineer and attached hereto as *Exhibit A* is approved. The levy and recording of the Assessment is approved and ratified. The assessed amount shown in the Assessment and allocation of the Assessment among the parcels and lots may be hereafter reduced to reflect the actual costs of issuance and amount deposited in the debt service reserve fund and the Assessment District Engineer is hereby directed to recapitulate the Assessment and the allocation thereof to reflect any reduced cost. Cash payments by the Owners of the assessed parcels may be made pursuant to the Waiver Agreement.

Section 2. All acts of the Clerk, the Superintendent of Streets and any person acting for such officials in setting the date for the hearing on the Assessment and causing notice thereof to be mailed is hereby ratified and confirmed.

Section 3. The Superintendent of Streets is hereby directed to request the Treasurer of the District to collect the Assessment that has been levied against the real property in the Assessment District for an amount not greater than the grand total of costs set forth in the Assessment; provided; however, the amount of the Assessment may be reduced as actual costs are established and substituted for the estimated costs.

Section 4. Those certain duplicate assessment diagrams of the area to be assessed, prepared by the Assessment District Engineer, and heretofore filed with the Clerk of the District, are hereby approved and the Clerk is hereby directed to certify the fact of such approval on the face of each of such diagrams including the date hereof as the date of such approval and to deliver a copy of the diagrams to the Superintendent of Streets.

Section 5. With respect to any Assessments that bonds are issued against, the Treasurer of the District shall or shall cause the Assessments to be billed and collected in installment payments sufficient to pay the amounts due on any bonds that are secured by such Assessments. The assessments shall be collected and, if necessary, foreclosed in accordance with Arizona Revised Statutes § 48-601, et seq., as amended, and in accordance with the Waiver Agreement, dated July 20, 2004 and recorded on July 21, 2004 in the records of the Maricopa County Recorder at Docket 2004-0836032.

Section 6. All acts of the Clerk, the Treasurer of the District, the District Engineer and the Superintendent of Streets, and any person acting for such officials in furtherance of this resolution or in the collection of the Assessments are hereby approved, ratified and confirmed.

PASSED AND ADOPTED by the Board of Directors of Sundance Community Facilities District (Town of Buckeye, Arizona) on August 3, 2004.

District Chairman

ATTEST:

District Clerk

APPROVED AS TO FORM

Bond Counsel

Exhibit A – Assessment methodology

CERTIFICATE

I hereby certify that the above and foregoing Resolution No. 11-04 was duly passed by the Board of Directors of the Sundance Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on August 3, 2004, and that a quorum was present thereat and that the vote thereon was 6 ayes and 0 nays; 1 did not vote or were absent.

Clerk

RESOLUTION NO. 12-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS ASSESSMENT DISTRICT NO. 3 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $2,065,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, A CONTINUING DISCLOSURE UNDERTAKING, A DISSEMINATION AGENCY AGREEMENT AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF OR RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; APPROVING THE PREPARATION AND USE OF A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AND TAKING OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), AS FOLLOWS:

Section 1. **Findings**. (a) Pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes, as amended (the "*Enabling Act*"), the Waiver Agreement described below and Resolution No. 09-04 adopted on July 20, 2004 (the "*Resolution of Intention*"), the Board of Directors (the "*Board*") of the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") has formed Assessment District No. 3 (the "*Assessment District*") and declared its intention to: (i) acquire or construct certain public infrastructure and to pay costs and expenses related thereto (the "*Project*"); (ii) assess the costs and expenses of the Project upon certain benefited real property within the boundaries of the District as described in the Resolution of Intention; and (iii) issue the District's special assessment revenue bonds (the "*Bonds*") to finance the costs and expenses of the Project.

(b) Pursuant to the terms and provisions of the Sundance Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement dated as of July 20, 2004 and recorded on July 21, 2004 with the Maricopa County, Arizona, Recorder at Docket 2004-0836032 (the "*Waiver Agreement*"), the owners and the persons who have an interest in all the real property to be assessed have waived, among other things, certain requirements relating to the notices, protests and hearings relating to, among other things, the formation of the Assessment District, levying of the assessments, and the time period for cash payments.

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

"*Study*"). A public hearing on the Study was held July 20, 2004, as provided by law, and, pursuant to the Enabling Act and the Resolution of Intention, the Study was ratified and approved in all respects.

(d) Pursuant to and in reliance upon the Waiver Agreement, the Board adopted Resolution No. 10-04 on July 20, 2004 ordering the public infrastructure projects performed as described in the Resolution of Intention.

(e) Pursuant to and in reliance upon the Waiver Agreement, the Board adopted Resolution No. 11-04 on August 3, 2004, approving the assessment diagram and the levying of an assessment against the real property in the Assessment District.

(f) Pursuant to the Enabling Act, the Waiver Agreement and Resolution No. 11-04, an assessment in the amount of $2,065,000 was authorized to be levied against the real property in the Assessment District and recorded in the Office of the Superintendent of Streets. Pursuant to the Waiver Agreement and other agreements by the Owners, the property owners waived the requirement for notices of cash demands, the opportunity to make cash payments and requested the unpaid assessments go to bond.

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

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

(i) Pursuant to the Enabling Act, the District has also determined to enter into an Indenture of Trust and Security Agreement, dated as of August 1, 2004 (the "*Indenture*"), from the District to Wells Fargo Bank, National Association, as trustee, to secure, and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds of, the Bonds. (Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.) The District Board has determined by this Resolution to authorize the issuance of the Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

(j) There have been placed on file with the District Clerk and presented in connection herewith (1) the proposed form of the Indenture, (2) the proposed form of the Purchase Contract relating to the Bonds, to be dated as hereinafter provided (the "*Purchase Contract*"), by and between the District and RBC Dain Rauscher Inc. (the "*Underwriter*"); (3) the proposed form of Continuing Disclosure Undertaking relating to the Bonds, to be dated the date of delivery thereof (the "*Undertaking*"); (4) the proposed form of Dissemination Agency Agreement by and between the District and RBC Dain Rauscher Inc., to be dated August 1, 2004 or such later date determined as hereinafter provided (the "*Agency Agreement*"); and (5) the proposed form of the Preliminary Limited Offering Memorandum relating to the Bonds, to be

dated the date of mailing thereof (the "*Preliminary Offering Memorandum*"), and which, when revised to reflect the final pricing terms of the Bonds, will constitute the form of the Final Limited Offering Memorandum for the Bonds (the "*Final Offering Memorandum*"). (The documents described in Clauses (1) through (5), inclusive, of this paragraph are hereinafter referred to, collectively, as the "*Bond Documents.*")

(k) The Board hereby finds and determines that: (1) the amount of indebtedness evidenced by the Bonds does not exceed the estimated cost of the Project plus all costs connected with the public infrastructure purposes and issuance and sale of the Bonds to be financed therewith (collectively the "*Costs*"); (2) the total Costs are less than or equal to the benefits derived from the Project; and (3) based upon the appraisal by Burke Hansen, LLC, dated June 21, 2004, the wholesale (bulk) value of each of the assessed parcels comprising the Assessment District is at least four (4) times the principal amount of the Bonds allocated to each such assessed parcel.

(l) The Bonds, unless and until these transfer restrictions are removed pursuant to the terms of the Indenture, will be offered and sold only to either: (i) "q*ualified institutional buyers*" as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or to "*accredited investors*" within the meaning of Rule 501 of Regulation D of the United States Securities and Exchange Commission who execute an investor letter, or (ii) to a sophisticated municipal market professional purchasing through a broker, dealer or municipal securities dealer and in compliance with the rules and regulations of the Municipal Securities Rulemaking Board.

Section 2. Approval of Issuance and Sale of Bonds. The Bonds are hereby authorized to be issued as a series of assessment bonds of the District to be designated "*Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004.*" The Bonds shall be issued and delivered in an aggregate principal amount of not to exceed $2,065,000, shall be in fully registered form only, shall be dated as of August 1, 2004 or such later date determined as hereinafter provided, shall bear interest at the rate or rates set forth in the Purchase Contract (not to exceed 10%) from their date, with such other terms as set forth in the Indenture. The costs of issuance shall not exceed the aggregate amount presented in the Study.

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

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

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

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

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

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

Section 8. Assessment Levy and Procedures. (a) An assessment in the amount of $2,065,000 was levied and recorded in the office of the Superintendent of Streets for the District against the parcels of real property comprising the real property in the Assessment District and described in the Resolution of Intention, such levy and recordation is authorized and approved. The assessment may be reduced to reflect any cash payments, any other cash payments received and any reduction in the size of the reserve fund or the costs of issuance.

(b) For each year while any Bond is outstanding, the Board shall semi-annually cause to be collected such portion of the assessment, sufficient, together with any moneys from any sources in the Enabling Act and under the Indenture, to pay Debt Service on the Bonds when due. Moneys received from the collection of the assessment when collected constitute funds to pay Debt Service and shall be kept separately from other funds in the Bond Fund of the District. The amounts due pursuant to the assessment and unpaid are and shall be a

first lien on the property so assessed in the Assessment District, subject only to general property taxes and prior special assessments and shall be collected as prescribed by Sections 48-599 and 600, Arizona Revised Statutes, as amended, as nearly as practicable or such other procedures as the Board may prescribe. In the event of nonpayment of amounts due pursuant to the assessment, the procedures for collection of delinquent amounts and sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended, apply, as nearly as practicable, except that neither the District nor the Town of Buckeye, Arizona (the "*Town*") is required to purchase the delinquent land at the sale if there is no other purchaser.

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

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

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

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

(b) Willdan ("*Willdan*") is hereby confirmed and employed as Assessment District Engineer and Superintendent of Streets for the assessment district. Willdan is employed as the Assessment District Engineer to perform the duties described in the Enabling Act, Resolution of Intention, the Indenture and the Assessment District Engineer Agreement.

(c) Woodrow Scoutten is hereby confirmed and employed as the District Engineer (as defined in the Resolution of Intention) to perform the duties described in the Enabling Act, the Resolution of Intention and the Indenture.

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

(e) Stone & Youngberg LLC is hereby confirmed and appointed the District's financial advisor for purposes of the sale of the Bonds.

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

Section 12. **Severability; Amendment**. (a) If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

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

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

PASSED AND ADOPTED by the Board of Directors of Sundance Community Facilities District (Town of Buckeye, Arizona) on August 3, 2004.

SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

Chairman, Board of Directors

ATTEST:

Clerk, Board of Directors

APPROVED AS TO FORM:

Gust Rosenfeld P.L.C., Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing Resolution No. 12-04 was duly passed by the Board of Directors of the Sundance Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on August 3, 2004, and that a quorum was present thereat and that the vote thereon was 6 ayes and 0 nays; 1 did not vote or were absent.

Clerk

SWR:gmh 539692 08/02/04

SUNDANCE COMMUNITY FACILITIES DISTRICT OF THE TOWN OF BUCKEYE, ARIZONA

ASSESSMENT METHODOLOGY
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

Prepared by:

WILLDAN
1717 W. Northern Avenue, Suite 112
Phoenix, AZ 85021-5469
(602) 870-7600

July 8, 2004

SUNDANCE COMMUNITY FACILITIES DISTRICT
OF THE TOWN OF BUCKEYE, ARIZONA
DISTRICT ASSESSMENT BONDS SERIES 2004 (ASSESSMENT DISTRICT 3)

TABLE OF CONTENTS

Project Description 3

Description of Improvements 3

- Roadway Improvements 3
- Sewer Line Improvements 4
- Water Improvements 4

Preliminary Cost Estimates 4

Assessment Methodology 5

- Introduction 5
- Roadway Improvements 5
- Sewer Line Improvements 7
- Water Distribution Facilities 7
- Project Incidentals and Bond Issuance Costs 8
- Estimated Special Assessment Liens Per Lot 8
- Conclusion 9

Willdan, the District Engineer for the Sundance Community Facilities District ("Sundance CFD"), makes this report of benefit as directed by District staff in support of the *Feasibility Report for the Issuance of Not to Exceed $2,100,000 Principal Amount of Sundance Community Facilities District (Buckeye Arizona) Assessment District No. 3 Special Assessment Revenue Bonds Series 2004*, dated July, 20, 2004 ("Feasibility Report").

Project Description

The Sundance master planned community ("Project") consists of 2,015 acres and is located in Buckeye, Arizona. On June 19, 2001 the Sundance Community Facilities District was established to finance the construction and/or acquisition of public infrastructure that are part of the Project. Sundance Assessment District 3 consists of an estimated 475 residential lots within 145 acres of the larger 2,015-acre Project. The District Assessment Bonds Series 2004 ("Bond Issue") relates to the construction or acquisition of public infrastructure that will benefit development of the property within Sundance Assessment District 3. Details related to the project area, infrastructure improvements, costs, and land use can be found in other sections of the Feasibility Report.

Description of Improvements

The improvements that will be funded by the Bond Issue and are the subject of this report will be constructed and acquired public infrastructure that are eligible for funding according to Arizona Revised Statues Title 48 Community Facilities Act of 1989. The improvements are more fully described in Section 2 of the Feasibility Study. Briefly, the improvements are described as follows:

Roadway Improvements

The design and construction of certain grading, paving, concrete, storm drain, and striping and signage including landscaping in the right of way, landscape sleeving, earthwork, and construction testing together with appurtenances and appurtenant work according to the Community Master Plan and an allowance for contingencies for the following roadways:

- Sundance Parkway– From Yuma Road to Rainbow Road
- Durango Road – From Watson Road to Rainbow Road

Sundance Parkway serves both as a primary access to parcels 31, 32, 33 and 35 and as a major collector road benefiting the entire Sundance master planned community. Therefore, only a portion of the costs (approximately 10%) is allocated to the Bond Issue. The remaining costs are being funded by the developer or through General Obligation Bonds for the Sundance CFD.

Durango represents a roadway on the Southern Boundary of the Sundance CFD that provides access to parcels 31, 32, 33 and 35. The costs included in the Bond Issue represent the cost pertaining to the northern half of the roadway.

Sewer Line Improvements

Sewer line improvements consist of the design, survey and construction of sewer trunk and collector mains to provide access to the wastewater treatment plant for all parcels within Assessment District 3.

Water Improvements

Water distribution system improvements consist of the design, survey and construction of feeder and distribution lines, including fire hydrants, appurtenances and contingency to serve benefiting properties within Assessment District 3.

Preliminary Cost Estimates

The Bond Issue secured by remaining unpaid assessments is proposed to be issued in accordance with the Arizona Revised Statutes, the Town of Buckeye, Arizona Policy Guidelines and Application Procedures for the Establishment of Community Facilities Districts, Development, Financing Participation and Intergovernmental Agreement No. 1 (Sundance Community Facilities District), and the Sundance Community Facilities District Waiver and Development Agreement as amended. A summary of the costs of the public infrastructure to be financed through the Bond Issue includes the following:

Sundance Community Facilities District
Of the Town of Buckeye, Arizona
Assessment District No. 3 Assessment Bonds Series 2004
Cost Estimates Funded Through Bond Issue

Improvement Projects	Estimated Costs
Roadway Improvements	$ 914,133
Sewer Line Improvements	333,798
Water Improvements	496,555
Total Improvements	1,744,486
District Formation and Bond Issuance Costs:	
Bond Reserve Fund	96,875
Underwriter's Discount	61,950
Other District Formation and Bond Issuance Costs	161,689
Subtotal District Formation and Bond Issuance Costs	320,514
Assessment Amount	$ 2,065,000

Detailed cost estimates for the infrastructure listed above are included in Section 4 of the Feasibility Report.

The bond issuance costs, including reserve fund and underwriter discount, are computed based on the Assessment Amount, which represents the amount to bond. The Applicant will advance all costs required above and beyond the amount in excess of $1,744,486 required to install the improvements, except that pursuant to the terms of the CFD Development Agreement, the Applicant may seek reimbursement for such funds advanced to the District through subsequent issuance of special assessment and/or general obligation bonds.

Assessment Methodology

The State of Arizona Revised Statutes provide that assessments be allocated in proportion to the benefits received by each lot from the improvements. For purposes of the Sundance Community Facilities District Bond Issue, the original assessed amount securing the proposed assessment bond amount of $2,065,000 is allocated to the lots within Assessment District 3 based upon the following benefit methodology.

Introduction

The works of improvement to be financed by the Bond Issue consist of backbone facilities that provide traffic access and control, connection to the wastewater treatment plant, and water connections for the properties within Assessment District 3. The improvements fall into the following categories:

- Roadway improvements
- Sewer line improvements
- Water improvements

Roadway Improvements

The street related improvements to be installed within Assessment District 3 consist of a portion of the cost of new construction of Sundance Parkway South and all of the cost of the northern half of Durango Road. These roadways provide access to the residential parcels located within Assessment District 3. The roadways provide a direct and special benefit to the developable parcels to be assessed, in that direct ingress and egress is made available to the lots assessed for these improvements within Assessment District 3. The cost estimate excludes ineligible costs such as dry utilities.

The funded roadway construction provides an area-wide system of streets to serve the developable properties within Assessment District 3. The roadways serve as collectors to the residential lots

providing equal access for properties within the Assessment District 3 area and allowing travel to areas outside of the Assessment District 3 boundaries

The specific alignment or proximity of a collector street in relation to a specific property is not the paramount factor in the determination of special benefit due to the fact that, in most cases, the location and alignment of collector streets are dependent on the conceptual land use plan. As a result, the location and alignment could have been entirely different from the currently planned location and alignment. Furthermore, all properties within the district will have access for ingress and egress to the roadways being funded. Therefore, the roadway construction provides a direct and special benefit to the properties addressed in this report.

The benefit of roadway improvements to properties within Assessment District 3 will be allocated to the respective properties on the basis of the trip generation factors. The trip generation varies based on the land use of each parcel. Trip generation factors are used to allocate roadway improvement benefit because the usefulness of roadways is a function of the number of vehicle trips per day generated by the land uses served by the roads. Therefore, trip generation factors are an appropriate basis for the apportionment of the street improvement costs and traffic signals among the benefited parcels.

Traffic engineers have developed trip generation factors related to development density and type of land use. Kimley-Horn and Associates, Inc. prepared a traffic impact analysis specifically for the Sundance Development, dated September 2000. The study analyzes the traffic impact projected for the Sundance Development at build out. The average trip generation for each land use has been used to determine the following average daily trips for each land use in Assessment District 3:

- Residential Lot - 10 per lot
- Low Density Residential (minimum 0.5 acre lots) - 10 per lot
- Commercial - 11 per 1,000 building square feet

In apportioning the benefit of roadway improvements to property within Assessment District 3, a two-stepped process will be used. First, the assessment of the cost and expenses will be allocated to the proposed parcels within Assessment District 3 based on the above listed traffic generation factors. Second, as maps are recorded, the assessments will be divided equally to each residential lot within the planning area. Therefore, within a single-family residential tract, each lot will receive an equal assessment. In effect, all residential lots will receive the same benefit because there are no commercial properties within the boundaries.

In the event development occurs differently then currently projected, the assessment liens at the parcel level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Sewer Line Improvements

The sanitary sewer line and effluent line improvements consist of a series of lines and facilities placed in the streets that extend to the frontage of certain parcels in Assessment District 3. These improvements provide for an orderly development of infrastructure service to the area by providing sanitary sewer service and effluent reuse for each parcel that will connect. The benefit of these improvements is allocated to each property based on sewage flows estimated for each land use type in the Sundance Wastewater Master Plan prepared by RBF Consulting, updated in January, 2004.

In apportioning the benefit of sewer and effluent improvements to property within Assessment District 3, a two-stepped process will be used. First, the assessment of the cost and expenses will be allocated to the parcels within Assessment District 3 that will receive access to the wastewater treatment plant through the improvements based on the Average Day Flow Factor for each planning area applied to the number of lots in each planning area. Second, as maps are recorded, the assessments will be divided equally to each residential lot within the residential planning areas.

In the event development occurs differently then currently projected, the assessment liens at the planning area level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Water Distribution Facilities

The water improvements consist of a series of lines and facilities placed in public rights of way that result in the provision of water to certain parcels within Assessment District 3. These improvements provide for an orderly development of infrastructure service to the area by providing water service and storage for each parcel that will connect. The benefit of these improvements is allocated to each property based on water demand estimated for each land use type in the Sundance Water Master Plan prepared by RBF Consulting, updated in February, 2003.

In apportioning the benefit of water facilities to property within Assessment District 3, a two-stepped process will be used. First, the assessment of the cost and expenses will be allocated to the parcels within Assessment District 3 that will receive water service through the improvements based on the Average Day Flow Factor for each planning area applied to the number of lots in each planning area. Second, as maps are recorded, the assessments will be divided equally to each residential lot within the residential planning areas.

In the event development occurs differently then currently projected, the assessment liens at the planning area level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Project Incidentals and Bond Issuance Costs

These costs increase the assessments for each assessment area in proportion to the special assessments allocated thereto for the improvement construction costs. This is deemed an appropriate charge related to the Community Facilities District. Therefore, Project Incidentals and Bond Issuance Costs are allocated to each parcel based on construction costs.

Estimated Special Assessment Liens Per Lot

Based upon the information presented above, the estimates of the assessment to be placed upon each of the parcels and projected lots located within Assessment District 3 are shown on the following schedules. **Schedule 1** shows the assessment for each parcel prior to the cash collection period. The property owners have indicated that they do not intend on paying these assessments during the cash collection period. Therefore, the revised assessments, including costs of issuance and the reserve fund, are shown on **Schedule 2.**

Schedule 1: Assessment Lien Prior to Issuance of Bonds

Assessment Number (1)	Parcel Number	No. of Lots	Net Acres (2)	Improvement Assessment	District Formation Cost (4)	Assessment Lien Per Parcel	Assessment Per Lot (5)
038-01-001 through 038 01-310	31	310	60.37	$ 1,138,507	$ 82,681	$ 1,221,188	$ 3,939.32
39	32	86	34.26	$ 315,844	$ 22,937	$ 338,781	$ 3,939.32
40	33	52	20.71	$ 190,975	$ 13,869	$ 204,844	$ 3,939.32
41	35	27	22.34	$ 99,160	$ 7,201	$ 106,362	$ 3,939.32
Totals		475	137.68	$ 1,744,486	$ 126,689	$ 1,871,175	$ 3,939.32

Footnotes:

(1) Assessment Numbers 1 through 37 were not used to avoid duplication with assessment numbers used in previous assessment bonds. Assessment liens are shown for the final developed lot when the final plat has been recorded as of this report date.

(2) Net Acres provided by the developer. Includes Net Acres for property subject to the assessment lien only.

(3) No prepayment is required from the developer since all parcels meet the required 4:1 value to lien ratio. Valuations are based on an appraisal report prepared by Burke Hansen, LLC.

(4) Amounts provided by the Underwriter.

(5) Assessment lien is at the planning parcel level except Parcel Number 31 which is at the individual lot level.

Schedule 2: Final Assessment Lien

Assessment Number	Parcel Number	Preliminary Assessment(1)	Bond Issuance Cost (2)	Reserve Fund (2)	Final Assessment Lien	Final Assessment Per Lot
038-01-001 through 038-01-310	31	$ 1,221,188	$ 63,273	$ 63,224	$1,347,684	$ 4,347.37
39	32	$ 338,781	$ 17,553	$ 17,539	$ 373,874	$ 4,347.37
40	33	$ 204,844	$ 10,613	$ 10,605	$ 226,063	$ 4,347.37
41	35	$ 106,362	$ 5,511	$ 5,507	$ 117,379	$ 4,347.37
Totals		$ 1,871,175	$ 96,950	$ 96,875	$2,065,000	

Footnotes:

(1) Preliminary assessment reflects the assessment prior to the cash prepayment period. The property owners have indicated they do not intend to prepay the assessments during this period.

(2) Amounts provided by the Underwriter.

Conclusion

Based upon the information presented herein, it is our opinion that the special assessment allocation methodology results in assessments being allocated in proportion to the benefits received by each Lot therein for the improvements to be provided thereby.

David P. Gue, P.E.

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

as Trustee

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

DATED as of September 1, 2004

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 4

Section 1.1. Definitions 4
Section 1.2. Acts of Bondholders 15
Section 1.3. Notices, etc. 16
Section 1.4. Form and Contents of Documents Delivered to the Trustee 16
Section 1.5. Effect of Headings and Table of Contents 17
Section 1.6. Successors and Assigns 17
Section 1.7. Severability Clause 17
Section 1.8. Benefits of Indenture 17
Section 1.9. Governing Law 17
Section 1.10. Notice of Section 38-511, Arizona Revised Statutes 17

ARTICLE 2 FORM OF BONDS 18

Section 2.1. Form Generally 18
Section 2.2. Form of Bonds 18
Section 2.3. Form of Certificate of Authentication 28
Section 2.4. Form of Assignment 29

ARTICLE 3 TERMS AND ISSUANCE OF THE BONDS 30

Section 3.1. Title and Terms 30
Section 3.2. Redemption or Purchase of Bonds 31
Section 3.3. Execution, Authentication, Delivery and Dating 33
Section 3.4. Registration, Change in Authorized Denomination, Transfer and Exchange 34
Section 3.5. Temporary Bonds 36
Section 3.6. Mutilated, Destroyed, Lost and Stolen Bonds 37
Section 3.7. Payment of Interest on Bonds; Interest Rights Preserved 37
Section 3.8. Cancellation 38
Section 3.9. Persons Deemed Owners 39

ARTICLE 4 REDEMPTION OF BONDS 39

Section 4.1. General Applicability of Article 39
Section 4.2. Notice to Trustee 39
Section 4.3. Selection of Bonds to be Redeemed 39
Section 4.4. Notice of Redemption 39
Section 4.5. Deposit of Redemption Price and Interest 41
Section 4.6. Bonds Payable on Redemption Date 41
Section 4.7. Bonds Redeemed in Part 41

ARTICLE 5 FUNDS 42

Section 5.1. Bond Fund 42
Section 5.2. Deposits to and Application of Bond Fund 42
Section 5.3. Acquisition and Construction Fund 43
Section 5.4. Deposits to and Application of Acquisition and Construction Fund 43
Section 5.5. Issuance and Expenses Fund 45
Section 5.6. Deposits to and Application of Issuance and Expenses Fund 45
Section 5.7. Reserve Fund 45
Section 5.8. Deposits to and Application of Reserve Fund 46
Section 5.9. Disposition of Proceeds of Bonds and Other Monies 47
Section 5.10. Investment of and Security for Funds 47
Section 5.11. Reports by Trustee 48

ARTICLE 6 DEFEASANCE AND RELEASES 48

Section 6.1. Payment of Indebtedness; Satisfaction and Discharge of Indenture 48
Section 6.2. Defeasance 49
Section 6.3. Application of Deposited Money 50

ARTICLE 7 REMEDIES 50

Section 7.1. Suits for Enforcement; Mandamus 50
Section 7.2. Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment 50
Section 7.3. Application of Money Collected 51
Section 7.4. Trustee May File Proofs of Claim 52
Section 7.5. Trustee May Enforce Claims Without Possession of Bonds 52
Section 7.6. Unconditional Right of Bondholders to Receive Principal, Premium and Interest 53
Section 7.7. Rights and Remedies Cumulative 53
Section 7.8. Delay or Omission Not Waiver 53
Section 7.9. Control by Bondholders 53
Section 7.10. Waiver of Past Defaults 54
Section 7.11. Undertaking for Costs 54
Section 7.12. Remedies Subject to Applicable Law 54

ARTICLE 8 THE TRUSTEE 55

Section 8.1. Certain Duties and Responsibilities 55
Section 8.2. Certain Rights of Trustee 55
Section 8.3. Not Responsible for Recitals or Application of Proceeds 56
Section 8.4. May Hold Bonds 57
Section 8.5. Money Held in Trust 57
Section 8.6. Compensation and Reimbursement 57
Section 8.7. Corporate Trustee Required; Eligibility 57
Section 8.8. Resignation and Removal; Appointment of Successor 58
Section 8.9. Acceptance of Appointment by Successor 59

Section 8.10. Merger, Conversion, Consolidation, or Succession to Business 59

ARTICLE 9 SUPPLEMENTAL INDENTURES AND AMENDMENTS TO BOND RESOLUTION 59

Section 9.1. Supplemental Indentures or Amendments to Bond Resolution Without Consent of Bondholders 59
Section 9.2. Supplemental Indentures or Amendments to the Bond Resolution With Consent of Bondholders 60
Section 9.3. Execution of Supplemental Indentures and Amendments to Bond Resolution 61
Section 9.4. Effect of Supplemental Indentures and Amendments to Bond Resolution 61
Section 9.5. Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution 61

ARTICLE 10 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ISSUER 62

Section 10.1. Power to Issue Bonds and Create Liens 62
Section 10.2. Payment of Principal and Interest on Bonds 62
Section 10.3. Assessments; Re-Assessments 63
Section 10.4. Method of Collection 63
Section 10.5. Delinquent Assessments 63
Section 10.6. Use of Revenues for Authorized Purposes Only 63
Section 10.7. Annual Budget 64
Section 10.8. Financial Statements 64
Section 10.9. Books, Records and Reports 64
Section 10.10. Maintenance of Agency 64
Section 10.11. Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money 64
Section 10.12. Employment of District Engineer and Assessment District Engineer; District Engineer's Report 65
Section 10.13. Projects to Conform to Plans and Specifications; Changes 66
Section 10.14. Compliance Requirements 66
Section 10.15. Fidelity Bonds 66
Section 10.16. No Loss of Lien on Pledged Revenues 66
Section 10.17. Further Assurances; Recording 66
Section 10.18. Corporate Existence 67
Section 10.19. Compliance with Federal Law 67

THIS INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of September 1, 2004 (hereinafter referred to as this "*Indenture*"), from Sundance Community Facilities District (Town of Buckeye, Arizona), a community facilities district formed by the Town of Buckeye, Maricopa County, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), to Wells Fargo Bank, N.A., a national banking association with trust powers, as trustee (hereinafter together with any successor to the trust herein granted referred to as the "*Trustee*"),

WITNESSETH:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Enabling Act*"), the district board of the Issuer (hereinafter referred to as the "*Board*") adopted on July 20, 2004, Resolution No. 09-04 (hereinafter referred to as the "*Resolution of Intention*") wherein the District formed Sundance Community Facilities District Assessment District No. 3 (hereinafter referred to as the "*Assessment District*") and declared its intention to: (i) acquire or construct certain public infrastructure improvements; (ii) assess the costs of said improvements upon certain real property within the boundaries of the Issuer; and (iii) issue special assessment revenue bonds to finance the costs of the acquisition and construction of the public infrastructure improvements and purposes; and

WHEREAS, in the Resolution of Intention the Board declared its intent to issue special assessment revenue bonds of the Issuer to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with the General Plan for the Sundance Community Facilities District (Town of Buckeye, Arizona) dated June 19, 2001, filed with the Town Clerk of the Town of Buckeye, Arizona (hereinafter referred to as the "*General Plan*"); and

WHEREAS, pursuant to Resolution No. 12-04 of the Board adopted on August 3, 2004 (hereinafter referred to as the "*Bond Resolution*"), the Board has authorized the issuance and sale of not to exceed $2,065,000 aggregate principal amount of special assessment revenue bonds described herein (hereinafter referred to as the "*Bonds*") to provide funds for the public infrastructure purposes provided for in the Enabling Act, the General Plan, the Resolution of Intention and in the hereinafter described Development Agreement; and

WHEREAS, pursuant to the Enabling Act and Section 9-500.05, Arizona Revised Statutes, as amended, the Issuer, the Town of Buckeye, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Municipality*") and Buckeye Land, LLC; Taro Properties, LLC; Stardust Structured Investments No. 1, LLC; Patlin; LLC; Watson @Yuma, LLC; Hancock-MTH Builders, Inc., Dietz-Crane Builders, LLC; and Sivage Thomas-Sundance LLC (collectively, hereinafter referred to as the "*Owner*"), having an interest in real property within the boundaries of the Issuer, have entered into a Development, Financing Participation and Intergovernmental Agreement No. 1 for Sundance Community Facilities District (Buckeye, Arizona), dated as of June 18, 2001 (hereinafter referred to as the "*Development Agreement*"), as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Enabling Act) and the financing of public infrastructure; and

WHEREAS, with regard to the real property which is included within the boundaries of the Issuer, the Municipality, the Issuer and the Owner have agreed to certain provisions in the Development Agreement relating to the acquisition, construction and financing of certain public infrastructure by the Issuer; and

WHEREAS, the Issuer and D.R. Horton, Inc. – Dietz-Crane (the "*Assessment District No. 3 Owners*") have entered into the Sundance Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement, dated July 20, 2004 (hereinafter referred to as the "*Waiver Agreement*"); and

WHEREAS, in reliance upon the Waiver Agreement, the Board on August 3, 2004 has by Resolution No. 11-04 approved the assessment prepared by the Assessment District Engineer and ratified the recording of the assessment against the real property in the Assessment District, the assessment was prepared and the Superintendent of Streets has executed and the Chairman of the Board has countersigned a warrant to collect the assessment, and the assessment was recorded against the real property in the Assessment District on July 21, 2004; and

WHEREAS, pursuant to the Waiver Agreement, demand for payment of the assessment was waived by the Assessment District No. 3 Owners of the real property against which the assessment was levied; and

WHEREAS, no partial payments of the assessments levied against the parcels within the Assessment District were made, and the warrant and assessment have been returned and the Assessment District No. 3 Owners of such real property have stated their desire to allow the remaining unpaid assessments to go to bond; and

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

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

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

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

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

assignment, and contract for the security of the Bonds, in accordance with the terms thereof and of this Indenture;

GRANTING CLAUSES

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

GRANTING CLAUSE FIRST

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

GRANTING CLAUSE SECOND

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

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

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

UPON CONDITION that, if the Issuer, its successors or assigns shall well and truly pay the principal of and interest on the Outstanding Secured Bonds according to the true intent and meaning thereof, or there shall be deposited with the Trustee or a Paying Agent such amounts

in such form in order that none of the Bonds shall remain Outstanding as herein defined and provided, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof and the observance or performance of all terms, covenants, conditions, agreements and obligations hereunder, then upon the full and final payment of all such sums and amounts secured hereby, or upon such deposit, this Indenture and the rights, titles, liens, security interests, and assignments herein granted shall cease, determine, and be void and this Indenture shall be released by the Trustee in due form at the expense of the Issuer, except only as herein provided and otherwise this Indenture to be and remain in full force and effect;

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

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

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

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

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

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

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

"*Assessment*" means the assessment or assessments and corresponding lien or liens levied on the lots and parcels of real property within the Assessment District for the purposes of securing the Bonds, as authorized by the adoption by the Board of Resolution No. 11-04 on August 3, 2004 and as evidenced by the recording of the assessment diagram and the assessment for the Assessment District with the Superintendent of Streets of the Issuer.

"*Assessment District*" means the real property (including any real property which may hereafter be added and excluding any real property which may hereafter be deleted) subject to the lien of the Assessment, also designated as Assessment District No. 3.

"*Assessment District Engineer*" means an engineer or engineering firm employed to: (i) prepare the plans and specifications required to acquire and construct the Projects; (ii) supervise and monitor the acquisition and construction of the Projects to assure completion of the Projects in conformity with the final plans and specifications; and (iii) perform and carry out duties imposed on the Assessment District Engineer by this Indenture. The Assessment District Engineer may also serve as Superintendent of Streets but shall not also serve as the District Engineer. Initially, the Assessment District Engineer and Superintendent of Streets shall be Willdan.

"*Assessment Revenues*" means the revenues received by the Issuer in each Fiscal Year from the payment, either as scheduled payments or prepayments, of unpaid Assessments, and proceeds from the sale of real property for delinquent Assessment installments.

"*Authorized Denomination*" means $100,000 and integral multiples of $1,000 in excess thereof in the case of Bonds owned by SMMP's or $25,000 and integral multiples of $1,000 in excess thereof in the case of Bonds owned by Qualified Investors; provided, however, that "Authorized Denomination" means $1,000 and integral multiples thereof: (i) upon compliance with the terms of Section 3.4(B)(2) hereof, or (ii) if less than $25,000 of Bonds remain Outstanding.

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

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

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

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

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

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

"*Bond Resolution*" means the Board Resolution No. 12-04 adopted on August 3, 2004, which, among other things provided for the issuance of the Bonds.

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

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

"*Book-Entry Bonds*" means, initially, all Series 2004 Bonds and such other series or portion of a series of Bonds which are hereafter designated by the Issuer as Book-Entry Bonds.

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

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

"*Closing Date*" means the date of the authentication and delivery of the Bonds to the initial purchasers thereof.

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

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

"*Costs of Acquisition and Construction*" means all items of expense directly or indirectly relating to the cost of the acquisition and construction of the Projects and the incidental costs and expenses and public infrastructure purposes (as defined in the Enabling Act) related to such Projects.

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

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

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

"*Development Agreement*" means that certain Development, Financing Participation and Intergovernmental Agreement No. 1 for Sundance Community Facilities District (Buckeye, Arizona) dated as of June 18, 2001, by and among the Municipality, the Issuer and the Owner.

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

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

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

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

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

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

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

"*Governmental Obligations*" means (1) direct obligations of, or obligations the timely payment of principal of is fully and unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Internal Revenue Code of 1954 or the Code, provision for the payment of the principal of, premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of, premium, if any, and interest on such obligations, and which securities described in clause (1) are not available to satisfy any other claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.2, have been assigned ratings in the highest rating categories of S&P and Moody's, but in the case of both Clause (1) and Clause (2) of this paragraph, for purposes of Section 6.2, only if such obligations are non-callable prior to the Maturity of the Bonds or (3) REFCORP STRIPS as defined in "Permitted Investments". Governmental Obligations also includes for purposes other than Section 6.2, a "no load," open-end management investment company or trust (mutual fund), including those of the Trustee and any affiliate of the Trustee, registered with the Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States of America, and repurchase agreements secured by the same and which money market fund has a rating by S&P of AAAm-G; AAAm; or AAm or better and a rating by Moody's of "VMIG-l" or better.

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

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

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

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

"*Interest Payment Date*" means each July 1 and January 1 commencing January 1, 2005.

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

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

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

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

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

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

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

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

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

the status of any matter relating to the laws on bankruptcy, shall be counsel of nationally recognized standing in the field of bankruptcy law.

"*Original Purchaser*" means RBC Dain Rauscher Inc.

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

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

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

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

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

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

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

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

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

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

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

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

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

2. *Farmers Home Administration*
   Certificates of beneficial ownership

3. *Federal Financing Bank*

4. *Federal Housing Administration Debentures*

5. *General Services Administration*
   Participation certificates

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

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

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

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

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

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

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

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

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

4. *Student Loan Marketing Association*
Senior debt obligations

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

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

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

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

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

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

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

Repurchase Agreements must satisfy the following criteria.

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

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

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

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

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

(1) Direct United States government, or

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

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

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

d. *Valuation of Collateral*

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

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

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

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

K. Governmental Obligations.

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

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

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

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

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

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

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

"*Qualified Investor*" means a qualified institutional buyer, as such term is defined in Rule 144A, of the Securities Act of 1933, as amended or an accredited investor as defined in Rule 501 of Regulation D of the United States Securities Exchange Commission, who executes the Certificate of Qualified Investor in Section 2.2 hereof.

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

"*Rebate Fund*" means the fund of the Issuer so defined in Section 10.6.

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

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

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

"*REFCORP STRIPS*" has the meaning set forth under "*Permitted Investments*".

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

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

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

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

"*Reserve Fund Requirement*" means the lesser of: (i) one-half of Maximum Annual Debt Service, or (ii) such amount as required by the Code to obtain or maintain the exclusion of interest from gross income for federal income tax purposes for the Bonds, as permitted by the Trustee pursuant to an opinion of Bond Counsel.

"*Resolution of Intention*" means Resolution No. 09-04 adopted on July 20, 2004.

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

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

"*SMMP*" 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 who, the Broker Dealer who is conducting the sale of the Bonds or beneficial interest therein, has reasonable grounds to believe: (i) has timely access to available material facts pertaining to the Bonds, (ii) is capable of independently evaluating the investment risk and market value of the Bonds, and (iii) is making independent decisions about its ownership of the Bonds.

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

"*State*" means the State of Arizona.

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

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

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

Section 1.2. Acts of Bondholders.

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

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

C. The ownership of any Bond of a series of the Bonds shall be proved by the Bond Register for such series of the Bonds.

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

Section 1.3. Notices, etc.

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

1. the Trustee shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its principal corporate trust office or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at 100 West Washington Street, 8th Floor, Phoenix, Arizona 85003, Attn: Ms. Nancy Eatros, or at any other address furnished in writing to such Person by the Trustee, or

2. the Issuer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at 100 North Apache, Suite A, Buckeye, Arizona 85326, Attention: District Clerk; with a copy to Gust Rosenfeld P.L.C., 201 E. Washington Street, Suite 800, Phoenix, Arizona 85004-2327, Attention: Mr. Scott W. Ruby; or at any other address previously furnished in writing to such Person by the Issuer.

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

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

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

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

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

to such factual matters is in the possession of the Issuer unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

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

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

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

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

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

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

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

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

ARTICLE 2

FORM OF BONDS

Section 2.1. Form Generally.

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

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

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

[FORM OF FACE OF BOND]

REGISTERED REGISTERED

No. R-___ $_____

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

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER-DEALER (1) IN MINIMUM AUTHORIZED DENOMINATIONS OF $100,000 OR MORE TO A "SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL" OR (2) TO A "QUALIFIED INVESTOR" UPON RECEIPT BY THE TRUSTEE OF THE "CERTIFICATE OF QUALIFIED INVESTOR" IN THE FORM INCLUDED IN THIS BOND. THE TERMS "SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL" AND "QUALIFIED INVESTOR" SHALL HAVE THE MEANINGS SET FORTH IN THEIR RESPECTIVE FORMS OF CERTIFICATES INCLUDED IN THIS BOND.

UNITED STATES OF AMERICA
STATE OF ARIZONA

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP NO.:
6.50%	July 1, 2029	September 23, 2004	_____ ___

REGISTERED OWNER

PRINCIPAL AMOUNT: TWO MILLION, FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($2,050,000.00)

Sundance Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (herein referred to as the "*Holder*"), on the "*Maturity Date*" specified above, the "*Principal Amount*" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "*Original Issue Date*" specified above, or from the most recent "*Interest Payment Date*" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is deemed in the hereinafter described "*Indenture*"), semiannually on each January 1 and July 1, commencing January 1, 2005 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

As provided in the Indenture hereinafter referred to, the interest so payable on any Interest Payment Date shall be paid to the Holder in whose name this Bond (or one or more Predecessor Bonds evidencing the same debt) is registered in the Bond Register at the close of business on the "Regular Record Date" therefor, which shall be the fifteenth (15th) day (whether or not a Business Day) of the calendar month immediately preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and shall be paid to the Person in whose name this Bond (or one or more such Predecessor Bonds) is registered at the close of business on a "*Special Record Date*" for the payment of such defaulted interest to be fixed by the Trustee (as such term is hereinafter defined) in accordance with the Indenture, notice whereof being given to the Holder hereof not less than 10 days prior to such Special Record Date. All such interest shall be payable at the agency of the Issuer for such purpose (herein referred to as the "*Paying Agent*"), which shall initially be the designated corporate trust office of Wells Fargo Bank, National Association (hereinafter referred to as the "*Place of Payment*"), by check mailed on or before the Interest Payment Date to the Holder at the address specified in the Bond Register as of the Regular Record Date or Special Record Date, as the case may be, or pursuant to customary arrangements made by such Holder acceptable to the Paying Agent. Additionally, payment may also be made by wire

transfer to DTC or to any Bondholder (other that DTC) owning an aggregate principal amount of at least $1,000,000 upon twenty (20) days' prior written request delivered to the Paying Agent by such Bondholder specifying a wire transfer address in the United States of America. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in writing delivered by the Holder to the Paying Agent, any such rescission or change must be received by the Paying Agent at least twenty (20) days prior to the next applicable Interest Payment Date. The principal and Redemption Price (as such term is defined in the Indenture) of this Bond are payable at the principal corporate trust office of the Paying Agent in the Place of Payment, upon presentation and surrender of this Bond. No document of any nature need be surrendered as a condition to payment of principal of or interest on Book Entry Bonds.

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

The Bonds are subject to optional, special and mandatory redemption as provided on the reverse hereof.

Words with initial capitals shall have such meanings set forth in the Indenture, unless otherwise defined herein.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE ISSUER, THE TOWN OF BUCKEYE, ARIZONA, MARICOPA COUNTY, ARIZONA OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the Issuer having the designation specified in its title (herein referred to as the "*Bonds*"), issued in one series, with the limitations described herein, pursuant to an Indenture of Trust and Security Agreement, dated as of September 1, 2004 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, National Association, as trustee (herein referred to as the "*Trustee*," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. Pursuant to Resolution No. 12-04, adopted on August 3, 2004 (herein referred to as the "*Bond Resolution*"), the Board of the Issuer authorized the issuance and sale of not to exceed $2,065,000 aggregate principal amount of Bonds for the purpose of financing the costs of acquiring and constructing certain public infrastructure, including particularly the acquisition and/or construction by the Issuer of the improvements and public infrastructure purposes (the "*Improvements*") described in Resolution No. 09-04 which was adopted by the Board of the Issuer on July 20, 2004.

The Bonds are limited obligations of the Issuer payable only out of the special fund to be collected from special assessments (the "*Assessments*") levied only against the lots or parcels of land fronting on or benefited by the Improvements (the "*Assessed Property*"). The Assessed Property represents approximately 138 acres of the District. Said special fund is set apart in accordance with the laws of the state and pursuant to the Indenture for the payment of the Bonds and can be used for no other purpose.

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

The Bonds are issuable as fully registered bonds only in the denominations of $100,000 and any $1,000 multiple in excess thereof in the case where the Holder of the Bonds is a Sophisticated Municipal Market Professional, or $25,000 and any $1,000 multiple in excess thereof in the case where the Holder of the Bonds is a Qualified Investor; provided, however, that under certain conditions hereafter set forth, the Bonds may be transferred and exchanged for Bonds in the denominations of $1,000 and any integral multiples thereof. Bonds may be issued in denominations of $1,000 or any integral multiple thereof from and after such time as the Trustee receives proof of either (a) a rating of "A" or better on the Bonds from a nationally-recognized rating agency; (b) evidence that the principal and interest payments on the Bonds are insured by an insurance company that is rated in one of the top two investment grades; or (c) a resolution of the Issuer stating that the ratio of the value of each of the then assessed parcels of real property to the outstanding principal amount of the Bonds and any other assessment bonds allocated to each assessed parcel is at least six (6) to one (1).

The Bonds are subject to special redemption prior to maturity, in whole on any date or in part on any Interest Payment Date, and if in part randomly in a manner determined by the

Trustee, at a Redemption Price of 100% of the unpaid principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent moneys are received by the Issuer as a result of any one or more of the following events: (i) on or after the Completion Date of the Improvements, moneys are transferred from the Acquisition and Construction Fund to the Prepayment Account of the Bond Fund; or (ii) the receipt by the Issuer of proceeds from any foreclosure sale of any assessed real property due to a failure to pay an assessment installment, if and to the extent that the foreclosure sale proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

The Bonds are subject to special optional redemption prior to maturity, in whole on any date or in part on any Interest Payment Date and if in part by lot in a manner determined by the Trustee, at a Redemption Price of 100% of the principal amount without premium, together with accrued interest to the date of redemption; if and to the extent moneys are received by the Issuer as a result of: (i) the prepayment of any Assessment, if any, by the owner of any assessed real property and the deposit of such prepayment amounts to the Prepayment Account of the Bond Fund; (ii) the transfer of moneys from the Reserve Fund established for the Bonds: (a) which are in excess of the Reserve Fund Requirement or (b) are sufficient to pay and redeem all of the outstanding Bonds, together with any premium and accrued interest thereon.

The Bonds are subject to optional redemption on or after July 1, 2014, at the option of the Issuer, in whole on any date or in part on any Interest Payment Date, upon payment of the Redemption Price of 100% of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without premium.

The Bonds will be subject to mandatory (sinking fund) redemption on the following Redemption Dates and in the following (sinking fund) amounts upon payment of the Redemption Price, which will consist of the principal amount of the Bonds so redeemed plus accrued interest on the Bonds so redeemed from the most recent Interest Payment Date to the applicable Redemption Date but without premium.

Year	Principal Amount
2007	$ 50,000
2008	50,000
2009	50,000
2010	50,000
2011	50,000
2012	50,000
2013	50,000
2014	75,000
2015	75,000
2016	75,000
2017	75,000
2018	75,000
2019	75,000
2020	100,000
2021	100,000
2022	100,000
2023	100,000
2024	125,000
2025	125,000
2026	125,000
2027	150,000
2028	150,000
2029 (maturity)	175,000

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

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

As long as Bonds are required to be in Authorized Denominations of $100,000 or $25,000, as applicable, or more, Bonds of a denomination larger than $25,000 may be redeemed in part (in integral multiples of $1,000) and upon any partial redemption of any such Bond the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds in authorized form and Authorized Denominations for the unredeemed portion of principal. If Bonds are eligible to be in Authorized Denominations of less than $25,000, Bonds may be redeemed in integral multiples of $1,000 and the unredeemed portion of principal may be less than $25,000. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected not more than sixty (60) days prior to the Redemption Date by the Trustee, as nearly as practicable, from Bonds of each maturity in the same proportion as the outstanding principal amount of Bonds of that maturity bears to the total outstanding principal amount of all Bonds of all maturities, and by lot within each maturity, and, if the authorized denominations are $100,000 or $25,000, as applicable, or more, the Trustee may provide for the selection for redemption of portions (in integral multiples of $1,000 thereof) of the principal of Bonds of a denomination larger than $100,000 or $25,000, as applicable.

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

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees. [Notwithstanding any other provision of this Bond to the contrary, but except as otherwise provided in Section 3.04(B)(2) of the Indenture, this Bond is nontransferable unless the transferee or transferees are Sophisticated Municipal Market Professional's or Qualified Investors and such Qualified Investors provide the Trustee a completed certificate of qualified investor in the form included in this Bond.][1]

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

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

The Issuer, the Trustee, and any agent of either of them may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as

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

herein provided and for all other purposes, whether or not this Bond be overdue, and none of the Issuer, the Trustee, and any such agent shall be affected by notice to the contrary.

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

SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By_____
Chairman

ATTEST:

_____
District Clerk

Dated:_____

["CERTIFICATE OF QUALIFIED INVESTOR"]

TO: Sundance Community Facilities District (Town of Buckeye, Arizona)
c/o Wells Fargo Bank, National Association, as Trustee

Re: Sundance Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 3
Special Assessment Revenue Bonds, Series 2004

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in the case the bonds are held by a securities depository, not less than $25,000 aggregate principal amount of the captioned bonds (hereinafter referred to as the "*Bonds*"), such Bond 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 an intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of September 1, 2004 (the "*Indenture*"), from the captioned District (hereinafter referred to as the "*Issuer*") to the captioned Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor (as defined below), purchase not less than $25,000 aggregate principal amount of the Bonds and must sign a letter in the form of this letter.

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

(i) a "qualified institutional buyer", as such term is defined in Rule 144A, of the Securities Act of 1933, as amended (the "Securities Act"); or

(ii) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission; or

(iii) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i) 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 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 Qualified Investor 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 Qualified Investor 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 Qualified Investor acknowledges that it is experienced, knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The Qualified Investor is not relying on the Issuer or the Town of Buckeye, Arizona (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 Qualified Investor 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 Qualified Investor acknowledges that the Qualified Investor has either been supplied with or has had access to the information, including the preliminary limited offering memorandum, the financial statements, the appraisal and other financial information received from the respective developers of the assessed land. The Qualified Investor 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 Qualified Investor requested, any other information, or to ascertain the accuracy or completeness of the appraisal and any other information that may have been furnished by the developer or any other third party.

8. 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.

QUALIFIED INVESTOR:

Name:_____

Printed Name:_____

[END OF "CERTIFICATE OF QUALIFIED INVESTOR"]

["CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL"]

TO: SUNDANCE COMMUNITY FACILITIES DISTRICT

c/o Wells Fargo Bank, National Association, as Trustee

Re: Sundance Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 3
Special Assessment Revenue Bonds, Series 2004

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, for the purpose of investment and not with an intent for distribution or resale.

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

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

4. The undersigned acknowledges that it received the Limited Offering Memorandum dated September 15, 2004 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.

Name:_____

Printed Name:_____

By:_____

Its:_____

["END OF CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PARTICIPANT"]

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

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By_____
Authorized Representative

DATE:_____

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

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

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

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

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

ASSIGNMENT

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

_____

_____

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

DATED: _____

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

_____

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

ARTICLE 3

TERMS AND ISSUANCE OF THE BONDS

Section 3.1. Title and Terms. A. There shall be one series of bonds dated as of September 1, 2004, issued and secured hereunder entitled "*SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) ASSESSMENT DISTRICT NO. 3 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004*" (herein referred to as the *"Bonds")*.

B. The Bonds shall be issued in Authorized Denominations.

C. The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to $2,050,000. The Bonds shall be mature on July 1 in the years and shall bear rates of interest per annum as follows:

Maturity Date (July 1)	Principal Amount	Interest Rate
2029	$2,050,000	6.50%

D. The Bonds shall bear interest from the date of initial delivery or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each January 1 and July 1 commencing January 1, 2005 (herein each referred to as an *"Interest Payment Date")*.

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

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

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

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

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

(i) on or after the Completion Date of the Projects, but in no event later than September 1, 2007, moneys are transferred from the Acquisition and Construction Fund to the Prepayment Account of the Bond Fund pursuant to Section 5.4 hereof;

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

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

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

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

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

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

C. *Optional Redemption.* The Bonds will also be redeemable on or after July 1, 2014, at the option of the Issuer prior to the applicable maturity in whole on any date or from time to time in part on any Interest Payment Date as randomly determined by the Trustee within the applicable maturity, upon payment of the applicable Redemption Price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date, without premium.

D. *Mandatory Redemption.* The Bonds maturing on July 1, 2029 will be redeemed from funds of the Issuer prior to the applicable maturity on the following redemption dates and in the following amounts upon payment of the applicable Redemption Price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable Redemption Date:

Year	Principal Amount
2007	$ 50,000
2008	50,000
2009	50,000
2010	50,000
2011	50,000
2012	50,000
2013	50,000
2014	75,000
2015	75,000
2016	75,000
2017	75,000
2018	75,000
2019	75,000
2020	100,000
2021	100,000
2022	100,000
2023	100,000
2024	125,000
2025	125,000
2026	125,000
2027	150,000
2028	150,000
2029 (maturity)	175,000

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

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

Section 3.3. Execution, Authentication, Delivery and Dating.

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

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

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

2. the Certificates of Sophisticated Municipal Market Professional or Certificates of Qualified Investor as required in the form of the Bond in Section 2.2 hereof, and

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

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

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

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

Section 3.4. Registration, Change in Authorized Denomination, Transfer and Exchange.

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

All Bonds initially will be registered so as to participate in the DTC Program. Either the Chairman of the District Board or the District Manager is authorized to execute a Representation Letter or such other documents as may be necessary for the Issuer to participate in the DTC Program. Upon initial issuance, the ownership of the Bonds held by DTC shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto, as nominee for DTC. The Issuer shall have no responsibility or obligation to Direct or Indirect Participants or Beneficial Owners for which DTC holds Bonds from time to time as a depository. Without limiting the immediately preceding sentence, the Issuer shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co., or any Direct or Indirect Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Direct or Indirect Participant or any Person, other than a registered Holder of a Bond as shown in the Bond Register, or any notice with respect to the Bonds, or (c) the payment to any Direct or Indirect Participant or any other Person, other than a registered Holder as shown in the Bond Register, of any amount with respect to the Bonds. No Person other than a Holder as shown in the Bond Register shall receive a certificate evidencing a Bond or confirming ownership of a Book-Entry Bond.

B. 1. Upon surrender for transfer of any Bond to a Paying Agent therefor in the Place of Payment, accompanied by such other documents as are required in the form of the Bond in Section 2.2 in connection with the transfer thereof to a Qualified Investor, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds of the same series, of any Authorized Denominations, and of a like aggregate principal amount as requested by the transferor.

2. The restrictions on transfer to Sophisticated Municipal Market Professional's or Qualified Investors included in the form of the Bonds in Section 2.2 shall not be applicable, and the Bonds may be issued in denominations of $1,000 or any $1,000 multiple thereof, from and after such time as the Trustee receives proof, in a form satisfactory to the Trustee, of either: (a) a rating of "A" or better on the Bonds from a Rating Agency; (b) evidence that the principal and interest payments on the Bonds are insured by an insurance company that is rated in one of the top two investment grades; or (c) a Board Resolution indicating that the Board has received an appraisal prepared by an MAI certified appraiser, in a form acceptable to the Board or other evidence of fair market value acceptable to the Board, indicating that a ratio of the land value of each of the then assessed parcels of real property to the outstanding principal amount of the Bonds and any other assessment bonds allocated to each assessed parcel is at least six (6) to one (1).

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

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

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

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

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

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

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

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

Section 3.5. Temporary Bonds.

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

B. If temporary Bonds are issued, the Issuer shall cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds to the Trustee without charge to the Holder. Upon surrender for cancellation of any one or more temporary Bonds the Issuer shall execute and the Trustee shall authenticate and deliver in exchange

therefor a like principal amount of definitive Bonds of the same maturity and of Authorized Denominations. Until so exchanged, temporary Outstanding Secured Bonds shall in all respects be entitled to the security and benefits of this Indenture.

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

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

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

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

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

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

A. Interest on any Bond which is payable on, and is punctually paid or duly provided for on, any Interest Payment Date shall be paid to the Person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such interest. Such interest, in the absence of other arrangements acceptable to the Paying Agent made by the Holder as of such date, shall be paid by check payable to the order and mailed on or before the Interest Payment Date to the address of such Holder as the same appears on the Bond Register as of the Regular Record Date and such payment shall be deemed to be at the Place

of Payment. Additionally, payment may also be made by wire transfer to DTC or upon twenty (20) days prior written request delivered to the Paying Agent specifying a wire transfer address in the United States of America by any owner of Bonds (other than DTC) owning an aggregate principal amount of at least $1,000,000. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in writing delivered by the Holder to the Paying Agent, any such rescission or change must be received by the Paying Agent at least twenty (20) days prior to the next applicable Interest Payment Date. No document of any nature whatsoever need be surrendered as a condition to payment of principal of and interest on Book-Entry Bonds.

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

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

Section 3.8. Cancellation. All Bonds purchased or surrendered for payment, redemption, transfer, exchange, replacement or conversion, and all Bonds, if purchased by or surrendered to the Trustee, shall be promptly canceled by it and, if surrendered to the Issuer or any Paying Agent, shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any

Bonds previously certified or authenticated and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond canceled as provided in this Section, except as expressly provided hereby.

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

ARTICLE 4

REDEMPTION OF BONDS

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

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

Section 4.3. Selection of Bonds to be Redeemed.

A. If less than all the Outstanding Bonds are to be redeemed, the particular Bonds by maturity to be redeemed shall be selected not less than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, as nearly as practicable, in a manner that results in the maintenance of level debt service payments on the Bonds. Bonds within a maturity shall be chosen by lot within each maturity, and the Trustee may provide for the selection for redemption of portions (in multiples of $1,000 for Bonds in denominations greater than $100,000 or $25,000, as applicable) of the principal of the Bonds of an Authorized Denomination larger than $100,000 or $25,000, as applicable. No Bond shall be redeemed if such redemption would result in the new Bond being less than the minimum Authorized Denomination.

Section 4.4. Notice of Redemption.

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

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

1. the Redemption Date,

2. the Redemption Price,

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

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

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

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

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

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

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

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

Financial Information, Inc.'s
Financial Daily Called Bond Service
Post Office Box 473
Jersey City, New Jersey 07303
Attention: Editor

Kenney Information Service's Notification Services
65 Broadway
New York, New York 10006

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

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

Section 4.6. Bonds Payable on Redemption Date.

A. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds shall cease to bear interest and shall cease to be governed by or receive the benefits hereof. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Issuer at the Redemption Price, but solely from the sources therein provided. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Holders of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 3.7.

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

Section 4.7. Bonds Redeemed in Part. Any Bond which is to be redeemed only in part shall be surrendered at the principal corporate trust office of the Trustee, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of any Authorized Denomination(s) as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

ARTICLE 5

FUNDS

Section 5.1. Bond Fund.

A. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Special Assessment Revenue Bonds, Series 2004 Bond Fund" (herein referred to as the *"Bond Fund"*). The money deposited to the Bond Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.2 and 7.3.

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

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

Section 5.2. Deposits to and Application of Bond Fund.

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

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

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

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

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

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

1. to the Interest Account, the amount received from proceeds of the sale of the Bonds indicated in Section 5.9(A);

2. to the Prepayment Account, amounts transferred from the Acquisition and Construction Fund to the extent provided in Section 5.4(C) or (D);

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

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

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

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

Section 5.3. Acquisition and Construction Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Special Assessment Revenue Bonds, Series 2004 Acquisition and Construction Fund" (herein referred to as the *"Acquisition and Construction Fund").* The money deposited to the Acquisition and Construction Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.4.

Section 5.4. Deposits to and Application of Acquisition and Construction Fund. The Issuer shall deposit to the Acquisition and Construction Fund the amount of Bond proceeds specified in Section 5.9 [$1,734,486, together with cash prepayments of assessments ($10,000)]. Subsequent to the Closing Date, the Trustee shall deposit in the Acquisition and Construction Fund the amounts, if any, specified in Section 5.6.

A. Funds in the Acquisition and Construction Fund shall be used to pay the Costs of Acquisition and Construction and to pay all incidental expenses, including, but not limited to: (i) engineering expenses; (ii) legal expenses; (iii) printing, posting, publication and mailing expenses; (iv) fees and expenses incurred in making surveys, studies and estimates of costs; and (v) such other costs and expenses eligible for payment from the proceeds of the Bonds under the Enabling Act, including but not limited to, the Costs of Issuance not paid from proceeds of the Issuance and Expenses Fund and the Costs of the Acquisition or Construction. Upon compliance with the provisions of this Section, amounts on deposit in the Acquisition and Construction Fund shall be applied by the Trustee in the amounts and to the Persons set forth in an Issuer Request.

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

1. in every case, an Issuer Request, signed by either the Chairman of the Board, the District Manager or the District Treasurer (the "*Disbursement Request*") certifying that

the work to which the payment relates has been accomplished in a manner satisfactory to the Issuer. Such certification may be based upon certificates satisfactory to it provided by such consultants as the District or the Municipality may retain with respect to the improvements or purposes to which the payment relates, or by the Assessment District Engineer and the District Engineer;

Such Disbursement Request shall also state (a) the name and address of the Person to whom the payment is to be made (who may be the Issuer, the Owner or any other Person, if the Issuer, the Owner or any such other Person is to be reimbursed for advances made or work done by it and properly chargeable against the Acquisition and Construction Fund (collectively, the "*Reimbursed Person*")); (b) the amount to be paid; (c) the obligation on account of which the payment is to be made, showing the total obligation, any amount previously paid, and the unpaid balance; (d) that the obligation was properly incurred and is a proper charge against the Acquisition and Construction Fund; (e) that the amount requisitioned is due and unpaid or owing to the Reimbursed Person; (f) that with respect to items covered in the requisition, there are no vendors' liens, mechanics' liens, or other liens, bailment leases or condition sale contracts which must be satisfied or discharge before the payments as requisitioned therein are made, or which will not be discharged by such payment; and (g) the aggregate amount of all disbursements previously made from the Acquisition and Construction Fund;

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

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

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

1. The Projects or any portion thereof, as applicable, have been completed in accordance with the plans and specifications therefor (such certification can rely upon the opinion of an inspector or consultant retained by the Municipality) and all labor, services, materials

and supplies used in the Projects or any portion thereof, as applicable, have been paid for and acknowledgments of such payments have been obtained from all contractors and suppliers; and

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

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

D. Notwithstanding the provisions of paragraphs B and C above, the District Engineer is not responsible for the supervising and inspecting of the construction or installation of any Projects, unless specifically retained by the District or Municipality for such purpose, and may rely on the certificates of the inspectors and consultants retained by the District or Municipality for such purpose in making the certifications relating to satisfactory construction and installation of the work as required by this Section 5.4. Notwithstanding anything contained in this Section 5.4, on _____ 1, 200_, any amounts remaining in the Acquisition and Construction Fund shall be transferred to the Prepayment Account of the Bond Fund and applied pursuant to Section 3.2(A)(i).

Section 5.5. Issuance and Expenses Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Special Assessment Revenue Bonds, Series 2004 Issuance and Expenses Fund" (herein referred to as the *"Issuance and Expenses Fund")*. The money deposited to the Issuance and Expenses Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.6.

Section 5.6. Deposits to and Application of Issuance and Expenses Fund. The Issuer shall deposit to the credit of the Issuance and Expenses Fund the amount specified in Section 5.9. Upon an Issuer Request, amounts on deposit in the Issuance and Expenses Fund shall be applied to pay all Costs of Issuance identified in the Issuer Request. On April 1, 2005, the Trustee shall transfer any moneys in the Issuance and Expenses Fund to the Acquisition and Construction Fund.

Section 5.7. Reserve Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Special Assessment Revenue Bonds, Series 2004 Reserve Fund" (herein referred to as the *"Reserve Fund")*. The money deposited to the Reserve Fund, together with all investments thereof and investment profits therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.8.

Section 5.8. Deposits to and Application of Reserve Fund.

A. The Issuer initially shall deposit to the credit of the Reserve Fund from Bond proceeds $93,187.50.

B. On, or, if either day is not a Business Day, before June 29 and December 30 of 2004 and each year thereafter, the Trustee shall, to the extent the moneys in the Reserve Fund exceed the Reserve Fund Requirement, transfer from the Reserve Fund to the Principal and Interest Accounts of the Bond Fund the difference between the amount in the Bond Fund on such date and the amount necessary to pay the principal of and interest, respectively, on the Bonds on the next succeeding July 1 or January 1, as the case may be.

C. The Trustee shall examine the Reserve Fund Requirement on May 1, 2005 and each May 1st of each year thereafter, to determine if any prepaid assessments and corresponding redemption of Bonds has allowed the Reserve Fund Requirement to be reduced. On May 1, 2005 and each May 1st of each year thereafter, the Trustee shall determine the value of the Reserve Fund investments, excluding any moneys which constitute investment earnings (which earnings are subject to the provisions of paragraph E of this Section), and shall thereafter deposit in the Prepayment Account of the Bond Fund, in $1,000 multiples, any moneys in the Reserve Fund in excess of the Reserve Fund Requirement and apply the same pursuant to Section 3.2(B)(ii)(a). On June 1, 2029, all moneys in the Reserve Fund shall be transferred to the Bond Fund.

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

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

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

Section 5.9. Disposition of Proceeds of Bonds and Other Monies. Simultaneously with the initial delivery of the Bonds, the Issuer shall cause the Trustee to deposit the

Bond proceeds and the amount received by the Issuer as cash payments of any assessments ($10,000.00) and any and all amounts received by the Issuer from any Owner as a cash contribution as follows:

A. Bond Fund. Bond proceeds in an amount equal to the interest accruing on the Bonds from the date of the Bonds, being the date of initial delivery (being $0) shall be deposited in the Bond Fund to pay interest on the Bonds.

B. Issuance and Expenses Fund. An amount equal to $160,826.50 comprised of Bond proceeds.

C. Reserve Fund. An amount equal to $93,187.50, comprised of Bond proceeds.

D. Acquisition and Construction Fund. The balance remaining from the proceeds of the Bonds after the deposit described in Paragraphs A, B and C of this Section together with the cash payments of assessments in the amount of $10,000.00 shall be deposited to the credit of the Acquisition and Construction Fund for the purposes described in Section 5.4.

Section 5.10. Investment of and Security for Funds.

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

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

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

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

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

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

ARTICLE 6

DEFEASANCE AND RELEASES

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

A. Whenever;

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

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

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

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

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

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

then, upon an Issuer Request, this Indenture and the lien, rights, and interests created hereby shall cease, determine, and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein or therein provided for), and the Trustee, then acting as such hereunder

shall, at the expense of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer, and deliver to the Issuer or upon Issuer Request all cash, securities, and other personal property then held by it hereunder as a part of the Trust Estate.

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

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

Section 6.2. Defeasance. Any Bond shall be deemed to be no longer Outstanding when payment of the principal of such Bond, plus interest thereon to the Maturity thereof (whether such Maturity be by reason of the Stated Maturity thereof or call for redemption, if notice of such call has been given or waived or irrevocable arrangements therefor satisfactory to the Trustee have been made) shall have been provided for by depositing for such payment from funds of the Issuer under the terms provided in this Section (1) money sufficient to make such payment or (2) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as shall, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom be sufficient to make such payment, provided that all necessary and proper fees, compensation, and expenses of the Trustee and Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Any such deposit shall be made either with the Trustee or, if notice of such deposit is given to the Trustee, with a state or nationally chartered bank with a minimum combined capital and surplus of $50,000,000, as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or the Paying Agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the Maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then Outstanding, the Trustee shall select the Outstanding Bonds in the same manner as provided in Section 4.3 for the selection of Bonds to be redeemed.

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

the interest earnings therefrom, be sufficient to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for purposes of any such payment from such money or Governmental Obligations.

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

ARTICLE 7

REMEDIES

Section 7.1. Suits for Enforcement; Mandamus.

A. The Trustee in its discretion, subject to the provisions of Section 7.10, may proceed to protect and enforce its rights and the rights of the Bondholders under this Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture or in aid of the execution of any power granted herein or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or the Holders of Bonds.

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

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

Section 7.2. Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment.

A. If:

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

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

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

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

Section 7.3. Application of Money Collected. Any money collected by the Trustee pursuant to this Article together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

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

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

C. Third: To the extraordinary redemption of the Bonds in the manner contemplated by Section 3.2; and

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

Section 7.4. Trustee May File Proofs of Claim.

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

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

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

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

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

Section 7.5. Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims hereunder or under the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Bonds in respect of which such judgment has been recovered.

Section 7.6. Unconditional Right of Bondholders to Receive Principal, Premium and Interest. Notwithstanding any other provision hereof, the Holder of any Bond shall have the right which is absolute and unconditional to receive, after payment of all amounts due to the Trustee

hereunder, payment of the principal of and (subject to Section 7.10) interest on any such Bond on the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on the Redemption Date) solely from Pledged Revenues, and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder; provided, however, that no Bondholder shall be entitled to take any action or institute any such suit to enforce the payment of his Bonds, whether for principal, interest or premium, if and to the extent that the taking of such action or the institution or prosecution of any such suit or the entry of judgment therein would under applicable law result in a surrender, impairment, waiver, or loss of the lien of this Indenture upon the Trust Estate, or any part thereof, as security for Bonds held by any other Bondholder.

Section 7.7. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as otherwise provided herein with regard to the rights or remedies of Bondholders, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.8. Delay or Omission Not Waiver. No delay or omission of the Trustee or any Holder of any Bond to exercise any right or remedy accruing upon a default under this Article shall impair any such right or remedy or constitute a waiver of any such default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondholders, as the case may be.

Section 7.9. Control by Bondholders.

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

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

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

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

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

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

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

B. Before taking action pursuant to this Section, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Issuer shall reimburse the Trustee for all of the expenses of the Trustee pursuant to Section 8.6.

Section 7.10. Waiver of Past Defaults.

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

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

Section 7.11. Undertaking for Costs. All parties hereto agree, and each Holder of any Bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy hereunder, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondholder, or group of Bondholders of any series of the Bonds affected thereby, holding in the aggregate more than ten percent (10%) in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the Redemption Date).

Section 7.12. Remedies Subject to Applicable Law. All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid,

unenforceable, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

ARTICLE 8

THE TRUSTEE

Section 8.1. Certain Duties and Responsibilities.

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

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

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

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

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

4. no provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in Section 7.9B.

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

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

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

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

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

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

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

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

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

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

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

Section 8.3. Not Responsible for Recitals or Application of Proceeds. The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate

or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder, or as to the validity or sufficiency hereof or of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer of the Bonds or the proceeds thereof.

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

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

Section 8.6. Compensation and Reimbursement.

A. The Issuer shall

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

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

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

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

Section 8.8. Resignation and Removal; Appointment of Successor.

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

B. The Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

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

D. If at any time:

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

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

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

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

Section 8.9. Acceptance of Appointment by Successor.

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

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

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

ARTICLE 9

SUPPLEMENTAL INDENTURES AND AMENDMENTS TO BOND RESOLUTION

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

1. to correct or amplify the description of any property at any time subject to the lien hereof, or better to assure, convey, and confirm unto the Trustee any property subject or

required to be subjected to the lien of this Indenture, or to subject to the lien hereof additional property; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 10

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ISSUER

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

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

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

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

PROPERTY WITHIN THE DISTRICT, TO PAY THE BONDS OR THE REDEMPTION PRICE THEREOF OR THE INTEREST THEREON, EXCEPT TO THE EXTENT THAT THEY ARE OBLIGATED TO PAY ASSESSMENTS CONSTITUTING PLEDGED REVENUES UNDER THE INDENTURE.

Section 10.3. Assessments; Re-Assessments.

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

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

Section 10.4. Method of Collection. The Issuer covenants to take or cause to be taken all actions required by law to collect and enforce the payment of Assessments and remit all Assessments collected to the Trustee on or before each June 30th and December 31st or, if such date is not a Business Day, then the first Business Day immediately preceding such date. Assessments shall be collected in a manner substantially similar to the provisions of Arizona Revised Statutes Section 48-600; provided, however, publication of the notice shall not be required, or any successor statutes thereto.

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

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

Section 10.6. Use of Revenues for Authorized Purposes Only. None of the Pledged Revenues shall be used for any purpose other than as provided herein and no contract or

contracts shall be entered into or any action taken by the Trustee which will be inconsistent with the provisions hereof.

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

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

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

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

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

A. The sums which are segregated by the Trustee or deposited with any other Paying Agent to pay the principal of or interest on any Bonds becoming due on any due date shall be held in trust for the benefit of the Holders of such Bonds. Money so segregated or deposited and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and protect the rights of the Bondholders and the Trustee hereunder to all property comprising the Trust Estate, and the Issuer shall execute any financing statement, continuation statement or other document required for such purposes.

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

Section 10.19. Compliance with Federal Law.

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

B. The Issuer authorizes the creation by the Trustee of a fund which is hereinafter referred to as the "*Rebate Fund*". The Issuer agrees to retain a consultant to calculate the amount of any rebate liability and thereafter rebate any arbitrage profits relating to the Bonds.

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

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

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

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

SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By_____
Chairman

ATTEST:

_____
District Clerk

WELLS FARGO BANK, NATIONAL ASSOCIATION

By_____
Its A.V.P.

SWR:gmh 531236.3 09/17/04

200413377078

SECRETARY OF STATE

2004 OCT 28 PM 4:41

FILED

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

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

1 of 2

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

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

1a. ORGANIZATION'S NAME: Sundance Community Facilities District (Town of Buckeye, Arizona)

OR

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

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

1d. TAX ID #: SSN OR EIN: 83-0339500 | ADD'L INFO RE ORGANIZATION DEBTOR | 1e. TYPE OF ORGANIZATION: muni. corp. | 1f. JURISDICTION OF ORGANIZATION: Arizona | 1g. ORGANIZATIONAL ID #, if any ☐ NONE

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

2a. ORGANIZATION'S NAME

OR

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

2c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

2d. TAX ID #: SSN OR EIN | ADD'L INFO RE ORGANIZATION DEBTOR | 2e. TYPE OF ORGANIZATION | 2f. JURISDICTION OF ORGANIZATION | 2g. ORGANIZATIONAL ID #, if any ☐ NONE

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

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

OR

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

3c. MAILING ADDRESS: 100 West Washington Street, 8th Floor | CITY: Phoenix | STATE: AZ | POSTAL CODE: 85003 | COUNTRY: USA

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto.

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

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

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

8. OPTIONAL FILER REFERENCE DATA

EXHIBIT A
TO UCC-1 FINANCING STATEMENT

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

Secured Party: WELLS FARGO BANK, N.A.
Attn: Corporate Trust Services (MAC #S4101-080)
100 West Washington Street, 8th Floor
Phoenix, Arizona 85003

Reference is made to the Indenture of Trust and Security Agreement dated as of September 1, 2004 (the "*Indenture*") between the Sundance Community Facilities District No. 3 (Town of Buckeye, Arizona), as Debtor, (the "*Debtor*") and Wells Fargo Bank, N.A., as trustee (the "*Secured Party*") relating to the issuance by the Debtor of its $2,050,000 Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004. For certain terms, denoted by initial capitals herein, the definitions of said terms are adopted as set or incorporated in the Indenture.

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

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

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

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

(This Exhibit A is attached to a financing statement that is filed in connection with a public finance transaction for purposes of A.R.S. § 47-9515 and is effective for thirty years after the date of the filing)

SUNDANCE COMMUNITY FACILITIES DISTRICT

and

RBC DAIN RAUSCHER INC.

DISSEMINATION AGENCY AGREEMENT

Dated as of September 1, 2004

$2,050,000
Sundance Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 3
Special Assessment Revenue Bonds, Series 2004

TABLE OF CONTENTS

Page

PARTIES 1
RECITALS 1

ARTICLE ONE

SECTION 1.01. Definitions. 1
SECTION 1.02. Notices, etc. 2
SECTION 1.03. Effect of Headings and Table of Contents. 2
SECTION 1.04. Successors and Assigns. 2
SECTION 1.05. Severability Clause. 3
SECTION 1.06. Benefits of Agreement. 3
SECTION 1.07. Governing Law. 3
SECTION 1.08. Notice of Section 38-511, Arizona Revised Statutes, As Amended. 3
SECTION 1.09. Further Assurances; Recording. 3
SECTION 1.10. Amendments. 3
SECTION 1.11. Termination. 4
SECTION 1.12. Integration. 4

ARTICLE TWO

SECTION 2.01. Annual Reports. 4
SECTION 2.02. Material Events. 4
SECTION 2.03. Dissemination of Annual Reports. 4
SECTION 2.04. Dissemination of Notices of Material Events. 5
SECTION 2.05. Dissemination of Other Notices. 5
SECTION 2.06. Duty to Update. 5
SECTION 2.07. Consequences of Default by Agent; Standard of Care. 5
SECTION 2.08. Additional Information. 6
SECTION 2.09. Compensation. 6
SECTION 2.10. Recordkeeping. 6

SIGNATURES 7

THIS DISSEMINATION AGENCY AGREEMENT, dated as of September 1, 2004 (hereinafter referred to as this "*Agreement*"), by and between Sundance 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 (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 August 3, 2004, the Board has authorized the issuance of certain special assessment revenue bonds (hereinafter referred to as the "*Securities*") to provide funds for certain public infrastructure purposes provided for in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Enabling Act*"); and

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

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

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

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

ARTICLE ONE

SECTION 1.01. *Definitions.*

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

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

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

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

SECTION 1.02. *Notices, etc.*

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

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

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

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

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

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

SECTION 1.04. *Successors and Assigns.*

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

SECTION 1.05. *Severability Clause.*

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

SECTION 1.06. *Benefits of Agreement.*

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

SECTION 1.07. *Governing Law.*

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

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

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

SECTION 1.09. *Further Assurances; Recording.*

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

SECTION 1.10. *Amendments.*

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

SECTION 1.11. *Termination.*

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

SECTION 1.12. *Integration.*

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

* * *

ARTICLE TWO

SECTION 2.01. *Annual Reports.*

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

SECTION 2.02. *Material Events.*

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

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

SECTION 2.03. *Dissemination of Annual Reports.*

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

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

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

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

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

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

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

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

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

SECTION 2.05. *Dissemination of Other Notices.*

The Agent shall file the notices required pursuant to Section 4(a) and 5(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.

SUNDANCE COMMUNITY FACILITIES DISTRICT

By.....
Dustin "Dusty" Hull, Chairman,
District Board

ATTEST:

.....
Linda Garrison, District Clerk

RBC DAIN RAUSCHER INC.

By.....
Shawn Dralle, Managing Director

1447811.1-9/17/04

CONTINUING DISCLOSURE UNDERTAKING
(ISSUER)

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

(CUSIP BASE NUMBER 867241)

This Undertaking is executed and delivered by Sundance 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 Document" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank N.A. with respect to the Securities.

"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 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
E-mail: nrmsir@ftid.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 or environmental tax.

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2005, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

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

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

(A) Information of the type in TABLES 1, 2 and 4 of the Limited Offering Memorandum, dated September 15, 2004, with respect to the Securities.

(B) Information with respect to status of ownership, amounts of delinquencies and parcels delinquent (including amount of penalties and interest) and status of foreclosure sales by tax parcel identification number as such matters relate to the "Special Assessments" which are the subject of TABLE 7.

(C) Current balances in the funds held pursuant to the "Indenture of Trust" described in such Limited Offering Memorandum.

(D) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principals as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may

incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the "Listed Events") with respect to the Securities:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Securities (including particularly, but not by way of limitation,

(A) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Securities is not Tax-exempt or

(B) Any event adversely affecting the Tax-exempt status of the Securities, including but not limited to:

(I) Any 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. 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 5. 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 Document 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 6. 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 7. 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 Document, 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 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or wilful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: September 23, 2004

SUNDANCE COMMUNITY FACILITIES DISTRICT

By.....
Chairman, District Board

1447832.1-9/16/2004

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

CLOSING CERTIFICATE OF THE DISTRICT

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

(1) To partially finance the projects listed on *Exhibit A* hereto, we have executed $2,050,000 principal amount of Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (the "*Bonds*"), and we are the duly 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 September 23, 2004, and are in form of one term Bond in the amount of $2,050,000 maturing on July 1, 2029 and bearing interest at the rates of 6.50% per annum.

The Bond is subject to call for optional redemption, at the option of the District, on any date on or after July 1, 2014, as a whole or in part, upon not more than 60 nor less than 30 days' prior notice given by mail as provided in the Indenture, at par but without premium.

The Bond is subject to mandatory redemption on July 1 of the following years and in the following principal amounts at the price of one hundred percent (100%) of the principal amount of the Bonds or portion thereof being redeemed, plus accrued interest to the redemption date:

Year	Principal Amount
2007	$ 50,000
2008	50,000
2009	50,000
2010	50,000
2011	50,000
2012	50,000
2013	50,000
2014	75,000
2015	75,000
2016	75,000
2017	75,000
2018	75,000
2019	75,000
2020	100,000
2021	100,000
2022	100,000
2023	100,000
2024	125,000
2025	125,000
2026	125,000
2027	150,000
2028	150,000
2029 (maturity)	175,000

Interest is payable on January 1 and July 1 of each year during the term of each of the Bonds, commencing on January 1, 2005.

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

(i) (a) That on August 3, 2004, Resolution No. 12-04 of the District Board (the "*Resolution*") was duly adopted at a duly called meeting (the "*Meeting*") of the District Board, at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than twenty-four (24) hours prior to the Meeting and that the Meeting was open to the public.

(b) That the Resolution duly authorized the issuance and sale of the Bonds and execution and delivery of the Purchase Contract for the Bonds, dated September 15, 2004 (the "*Purchase Contract*"), by and between the District and RBC Dain Rauscher Inc. (the "*Underwriter*"), the Indenture of Trust and Security Agreement, dated as of September 1, 2004 (the "*Indenture*") from the District to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), the Continuing Disclosure Undertaking, dated September 23, 2004, executed by the District and the Series 2004 Dissemination Agency Agreement, dated as of September 1, 2004, between the District and RBC Dain Rauscher Inc. (collectively, with the Purchase Contract, the Indenture and the Continuing Disclosure Undertaking hereafter referred to as the "*District Documents*").

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

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

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

(iii) Except as described in the Limited Offering Memorandum, dated September 15, 2004 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 collection of special assessments for payment of the Bonds; (B) in any way contesting or affecting the authority for, or the validity of, the Purchase Contract or the application of the proceeds of the Bonds or (C) in any way contesting the existence or powers of the District.

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

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

(vi) The 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.

DATED: September 23, 2004.

OFFICIAL TITLE

_____, Dustin "Dusty" Hull, Chairman, Sundance Community Facilities District (Town of Buckeye, Arizona)

_____, Linda Garrison, Clerk, Sundance Community Facilities District (Town of Buckeye, Arizona)

SWR:gmh 543704 09/17/04

EXHIBIT A

PHASE THREE PUBLIC INFRASTRUCTURE –ASSESSMENT BOND

1. **Water Distribution**. Watson: Watson to Durango.
Construction of water improvements including labor, materials, equipment, tools, transportation, traffic control, permits, trenching, and services for installing water distribution lines on Watson from Yuma to Durango including 2,011 LF of 8" PVC pipe, 791 LF of 16" DIP pipe, 6" valves, a pressure reducing valve, 3 fire hydrants and provide and install Sunora domestic water system interconnect to Sundance system per request of the Town. Includes immediate mobilization, overtime to complete task in allotted time, expedited delivery of materials and meetings with engineering and permitting agencies to coordinate work.
Durango: Watson to Rainbow.
Construction of water improvements including labor, materials, equipment, tools, transportation, traffic control, permits, trenching, and services for installing water distribution lines on Durango from Watson to Rainbow including 94 LF of 8" PVC pipe, 5,115 LF of 12" PVC pipe, 3-8" valves, 7-12" valves, 3-12"x8" tees, 1 8"x12" reducer, 3 8" plugs, 11 fire hydrants, 10-1" water service.

2. **Sanitary Sewer**. Durango: Watson to Rainbow.
Construction of sewer improvements including labor, materials, equipment, tools, transportation, traffic control, permits trenching, and services for installing sewer in Durango Road from Watson Road to Rainbow Road including 5,247 LF of 12" PVC sewer line, 930 LF of 8" PVC sewer line, 2-12" plugs, 2-8" plugs, 15-5' manholes, 6-4' manholes, 14-4" sewer services and related trenching.

3. **Collector Roads with Landscaping**: Sundance Parkway South: Yuma to Rainbow.
Proportionate share of costs of materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, and striping and signage including landscaping in the right-of-way, landscape sleeving, earthwork, and construction testing on full collector street improvements for South Sundance Parkway from Yuma to Rainbow, approximately 4,500 LF 76' wide with a 12' striped median.
Durango: Watson to Rainbow.
Furnishing of all materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, and striping and signage including landscaping in the right of way, landscape sleeving, earthwork, and construction testing on half street (northern Side) collector road improvements on Durango between Watson and Rainbow, approximately 5,200 LF 76' wide.

EXHIBIT B

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate
2029*	$2,050,000	6.50%

* Term Bond

SWR:gmh 543704 09/17/04

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

TAX CERTIFICATE OF THE DISTRICT

The undersigned are the Chairman of the District Board and Clerk of Sundance 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 $2,050,000 principal amount of Sundance Community Facilities District (Town of Buckeye, Arizona), Assessment District No. 3, Special Assessment Revenue Bonds, Series 2004 (the "*Bonds*"), dated September 23, 2004. The Bonds mature on July 1 in the years and are subject to optional and mandatory redemption as shown on *Exhibit B* attached hereto and incorporated by reference herein.

The Bonds are authorized and issued pursuant to an Indenture of Trust and Security Agreement dated as of September 1, 2004 (the "*Indenture*") by and between the District and Wells Fargo Bank, N.A. (the "*Trustee*") and are being sold pursuant to a Purchase Contract dated September 15, 2004 (the "*Purchase Contract*") by and between the District and RBC Dain Rauscher Inc. (the "*Underwriter*") and a Limited Offering Memorandum dated September 15, 2004 (the "*Limited 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**. The District in making the representations in this certificate relies on the representations of the Underwriter as set forth in the Purchase Contract and the Certificates of the Underwriter and Dealer Regarding the Initial Offering Price of the Bonds to the Public and as to Yield (collectively, the "*Underwriter's Certificate*") dated as of September 23, 2004. The District

is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of the representations of the Underwriter.

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

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

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

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

ARTICLE 2
ISSUE DATA

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

Section 2.2. **Bond Terms**. The Bonds shall have such terms as are set forth above. The Bonds are dated September 23, 2004, are issued initially as one term bond in the amount of $2,050,000. Interest on the Bonds shall be payable semiannually on January 1 and July 1 of each year during the term of the Bonds, commencing on January 1, 2005.

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

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

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

ARTICLE 3
ARBITRAGE (NONREBATE) MATTERS

Section 3.1. Disposition of Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods. As shown on *Exhibit C*, attached hereto, the following funds and accounts will be funded at Closing: Bond Fund, Acquisition and Construction Fund, Issuance and Expense Fund and Reserve 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 $61,500.00 from proceeds will be retained by the Underwriter as Underwriter's compensation.

(ii) Reserve Fund. An amount of $93,187.50 from Bond proceeds will be deposited in the Reserve Fund and will be used to pay principal and interest on the Bonds in the event that insufficient money is available in the Bond Fund to pay principal and interest when due. The Reserve Fund will be replenished from the collections of delinquent assessments. Any amount remaining in the Reserve Fund on June 1, 2029 will be transferred to the Bond Fund.

(iv) Issuance Costs. An amount of $160,826.50 from Bond proceeds and prepaid assessments and Developer's contribution will be deposited in the Issuance and Expense Fund and used to pay Issuance Costs of the Bonds.

(v) Project Costs.

(a) An amount of $1,744,486.00 from Bond proceeds and prepaid assessments will be deposited in the Acquisition and Construction Fund and used by the District to acquire and construct certain public street, water and sewer facilities and improvements.

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

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

(2) Time Test. The District has incurred, or within six (6) months from the date hereof will incur, binding obligations with third parties to commence, acquire or construct the Project and to expend thereon at least five percent (5%) of the Net Sale Proceeds allocable to the Bonds. The binding obligation consists, or will consist, of one or more contracts for acquisition or construction of the Project which are not subject to contingencies which are within the District's or a Related Party's control.

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

(c) The Net Sale Proceeds allocable to the Bonds deposited in the Acquisition and Construction Fund may be invested at a yield in excess of the yield of the Bonds and shall be subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated thereunder. On or after September 23, 2007, 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 September 23, 2007 or, if longer, one year from the date of receipt, and shall be subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated thereunder.

Section 3.2. Bond Fund; Temporary Period.

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

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

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

Section 3.4. No Replacement. That portion of the Bonds that is to be used to finance capital expenditures (meaning costs of a type that are properly chargeable to a capital account, or would be so chargeable with a proper election, under general federal income tax principles) has a weighted average maturity that does not exceed 120% of the weighted average reasonably expected economic life of such capital expenditures. Amounts received from the sale of the Bonds, and amounts derived from investment of such amounts will not replace, directly or indirectly, moneys used, directly or indirectly, to acquire investments which could legally and practically be used to finance the Project, the District having no funds which could be used to finance the Project which are not pledged, budgeted, earmarked or expected to be used for other purposes. It is, therefore, not expected that amounts will replace, directly or indirectly, moneys used directly or indirectly to acquire investments which could be used for the purposes for which the Bonds are being used.

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

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

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

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

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

ARTICLE 4
YIELD AND YIELD LIMITATIONS

Section 4.1. **Yield**. For purposes of this Certificate and its attachments, yield is calculated as set forth in Section 148(h) of the Code and Sections 1.148-4 and 1.148-5 of the Treasury Regulations. Hence, in general, yield means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest to be paid on an obligation and the cost of Qualified Guarantees (if any) paid and to be paid with respect to such obligation, produces an amount equal to the Issue Price of the obligation. The Underwriter certifies in the Underwriter's Certificate that the Initial Offering Price of the Bonds is $2,050,000.00, 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 6.5013%.

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

ARTICLE 5
ARBITRAGE REBATE REQUIREMENTS

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

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

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

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

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

(b) Election to Use Actual Facts Instead of Expectations to Determine Available Construction Proceeds for the First Three Semiannual Expenditure Dates. In general, for purposes of determining compliance with the first three spending periods set forth in Section 5.6(B) hereof, Available Construction Proceeds include the amount of future earnings that the issuer reasonably expected as of the Issuance Date. However, the issuer may elect on or before the Issuance Date to use actual facts instead of reasonable expectations to determine Available Construction Proceeds for the first three semiannual expenditure dates.

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

Section 5.4. **18-Month Expenditure Exception**. Pursuant to Section 1.148-7(d)(3)(ii) of the Treasury Regulations, for purposes of determining compliance with the first two spending periods under Section 1.148-7(d)(1)(i) of the Treasury Regulations, the amount of investment earnings on the Sale Proceeds of the Bonds is reasonably expected to be $10,370.

ARTICLE 6
OTHER TAX MATTERS

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

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

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

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

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

issued by the United States Treasury, or (E) any other investments permitted under the Treasury Regulations.

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

ARTICLE 7
MISCELLANEOUS

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

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

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

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

DATED: September 23, 2004

SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By _____
Dustin "Dusty" Hull, Chairman, Board of Directors

By _____
Linda Garrison, Clerk

SWR:gmh 543702 09/17/04

EXHIBIT A

DEFINITIONS

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

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

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

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

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

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

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

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

to the public and such yield is not less than the yield on reasonably comparable direct obligations of the United States.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"***Rebate Amount***" means with respect to an issue as of any date the excess of future value, as of that date, of all receipts on Non-purpose Investments acquired with Gross Proceeds of the issue over the future

value, as of that date, of all payments on Non-purpose Investments acquired with Gross Proceeds of the issue, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

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

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

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

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

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

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

EXHIBIT B

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate
2029*	$2,050,000	6.50%

* Term Bond

REDEMPTION TERMS

Mandatory Redemption.

The Bond is subject to mandatory redemption on July 1 of the following years and in the following principal amounts at the price of one hundred percent (100%) of the principal amount of the Bonds or portion thereof being redeemed, plus accrued interest to the redemption date:

SWR:gmh 543702 09/17/04

Year	Principal Amount
2007	$ 50,000
2008	50,000
2009	50,000
2010	50,000
2011	50,000
2012	50,000
2013	50,000
2014	75,000
2015	75,000
2016	75,000
2017	75,000
2018	75,000
2019	75,000
2020	100,000
2021	100,000
2022	100,000
2023	100,000
2024	125,000
2025	125,000
2026	125,000
2027	150,000
2028	150,000
2029 (maturity)	175,000

Optional Redemption

The Bond is subject to call for optional redemption, at the option of the District, on any date on or after July 1, 2014, as a whole or in part, upon not more than 60 nor less than 30 days' prior notice given by mail as provided in the Indenture, at par but without premium.

EXHIBIT C

SOURCES AND USES OF BOND PROCEEDS, ASSESSMENTS PAID IN CASH AND DEVELOPER'S CONTRIBUTION

SOURCES	
Principal amount of Bonds	$2,050,000.00
Prepayment of assessments	0
Prepaid Assessments	10,000.00
TOTAL SOURCES	$2,060,000.00
USES	
Deposit to Construction and Acquisition Fund	$1,744,486.00
Deposit to the Issuance and Expenses Fund	160,826.50
Underwriter's compensation	61,500.00
Deposit to Reserve Fund	93,187.50
TOTAL USES	$2,060,000.00

SWR:gmh 543702 09/15/04

EXHIBIT D

Principal Amount of Bonds (Issue Price)	$2,050,000.00
SALE PROCEEDS	$2,050,000.00
Less: Sale Proceeds deposited in Reserve Fund	(93,187.50)
Less: Minor Portion	(100,000.00)
NET SALE PROCEEDS	$1,856,812.50

SWR:gmh 543702 09/15/04

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

CLOSING CERTIFICATE OF
TOWN OF BUCKEYE, ARIZONA

The undersigned, the Mayor and the Town Clerk 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 and Town Clerk of the Town, respectively, and as such are familiar with the properties, affairs, books and corporate records of the Town.

2. That the Town is a duly incorporated and validly existing municipal corporation of the State of Arizona and is governed by duly elected and qualified Mayor and six Council Members.

3. (a) That on June 19, 2001, Resolution No. 34-01 (the "*Resolution*") of the Mayor and Council of the Town, ordering formation of Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") was duly adopted by the Mayor and Council of the Town at a duly called meeting (the "*Meeting*") of the Mayor and Council of the Town at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than 24 hours prior to the Meeting and that the Meeting was open to the public.

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

(c) That the Resolution has not been repealed, revoked or rescinded.

4. That, on the date hereof, the persons named below are the duly qualified and acting incumbents of the offices of the Town set forth below their respective signatures and the signatures appearing above their respective names are the genuine official signatures of said officers.

5. That, to the knowledge of the undersigned, no litigation or proceeding is pending or threatened in any court or administrative body contesting the due organization and valid existence of the Council of the Town or the Town, the titles of the Mayor and members of the Council of the Town to their respective offices or the validity, due authorization and execution of the Resolution; contesting the due organization or valid existence of the District.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and the seal of the City on September 23, 2004.

TOWN OF BUCKEYE, ARIZONA

By _____
Mayor

By _____
Town Clerk

SWR:gmh 543713 09/15/04

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

CLOSING CERTIFICATE OF
D. R. HORTON, INC. – DIETZ-CRANE

The undersigned, the President and the Division President of D. R. Horton, Inc. – Dietz-Crane, a Delaware corporation (the "*Company*"), acting for and on behalf of the Company, HEREBY CERTIFY as follows:

1. They are duly qualified and acting President and Division President of the Company, respectively, and as such officers are familiar with the books and corporate records of the Company.

2. The Company is a duly incorporated and validly existing corporation under the laws of the State of Delaware, and the Company has no proceedings pending or contemplated with a view to liquidation or dissolution.

3. The Company has the power and authority to execute and deliver the following documents (collectively, the "*Documents*") and that as executed and delivered by the duly authorized representatives of the Company were approved or the execution and delivery thereof was duly authorized by the Company and such approvals and authorizations remain in full force and effect and have not been repealed, revoked or rescinded and such Documents have not been modified or amended:

(a) The Sundance Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement, recorded in Maricopa County, Arizona on July 21, 2004, at Docket No. 2004-0836032;

(b) The Letter of Indemnity dated September 15, 2004 (the "*Indemnity Letter*") from the Company to the Sundance Community Facilities District (the "*District*") and RBC Dain Rauscher Inc. (the "*Underwriter*");

(c) The Continuing Disclosure Undertaking (Owner) dated September 23, 2004 from the Company; and

(d) The Dissemination Agency Agreement dated as of September 1, 2004 by and between the Company and the Underwriter.

4. The Company, as successor-in-interest to Dietz-Crane Builders, L.L.C., hereby ratifies, acknowledges, consents to, and agrees to be bound by, the Development, Financing Participation and Intergovernmental Agreement No. 1 (Sundance Community Facilities District) recorded in Maricopa County, Arizona on July 3, 2001, at Docket No. 2001-0594214 (the "*Development Agreement*").

5. The officers executing and delivering the Documents and ratifying the Development Agreement had the authority to execute and deliver the Documents and ratify the Development Agreement.

6. The persons named below were on the date or dates of the execution or acceptance of the Documents, and are on the date hereof, the duly qualified and acting incumbents of the offices of the

Company appearing below and the signatures appearing below are the genuine official signatures of said officers.

NAME	TITLE
	President
	Division President

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

8. That the consummation of the transactions contemplated by the Documents and the Development Agreement will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any material indenture, agreement or other instrument to which the Company is a party or by which the Company may be bound, which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Company taken as a whole.

9. No material consent, approval, authorization or other action by, or filing with, any federal, State or local government authority is required in connection with the execution, delivery and performance by the Company of the obligations of the Company under the Documents or to conduct the business of the Company as presently being conducted and as described in the Limited Offering Memorandum dated September 23, 2004 pertaining to the above-referenced Bonds (the "*Limited Offering Memorandum*").

10. The Company is the sole fee title owner of all of the real property that is assessed in Assessment District No. 3 (the "*Property*") and the Company has accepted the assessments levied against the lots and parcels comprising the Property in the amounts set forth in the assessment approved by the District governing board on August 3, 2004.

11. Except as set forth in the Limited Offering Memorandum, no litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the Company from consummating the transactions contemplated by the Documents.

12. That the Company is not in default in the payment of principal of or interest on any of its indebtedness for borrowed money and is not in default under any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder and there has not occurred any material change or any development involving a prospective material change in the condition, financial or otherwise, or in the revenues or operations of the Company.

13. No litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness or validity of any the proceedings relating to the formation of the District or assessment district No. 3, the levying of the assessment, or the issuance of the Bonds or the Documents or the performance by the Company of its obligations set forth in the Documents or the conduct of the Company's business as described in the Limited Offering Memorandum, or contesting or questioning the proceedings and authority under which the Documents have been authorized and are delivered and executed.

14. Attached hereto as *Exhibit A* is a true, complete and correct copy of the certificate of incorporation of the Company which was in full force and effect as of September 1, 2004, and which has been in effect from that date to the date hereof and that the certificate of incorporation has not been amended.

15. Attached hereto as *Exhibit B* is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the Arizona Corporation Commission dated September 2, 2004. Nothing has occurred since the date of the Certificate of Good Standing that would cause the Company to no longer be in good standing.

16. The officers of the Company hereby represent that, with respect to the Property, the Company is proceeding with all reasonable speed to develop and sell the Property to members of the general public for residential use.

17. All of the representations and warranties of the Company made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were made as of the date hereof, and with respect to the Indemnity Letter, the representations and warranties in paragraphs 1(b) and (d) would be accurate if the reference therein to the "Preliminary Limited Offering Memorandum" were changed to "Limited Offering Memorandum".

18. The information contained in the Limited Offering Memorandum dated September 23, 2004 under the headings "SECURITY FOR AND SOURCES OF PAYMENT – Special Assessment Amounts and Land Values," "THE PUBLIC INFRASTRUCTURE," "LAND DEVELOPMENT," "THE OWNER" and "RISK FACTORS" did not, as of its date, and does not, as of the date hereof, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. Additionally, in connection with our participation in the preparation of the 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.

19. The Company has reviewed the Appraisal dated June 21, 2004 of Burke Hansen, LLC ("*Appraisal*") of the Property and believes that the estimated values of the appraised properties contained in the Appraisal were not unreasonable in light of all facts and circumstances known to the Company.

20. The Company is not now insolvent, nor did the levy of the assessments against property in the District owned by the Company render such Company insolvent or incapable of the performance of any of its obligations including without limitation the Company's ability to pay future assessments against such property nor does the levy of the assessments or the current financial standing of the Company leave the Company with unreasonably small capital or assets rendering the Developer incapable of developing the development described in the Limited Offering Memorandum.

21. The Company certifies that all improvements financed with the Bonds will be owned by a governmental entity and available for use by the general public and that the Company will cause Buckeye Land Management, Inc. to proceed with all reasonable speed to develop such improvements and the property benefited thereby and to transfer said improvements to the District after the property benefited thereby is developed.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on September ~~9~~ 23, 2004.

D. R. HORTON, INC. – DIETZ-CRANE, a Delaware corporation

By:_____
Name: Philip J. Polich
Title: Division President

By:_____
Name: Donald J. Tomnitz
Title: President

ATTACHMENTS

Exhibit A – Articles of Incorporation
Exhibit B - Certificate of Good Standing

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "D.R. HORTON, INC. - DIETZ-CRANE" AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF INCORPORATION, FILED THE FIFTEENTH DAY OF MARCH, A.D. 2001, AT 2 O'CLOCK P.M.

CERTIFICATE OF AMENDMENT, CHANGING ITS NAME FROM "DRH REGREM I, INC." TO "D.R. HORTON, INC. - DIETZ-CRANE", FILED THE EIGHTH DAY OF JUNE, A.D. 2001, AT 11 O'CLOCK A.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID CORPORATION.

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

3368442 8100H

AUTHENTICATION: 3330562

040641128

DATE: 09-02-04

CERTIFICATE OF INCORPORATION

OF

DRH REGREM I, INC.

★ ★ ★ ★ ★

1. The name of the corporation is DRH REGREM I, INC.

2. The address of its registered office in the state of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

3. The nature of the business or purposes to be conducted or promoted is:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

4. The total number of shares which the corporation shall have authority to issue is One Thousand (1,000) shares of common stock and the par value of each of such shares is No Dollars and One Cent ($0.01).

5. The name and mailing address of each incorporator is as follows:

NAME	MAILING ADDRESS
C. Morales	350 North St. Paul Street Dallas, Texas 75201

The name and mailing address of each person who is to serve as a director until the first annual meeting of the stockholders or until a successor is elected and qualified, is as follows:

NAME	MAILING ADDRESS
Donald R. Horton	1901 Ascension Blvd., Ste. 100 Arlington, Texas 76006

6. The corporation is to have perpetual existence.

7. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

To make, alter or repeal the by-laws of the corporation.

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 02:00 PM 03/15/2001
010129425 - 3368442

8. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation.

9. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders, directors or any other persons herein are granted subject to this reservation.

10. To the full extent permitted by the General Corporation Law of the State of Delaware or any other applicable laws presently or hereinafter in effect, no director of the corporation shall be personally liable to the corporation or its stockholders for or with respect to any acts or omissions in performance of his or her duties as a director of the corporation. Any repeal or modification of this Article 10 shall not adversely affect any right or protection of a director of the corporation existing hereunder immediately prior to such repeal or modification.

11. Each person who is or was or had agreed to become a director or officer of the corporation, or each such person who is or was serving or who had agreed to serve at the request of the board of directors or an officer of the corporation as an employee or agent of the corporation or as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including heirs, executors, administrators or estate of such person), shall be indemnified by the corporation to the full extent permitted by the General Corporation Law of the State of Delaware or any other applicable laws as presently or hereafter in effect. Without limiting the generality or the effect of the foregoing, the corporation may enter into one or more agreements with any person which provide for indemnification greater or different than that provided in this Article 11. Any repeal or modification of this Article 11 shall not adversely affect any right or protection existing hereunder prior to such repeal or modification.

THE UNDERSIGNED, being the sole incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, does make this Certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly has hereunto set my hand this 15th day of March, 2001.

C. Morales

U:\TEWALT\Mia\DRH-Misc\Regrem1\Certoflnc.wpd

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 11:00 AM 06/08/2001
010275550 - 3368442

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

*****

DRH Regrem I, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

I. That the Board of Directors of said corporation, by the unanimous written consent of its members filed with the minutes of the Board, adopted resolutions proposing and declaring advisable the following amendments to the Certificate of Incorporation of said corporation:

RESOLVED, that the Certificate of Incorporation of DRH Regrem I, Inc. be amended by changing Article 1. thereof so that, as amended, said Article shall be and read as follows:

1. The name of the corporation is D.R. Horton, Inc. - Dietz-Crane.

II. That in lieu of a meeting and vote of stockholders, the stockholders have given unanimous written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

III. That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Corporation has caused this certificate to be signed by Paul W. Buchschacher, its Assistant Secretary, this 7th day of June, 2001.

DRH Regrem I, Inc.

By: Paul W. Buchschacher

Paul W. Buchschacher
Assistant Secretary

U:\TEWALT\Mio\Dietz-Crane\AmndCertofInc.wpd

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 Secretary of the Arizona Corporation Commission, do hereby certify that

******D.R. HORTON, INC. - DIETZ-CRANE******

a foreign corporation organized under the laws of Delaware did obtain authority to transact business in the State of Arizona on the 12th day of June 2001.

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; 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 2nd Day of September, 2004, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
* 1912 *

Executive Secretary

By Pam Bedard

ATTACHMENT I

OWNER INDEMNITY LETTER (DIETZ CRANE)
FOR
$2,065,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2004

September 15, 2004

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

District Board
Sundance Community Facilities
District (Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: $2,065,000 Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

This Indemnity Letter is delivered by D. R. Horton, Inc.-Dietz Crane, a Delaware corporation (hereinafter referred to as the "Owner"), in order to induce RBC Dain Rauscher Inc. (hereinafter referred to as the "Underwriter") and Sundance Community Facilities District (hereinafter referred to as the "District"), to enter into the Purchase Contract, dated September 9, 2004 (hereinafter referred to as the "Purchase Contract"), related to the sale and purchase by the Underwriter and District of the captioned Bonds (hereinafter referred to as the "Bonds"). Terms that are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Owner represents and warrants to the Underwriter that:

(a) The Owner is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Limited Offering Memorandum, the information in the Preliminary Limited Offering Memorandum under the headings "SECURITY FOR AND SOURCES OF PAYMENT - Special Assessment Amounts and Land Values," "THE PUBLIC INFRASTRUCTURE," "LAND DEVELOPMENT," "THE OWNER" and "RISK FACTORS", taken as a whole, is true and correct in all material respects for the purposes for which its use is or was authorized, and such information does not include any

untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein in light of the circumstances under which they are or were made, not misleading.

(c) Neither the execution or delivery of this Indemnity Letter, the Waiver Agreement, the Continuing Disclosure Undertaking to be dated of even date with the initial issuance and delivery of the Bonds, and the Dissemination Agency Agreement dated as of September 1, 2004 by and between the Owner and RBC Dain Rauscher Inc. (hereinafter referred to as, collectively, the "Owner Documents"), nor the consummation of any of the transactions herein and therein contemplated, nor the fulfillment of, or compliance with, the terms hereof or thereof, contravenes the organizational documents of the Owner or conflicts with or results in a breach by the Owner of any of the terms, conditions or provisions of, or constitute a default by the Owner under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Owner is a party or by which it is bound or to which any of the property or assets of the Owner is subject, or any law or any order, rule or regulation applicable to the Owner of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Owner or any of its properties or operations, or will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Owner under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation, in each case which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Owner taken as a whole.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best knowledge of the Owner, threatened against the Owner wherein an adverse decision, ruling or finding would (i) result in any material adverse change in the condition (financial or otherwise), results of operations, business or prospects of the Owner, or which would materially and adversely affect the properties (taken as a whole) of the Owner, taken as a whole, and which has not been disclosed in the Preliminary Limited Offering Memorandum as of its date, (ii) materially adversely affect the transactions contemplated by the Purchase Contract or the Owner Documents or (iii) adversely affect the validity or enforceability of the Owner Documents against the Owner.

(e) The Owner has the full power and authority to execute and deliver the Owner Documents and perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Purchase Contract and the Owner Documents, and the Owner Documents have been duly authorized by the Owner and, when executed will constitute valid, binding and enforceable obligations of the Owner except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and general principles of equity and except as the indemnification provisions hereof may be limited by applicable securities laws or public policy.

(f) No consent, approval, authorization or other action by any governmental or regulatory authority that has not been obtained is or will be required for the consummation by the Owner of the transactions contemplated by the Purchase Contract and the Owner Documents; provided that no representation is made as to the compliance of the offer and sale of the Bonds with any securities law or regulation or any consents, approvals, authorizations or other action by the Town or the District.

2. To the extent permitted by law, the Owner shall indemnify and hold harmless the Underwriter and each director, trustee, partner, member, officer, official or employee thereof and each person, if any, who controls the Underwriter within the meaning of the Securities Act of 1933, as amended (the Underwriter and any such person being herein called

an "Underwriter Indemnified Party") and the District and each director, trustee, partner, member, officer, official or employee thereof and each person, if any, who controls the District within the meaning of the Securities Act of 1933, as amended (the District and any such person being herein called a "District Indemnified Party" and, together with each Underwriter Indemnified Party, the "Indemnified Parties"), for, from and against any and all losses, claims, damages or liabilities, several as to the Underwriter Indemnified Parties, but joint or several as to the District Indemnified Parties, (i) to which any such Indemnified Party may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact set forth in the information identified in Section 1(b) above in the Limited Offering Memorandum or any amendment or supplement thereto, taken as a whole, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such section(s) or which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, except such indemnification shall not extend to any other statements in the Limited Offering Memorandum and (ii) with respect to a District Indemnified Party only, to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened to the extent arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of the Owner (which consent shall not be unreasonably withheld).

An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Owner, notify the Owner in writing of the commencement thereof. Failure of the Indemnified Party to give such notice will reduce the liability of the Owner by the amount of damages attributable to the failure of the Indemnified Party to give such notice to the Owner, but the omission to notify the Owner of any such action shall not relieve the Owner from any liability that it may have to such Indemnified Party otherwise than under this Section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Owner of the commencement thereof, the Owner may, or if so requested by such Indemnified Party shall, participate therein or assume the defenses thereof, with counsel reasonably satisfactory to such Indemnified Party and the Owner (it being understood that, except as hereinafter provided, the Owner shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the Owner to such Indemnified Party of an election so to assume the defenses thereof, the Owner will not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that unless and until the Owner assumes the defense of any such action at the request of such Indemnified Party, the Owner shall have the right to participate at its own expense in the defense of any such action. If the Owner shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to the Owner (in which case the Owner shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, reasonable legal and other necessary expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the Owner.

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

4. This letter is solely for the benefit of the Underwriter and the District and its successors or assigns, and, to the extent provided in paragraph 2 hereof, each Indemnified Party, and no other person shall acquire or have any right under or by virtue hereof. The terms "successors" and "assigns" as used in this letter shall not include any purchaser, as such purchaser, from the Underwriter of the Bonds.

5. The Owner hereby consents to the references made to the Owner in the Limited Offering Memorandum.

Respectfully submitted,

D.R. HORTON, INC.-DIETZ CRANE, a Delaware corporation

By:_____
Printed Name: Donald J. Tomnitz
Title: President

By:_____
Printed Name: Philip J. Polich
Title: Division President

CONTINUING DISCLOSURE UNDERTAKING
(OWNER)

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

(CUSIP BASE NUMBER 867241)

This Undertaking is executed and delivered by D. R. Horton, Inc. - Dietz-Crane, a Delaware corporation (hereinafter referred to as the "Owner"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

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

"Assessment Area" shall have meaning provided thereto in the Limited Offering Memorandum.

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

"Issuer" shall mean Sundance Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona.

"Limited Offering Memorandum" shall mean the Limited Offering Memorandum, dated September 23, 2004, with respect to the Securities.

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

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

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

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

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

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

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

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

"Objective Criteria" shall mean, as to any owner of land within the boundaries of the Assessment Area in question at the time in question, that the residential lots owned in fee simple by such owner within the boundaries of the Assessment Area equal or exceed twenty percent (20%) of the total residential lots within the boundaries of the Assessment Area (based on the recorded final plats of the land within the boundaries of the Assessment Area or to the extent that any portion of the land within the boundaries of the Assessment Area is not the subject of a recorded final plat, based on the most recent preliminary plat submitted to the Town of Buckeye for approval).

"Repository" shall mean each National Repository and each State Repository.

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

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Special Assessments" shall have the meaning provided thereto in the Limited Offering Memorandum.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Owner shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.)*** Currently, no State Repositories exist for the State of Arizona.

The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2005, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF EACH ANNUAL REPORT TO THE ISSUER.***

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

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

(A) Information with respect to (I) single family lot closings and issuance of building permits within the boundaries of the portion of the Assessment Area owned by the Owner, (II) the full cash value for taxation purposes of the land within the Assessment Area owned by the Owner, (III) update of the land sales, land development (including particularly the status of completion of the items included in TABLE 4), (IV) any conveyance in a single transaction by the Owner to any entity for five percent (5%) or more of the total residential lots within the boundaries of the Assessment Area (based on the recorded final plats of the land within the boundaries of the Assessment Area or, to the extent that any portion of the land within the boundaries of the Assessment Area is not the subject of a recorded final plat, then based on the most recent preliminary plat submitted to the Town of Buckeye for approval) (including identity of the entity and location of the property conveyed), and (V) changes in the description of residential product mix, development and sale of lots, project financing and encumbrances of the Owner set forth in the relevant sections of the Limited Offering Memorandum.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis generally accepted accounting principles. (The Owner does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE OWNER CHANGES, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of the following events (the "Material Events") with respect to the Securities:

(i) The conveyance in a single transaction by the Owner to any entity of twenty percent (20%) or more of the total residential lots within the boundaries of the Assessment Area (based on the recorded final plats of the land within the boundaries of the Assessment Area or, to the extent that any portion of the land within the boundaries of the Assessment Area is not the subject of a recorded final plat, then based on the most recent preliminary plat submitted to the Town of Buckeye for approval) (including identity of the entity and location of property conveyed).

(ii) Any failure by the Owner to pay, prior to delinquency, general property taxes, special taxes or assessments with respect to property of the Owner within the boundaries of the Issuer.

(b) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF THE OCCURRENCE OF A MATERIAL EVENT WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE OF MATERIAL EVENT TO THE ISSUER.***

Section 4. Termination of Reporting Obligation. The obligations of the Owner pursuant to this Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of all of the Securities or (ii) the failure of the Owner to satisfy the Objective Criteria. ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Owner may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Owner or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Owner or by an approving vote of the registered owners of the Securities pursuant to the terms of the Resolution at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE OWNER CHANGE, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Owner from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Owner chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Owner shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 7. Default. In the event of a failure of the Owner to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Owner to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Resolution, and the sole remedy under this Undertaking in the event of any failure of the Owner to comply with this Undertaking shall be an action to compel performance.

Section 8. Dissemination Agent. The Owner may, from time to time, appoint or engage a Dissemination Agent to assist it in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Recordkeeping. The Owner shall maintain copies of each Annual Report and Notice Material Event as well as the names of the entities with whom the same was filed and the date of filing thereof.

Section 10. Subsequent Transfers of Owner's Land. Upon any sale by the Owner of land within the boundaries of the Assessment Area such that the acquiring owner of land within the boundaries of the Assessment Area then satisfies the Objective Criteria, the Owner shall require such acquiring owner of land within the boundaries of the Assessment Area to execute an undertaking substantially similar to this Undertaking and in compliance with the Rule prior to the conveyance of title to such acquiring owner of such land within the boundaries of the Assessment Area.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and the Owner shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the

powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 12. Copies for Issuer. Any copy provided by this Undertaking to be given or furnished to the Issuer by the Owner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Issuer addressed to it at c/o Town of Buckeye, Arizona, Suite A, 100 North Apache, Buckeye, Arizona 85326, Attention: District Clerk or at any other address furnished previously in writing to the Owner by the Issuer.

[THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

Dated: September 23, 2004

D. R. HORTON, INC. - DIETZ-CRANE, a Delaware corporation

By:_____
Printed Name: Ronald J. Tomnitz
Title: President

By:_____
Printed Name: Philip J. Polich
Title: Division President

D. R. HORTON, INC. - DIETZ-CRANE

and

RBC DAIN RAUSCHER INC.

DISSEMINATION AGENCY AGREEMENT

Dated as of September 1, 2004

$2,050,000
Sundance Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 3
Special Assessment Revenue Bonds, Series 2004

TABLE OF CONTENTS

Page

PARTIES 1
RECITALS 1

ARTICLE ONE

SECTION 1.01. Definitions. 1
SECTION 1.02. Notices, etc. 1
SECTION 1.03. Effect of Headings and Table of Contents. 2
SECTION 1.04. Successors and Assigns. 2
SECTION 1.05. Severability Clause. 2
SECTION 1.06. Benefits of Agreement. 2
SECTION 1.07. Governing Law. 2
SECTION 1.08. Further Assurances; Recording. 2
SECTION 1.09. Amendments. 3
SECTION 1.10. Termination. 3
SECTION 1.11. Integration. 3

ARTICLE TWO

SECTION 2.01. Annual Reports. 3
SECTION 2.02. Material Events. 3
SECTION 2.03. Dissemination of Annual Reports. 3
SECTION 2.04. Dissemination of Notices of Material Events. 4
SECTION 2.05. Dissemination of Other Notices. 4
SECTION 2.06. Duty to Update. 4
SECTION 2.07. Consequences of Default by Agent; Standard of Care. 4
SECTION 2.08. Additional Information. 5
SECTION 2.09. Compensation. 5
SECTION 2.10. Recordkeeping. 5

SIGNATURES 6

* * *

THIS DISSEMINATION AGENCY AGREEMENT, dated as of September 1, 2004 (hereinafter referred to as this "*Agreement*"), by and between D.R. Horton, Inc. - Dietz-Crane, a corporation duly incorporated and validly existing pursuant to the laws of the State of Delaware (hereinafter together with its successors referred to as the "*Owner*"), and RBC Dain Rauscher Inc., a corporation duly incorporated and validly existing pursuant to the laws of the State of Delaware (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 Sundance Community Facilities District (hereinafter referred to as the "*Board*") adopted on August 3, 2004, the Board has authorized the issuance of certain special assessment bonds (hereinafter referred to as the "*Securities*") to provide funds for certain public infrastructure purposes provided for in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended; and

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

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

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

ARTICLE ONE

SECTION 1.01. *Definitions.*

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

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

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

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

SECTION 1.02. *Notices, etc.*

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

1. the Owner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Owner addressed to it at 8125 North 23rd Avenue, Suite 100, Phoenix, Arizona 85021, Attention: Mr. Scott Hyder, or at any other address furnished previously in writing to such person by the Owner, and

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

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

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

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

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

SECTION 1.04. *Successors and Assigns.*

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

SECTION 1.05. *Severability Clause.*

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

SECTION 1.06. *Benefits of Agreement.*

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

SECTION 1.07. *Governing Law.*

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

SECTION 1.08. *Further Assurances; Recording.*

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

SECTION 1.09. *Amendments.*

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

SECTION 1.10. *Termination.*

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

SECTION 1.11. *Integration.*

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

* * *

ARTICLE TWO

SECTION 2.01. *Annual Reports.*

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

SECTION 2.02. *Material Events.*

A. The Owner shall provide a written description to the Agent of the occurrence of any Material Event in a timely manner, signed by an appropriate representative of the Owner. Upon the Agent becoming aware of any Material Event, the Agent shall promptly notify the Owner of such Material Event. (The Agent shall have no duty or responsibility to review the written description of such Material Event.)

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

SECTION 2.03. *Dissemination of Annual Reports.*

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

B. The Agent shall disseminate such information in the form delivered to the Agent by the Owner pursuant to Section 2.01. (Any information furnished by the Agent hereunder for such purpose may contain a legend to such effect.)

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

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

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

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

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

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

SECTION 2.05. *Dissemination of Other Notices.*

The Agent shall file the notices required pursuant to Section 4 and 5(b) of the Undertaking with respect to termination of the Undertaking and changes in accounting principles of the Owner, respectively, and shall provide a copy thereof to the Owner and the Issuer.

SECTION 2.06. *Duty to Update.*

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

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

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

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

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

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

SECTION 2.08. *Additional Information.*

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

SECTION 2.09. *Compensation.*

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

SECTION 2.10. *Recordkeeping.*

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

* * *

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

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

D.R. HORTON, INC. - DIETZ-CRANE, a Delaware corporation

By:_____
Printed Name: Donald J. Tommitz
Title: President

By:_____
Printed Name: Philip J. Polich
Title: Division President

RBC DAIN RAUSCHER INC.

By: Shawn Dralle
Shawn Dralle, Managing Director

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

PURCHASE CONTRACT

September 15, 2004

District Board
Sundance Community Facilities
District (Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

RBC Dain Rauscher Inc. (the "Underwriter"), acting on its own behalf and not as fiduciary or agent in any respect, offers to enter into the following agreement (this "Contract") with Sundance Community Facilities District (the "Issuer"), which, upon the Issuer's written acceptance of such offer, will be binding upon the Issuer and upon the Underwriter. Such offer is made subject to the Issuer's written acceptance hereof on or before 5:00 p.m., Mountain Standard Time, on the date indicated above, and, if not so accepted, shall be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in the following agreement shall have the same meanings set forth in the Bond Resolution (as hereinafter defined) or in the Limited Offering Memorandum (as hereinafter defined).

In addition to acceptance of this Contract by the District as provided hereinabove, the obligations of the Underwriter under this Contract shall be conditioned on the execution and delivery of the Indemnity Letter, dated the date hereof (the "Indemnity Letter"), by D.R. Horton, Inc. - Dietz-Crane ("Dietz-Crane") as Attachment I.

1. Purchase and Sale of the Bonds. (a) Subject to the terms and conditions and in reliance upon the representations, warranties, covenants and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby

agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer's Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004, dated the date of their initial authentication and delivery (the "Bonds"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Issuer, but rather is acting solely in its capacity as an underwriter for its own account.

(b) The principal amount, maturities, redemption provisions and interest rates per annum with respect to the Bonds are set forth in the Schedule hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of, the resolution adopted by the Board of the Issuer on August 3, 2004 (the "Bond Resolution"), and the Indenture of Trust and Security Agreement, to be dated as of September 1, 2004 (the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (the "Trustee").

(c) The purchase price for the Bonds shall be $1,988,500. The underwriting discount is $61,500.

2. Limited Offering. The Underwriter is making a limited offering of all of the Bonds at prices not to exceed the public offering prices set forth on the cover of the Limited Offering Memorandum (as hereinafter defined) and may subsequently change such offering prices without any requirement of prior notice. The Underwriter may offer and sell portions of the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of the Limited Offering Memorandum.

3. The Limited Offering Memorandum.

(a) The Preliminary Limited Offering Memorandum, dated August 27, 2004 (the "Preliminary Limited Offering Memorandum"), of the Issuer relating to the Bonds has been prepared for use in connection with the public offering, sale and distribution of the Bonds by the Underwriter. The Limited Offering Memorandum is hereby deemed "final" by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(b) The Issuer hereby authorizes the preparation of the Limited Offering Memorandum, to be dated even date herewith (the "Limited Offering Memorandum"), of the Issuer relating to the Bonds and the use of the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriter prior to the date hereof of the Preliminary Limited Offering Memorandum in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Issuer's acceptance of this Contract (but, in any event, not later than within seven business days after

event, not later than within seven business days after the Issuer's acceptance of this Contract and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Limited Offering Memorandum which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(c) If, after the date of this Contract to and including the date the Underwriter is no longer required to provide the Limited Offering Memorandum to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in Rule) and (ii) the time when the Limited Offering Memorandum is available to any person from a nationally recognized municipal securities repository, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the Issuer shall notify the Underwriter (and provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the Issuer shall forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Limited Offering Memorandum so that the statements in the Limited Offering Memorandum as so amended and supplemented shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Limited Offering Memorandum shall comply with law. If such notification shall be subsequent to the Closing Date, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Limited Offering Memorandum.

(d) Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the Closing Date.

4. Representations, Warranties, and Covenants of the Issuer. The undersigned, on behalf of the Issuer, hereby represents and warrants to, and the Issuer hereby covenants with, as applicable, the Underwriter that:

(a) The Issuer is a community facilities utilities district of the State of Arizona (the "State"), duly created, organized and existing under the laws of the State, specifically Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended and supplemented (the "Act"),

vised Statutes, as amended and supplemented (the "Act"), and has full legal right, power and authority under the Act, and at the Closing Date shall have full legal right, power and authority under the Act and the Bond Resolution (i) to enter into, execute and deliver this Contract, the Bond Resolution, the Indenture, a written undertaking by the Issuer to provide certain continuing disclosure for the benefit of certain beneficial owners of the Bonds as required under paragraph (b)(5) of the Rule in form and substance satisfactory to the Underwriter which shall be substantially in the form set forth in the Preliminary Limited Offering Memorandum with such changes as may be agreed in writing by the Underwriter (the "Undertaking"), the Dissemination Agency Agreement, to be dated as of even date with the Bonds (the "Agency Agreement"), by and between the Issuer and RBC Dain Rauscher Inc., the Sundance Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement, dated July 21, 2004 (the "Waiver Agreement") by and between the Issuer and Dietz-Crane and as consented to by certain other interested parties, the Letter of Representations, to be dated the Closing Date (the "Letter"), by and between the Issuer and The Depository Trust Company ("DTC") and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Contract, the Bond Resolution, the Indenture, the Undertaking, the Agency Agreement, the Waiver Agreement, the Letter and the other documents referred to in this clause (i) being hereinafter referred to as the "Issuer Documents"); (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein; (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Preliminary Limited Offering Memorandum and (iv) to approve, execute and authorize the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum), and the Issuer has complied, and shall on the Closing Date be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Preliminary Limited Offering Memorandum and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated

transactions contemplated herein and in the Preliminary Limited Offering Memorandum and the Bond Resolution (i) authorizes the authorization, execution, delivery and issuance, as applicable, of the Issuer Documents and the Bonds as well as the approval, execution and authorization of the use and distribution of the 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 Issuer and (iii) is in full force and effect;

(c) The Issuer Documents shall constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Contract, shall constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and upon the issuance, authentication and delivery of the Bonds as aforesaid and the Indenture shall provide, for the benefit of the registered owners, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth therein;

(d) The Issuer is not in breach of or default in any respect under any applicable constitutional provision, statute or administrative rule or regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein shall not conflict with or constitute a breach of or default under any constitutional provision, statute, administrative rule or regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor shall any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other

creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such statute, rule or regulation or instrument, except as provided by the Indenture;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Issuer Documents conform to the descriptions thereof contained in the Preliminary Limited Offering Memorandum, and the proceeds of the sale of the Bonds will be applied generally as described in the Preliminary Limited Offering Memorandum;

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the "Special Assessments" (as such term is defined in the Preliminary Limited Offering Memorandum) from which principal of and interest on the Bonds are to be paid pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or, when finalized, the Limited Offering Memorandum or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially, adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) The Preliminary Limited Offering Memorandum did not and, as of the date hereof, does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Limited Offering Memorandum is amended or supplemented pursuant to paragraph (d) of Section 3 of this Contract) at all times subsequent thereto during the period up to and including the Closing Date, the Limited Offering Memorandum shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Limited Offering Memorandum is supplemented or amended pursuant to paragraph (c) of Section 3 of this Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Limited Offering Memorandum, as so supplemented or amended, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The Issuer shall apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and the Indenture and shall not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal or State income tax purposes of the interest on the Bonds;

(l) The Issuer shall furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (i) to (A) qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (B) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer shall not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and shall advise the Underwriter immediately

vise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial information regarding the Issuer in the Preliminary Limited Offering Memorandum fairly presents, and in the Limited Offering Memorandum shall fairly present, the financial position and results of the Issuer as of the dates and for the periods therein set forth, and, prior to the Closing, there shall be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer;

(n) The Issuer is not a party to any litigation or other proceeding pending or threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer, and except as disclosed in the Preliminary Limited Offering Memorandum, the Issuer is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which may have a material adverse effect on the financial condition, operations or prospects of the Issuer or ability of the Issuer to comply with all the requirements set forth in the Preliminary Limited Offering Memorandum, the Bond Resolution, the Issuer Documents and the Bonds;

(o) Prior to the Closing Date, the Issuer shall not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Underwriter and

(p) The officers and officials of the Issuer executing the Limited Offering Memorandum, the Issuer Documents and the Bonds and the officers and officials of the Issuer listed on the certificate of the Issuer to be delivered on the Closing Date have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the Issuer, and any certificate signed by any officer or official of the Issuer authorized to do so in connection with the transactions contemplated by this Contract shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

5. Closing. (a) At 9:00 a.m., Mountain Standard Time, on September 23, 2004, or on such other date as shall have been mutually agreed upon by the Issuer and the Underwriter (the "Closing

Date"), the Issuer shall, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter shall, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Contract by a certified or bank cashiers check or checks or wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Bond Counsel or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds shall be made through the facilities of DTC in New York City, New York, or, if by the means of a "F.A.S.T." closing, with the Trustee. The Bonds shall be printed or lithographed, shall be prepared and delivered as fully registered bonds, one Bond for the full amount maturing on each maturity date, and shall be registered in the name of "Cede & Co." and shall be made available to the Underwriter at least one (1) business day before the Closing Date for purpose of inspection in New York City, New York, at DTC.

6. Closing Conditions. The Underwriter has entered into this Contract in reliance upon the representations, warranties, covenants and agreements of the Issuer contained herein and of Dietz-Crane contained in the Indemnity Letter and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and on the Closing Date. Accordingly, the Underwriter's obligations under this Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments on or prior to the Closing Date and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein and of Dietz-Crane contained in the Indemnity Letter shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The Issuer shall have performed and complied with all covenants and agreements required by this Contract to be performed or complied with by it prior to or on the Closing Date;

(c) On the Closing Date, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented and the Limited Offering Memorandum shall not have been supplemented or amended, except in any such case as may have been agreed to

by the Underwriter and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Counsel to the Underwriter to deliver their respective opinions referred to hereafter;

(d) On the Closing Date, all official action of the Issuer relating to the Issuer Documents and the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) Prior to or on the Closing Date, the Bond Resolution shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered, and the Trustee shall have duly authenticated, the Bonds;

(f) Prior to or on the Closing Date, no "event of default" shall have occurred or be existing under this Contract nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an event of default under this Contract;

(g) Prior to or on the Closing Date, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer or the Owner, from that set forth in the Limited Offering Memorandum that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Limited Offering Memorandum;

(h) Prior to or on the Closing Date, the Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) Prior to or on the Closing Date, all steps to be taken and all instruments and other documents to be executed and all other legal matters in connection with the transactions contemplated by this Contract shall be reasonably satisfactory in legal form and effect to the Underwriter;

(j) Prior to or on the Closing Date, the Underwriter shall have received two copies of the transcript of all proceedings of the Issuer relating to the authorization and issuance of the Bonds, certified, as necessary, by appropriate officials of the Issuer, including, but not limited to, the following opinions, letter, consent, certificate and other documents:

(1) An unqualified approving opinion of Gust Rosenfeld P.L.C., Bond Counsel, as to the Bonds, dated

the Closing Date, addressed to the Issuer and substantially in the form included in the Limited Offering Memorandum;

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

(3) the opinion of Fennemore Craig, A Professional Corporation, Counsel to Dietz-Crane, dated the Closing Date, addressed to the Underwriter and substantially in the form attached hereto as Exhibit B;

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

(5) A consent of Burke Hansen, Inc., dated the Closing Date, addressed to the Underwriter and substantially in the form attached hereto as Exhibit D;

(6) A certificate from Dietz-Crane, dated the Closing Date, signed by an authorized official of Dietz-Crane 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 Dietz-Crane in connection with the issuance of the Bonds are true and correct in all material respects as of the Closing Date;

(7) A certificate or certificates of the Issuer, dated the Closing Date, signed by an authorized official or officials of the Issuer and in form and substance satisfactory to the Underwriter, in which such official, to the best of his knowledge, information and belief, states:

(i) That the representations and warranties contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date;

(ii) That, except as described in the 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 Issuer of the provisions of

the Issuer Documents or the collection of the Special Assessments for payment of the Bonds; (B) in any way contesting or affecting the authority for, or the validity of, this Contract or the application of the proceeds of the Bonds or (C) in any way contesting the existence or powers of the Issuer;

(iii) That no authority or proceedings for the issuance of the Bonds has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Bonds has been filed with or received by any of the signors;

(iv) That the Issuer has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied prior to or on the Closing Date and

(v) That the Limited Offering Memorandum was, as of its date, and will be, as of the Closing Date, true, correct and complete in all material respects and did not, as of its date, and does not, as of the Closing Date, include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading and no event has occurred since the date of the 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;

(8) A specimen of the Bonds;

(9) A certified copy of the Bond Resolution;

(10) A counterpart original of the Limited Offering Memorandum manually executed on behalf of the Issuer by the Chairman of the District Board;

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

(12) The filing copy of the Information Return Form 8038-G (IRS) and of the Report of Bond and Security Issuance Pursuant To A.R.S. § 35-301(B) (Arizona Department of Revenue) for the Bonds;

(13) An executed copy of each of the Issuer Documents as well as of a separate undertaking and dissemination agency agreement in similar form and for the same purposes with respect to Dietz-Crane as the Undertaking and the Agency Agreement, in the case of such undertaking in form and substance satisfactory to the Underwriter which shall be substantially in the form set forth in the Preliminary Limited Offering Memorandum with such changes as may be agreed in writing by the Underwriter and

(14) Such additional opinions, letters, certificates, instruments and other documents as the Underwriter or Counsel to the Underwriter may reasonably deem necessary to satisfy conditions to the issuance of the Bonds required by the Bond Resolution, to evidence the truth and accuracy on the Closing Date, or prior to such date, of the representations and warranties of the Issuer and Dietz-Crane and the due performance or satisfaction by the Issuer and Dietz-Crane of all agreements and covenants then to be performed and all conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Contract, this Contract shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Sections 4 and 8(c) hereof shall continue in full force and effect.

7. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Contract and the Closing Date, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States

tion, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Bonds as described in the 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 State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress, an order, decree or injunction issued by any court of competent jurisdiction or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, or that the Bond Resolution or the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Limited Offering Memorandum or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state "blue sky" or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereon) upon trading securities generally by any governmental authority or any national securities exchange or a general banking moratorium declared by federal, State of New York or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force or increase materially those now in force with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), for the validity or enforceability of the Special Assessments to pay principal of and interest on the Bonds;

(g) any event occurring or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Limited Offering Memorandum or has the effect that the Limited Offering Memorandum contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Contract any materially adverse change in the affairs or financial condition of the Issuer or Dietz-Crane;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Limited Offering Memorandum and

(k) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. Expenses. (a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay or cause to be paid from the proceeds of the sale of the Bonds, the expenses incident to the performance of its obligations hereunder, including but not limited to (1) the cost of printing, engraving or typewriting and mailing or delivering the definitive Bonds, the Preliminary Limited Offering Memorandum, the Limited Offering Memorandum and the Issuer Documents

randum, the Limited Offering Memorandum and the Issuer Documents in reasonable quantities and all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby; (2) the fees and disbursements of the Trustee in connection with the issuance of the Bonds; (3) the fees and disbursements of Bond Counsel and Counsel to the Underwriter; (4) the fees and disbursements of any other experts or consultants retained by the Issuer in connection with the transactions contemplated hereby and (5) reasonable miscellaneous, normally occurring, "out-of-pocket" expenses incurred by the Underwriter in connection with the issuance and sale of the Bonds.

(b) The Underwriter shall pay (i) the cost of preparation and printing of this Contract; (ii) all advertising expenses in connection with the public offering of the Bonds and (iii) all other expenses incurred by them in connection with the public offering of the Bonds.

(c) If this Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Contract, or if for any reason the Issuer shall be unable to perform its obligations under this Contract, the Issuer will reimburse the Underwriter for all "out-of-pocket" expenses (including the fees and disbursements of Counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Contract or the offering contemplated hereunder.

9. (a) Notices. Any notice or other communication to be given to the Issuer under this Contract may be given by delivering the same to the address set forth on the first page of this Contract, and any notice or other communication to be given to the Underwriter pursuant to this Contract may be given by delivering the same in writing to RBC Dain Rauscher Inc., Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016, Attention: Ms. Shawn Dralle, Managing Director.

(b) Parties in Interest. This Contract as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter), and no other person shall acquire or have any right hereunder or by virtue hereof. This Contract may not be assigned by the Issuer. All of the Issuers representations, warranties, covenants and agreements contained in this Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Contract and (iii) any termination of this Contract.

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

(d) Choice of Law. This Contract shall be governed by and construed in accordance with the law of the State.

(e) Severability. If any provision of this Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

(f) Business Day. For purposes of this Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

(g) Section Headings. Section headings have been inserted in this Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract and will not be used in the interpretation of any provisions of this Contract.

(h) Counterparts. This Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

10. Notice Concerning Cancellation of Contracts. As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This section is not intended to expand or

This section is not intended to expand or enlarge the rights of the Issuer hereunder except as required by such Section. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section which would adversely affect the enforceability of this Contract and covenants that it shall take no action which would result in a violation of such Section.

If you agree with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Underwriter. This Contract shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

RBC DAIN RAUSCHER INC.

By.....
Shawn Dralle, Managing Director

SUNDANCE COMMUNITY FACILITIES DISTRICT

By.....
Dustin Hull, Chairman, District Board

ATTEST:

.....
Linda Garrison, District Clerk

APPROVED AS TO FORM:

GUST ROSENFELD, PLC,
Attorney for the District

By.....

1455483.2-9/17/04

SCHEDULE

Dated Date:

Aggregate Principal Amount: $2,050,000

Interest Payment Dates: January 1, 2005, and July 1 and January 1 thereafter

Maturity Schedule:

Maturity Date (July 1)	Principal Amount	Per Annum Interest Rate
2029	$2,050,000	6.5%

Redemption Provisions:

Special Redemption. The Bonds will be redeemed from funds of the Issuer at the option of the Issuer in whole or, from time to time, in part on any Interest Payment Date (as such term is defined in the Limited Offering Memorandum), as randomly determined by the Trustee within the applicable maturity, upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which shall consist of the principal amount of the Bonds so redeemed, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Public Infrastructure (as such term is defined in the Limited Offering Memorandum), but in no event later than September 1, 2007, amounts are transferred from the Acquisition and Construction Fund for such purpose, and (ii) from the proceeds received from any foreclosure sale of any assessed parcel, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

Special Optional Redemption. The Bonds will be redeemable from funds of the Issuer at the option of the Issuer in whole on any date or, from time to time, in part on any Interest Payment Date, as randomly determined by the Trustee within the applicable maturity, upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium from, and only from, funds of the Issuer, which are prepaid with respect to the Special Assessments and are deposited for such purpose plus amounts in excess of the Reserve Fund Requirement (as such term is defined in the Bond Resolution) as a result of prepayment and which are available for such purpose and from a transfer of Reserve Fund moneys if such moneys are sufficient to redeem all the Bonds.

Optional Redemption. The Bonds will also be redeemable, on or after July 1, 2014, at the option of the Issuer prior to the applicable maturity in whole on any date or, from time to time, in part on any Interest Payment Date as randomly determined by the Trustee within the applicable maturity upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium.

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

Redemption Date (July 1)	Principal Amount
2007	$ 50,000
2008	50,000
2009	50,000
2010	50,000
2011	50,000
2012	50,000
2013	50,000
2014	75,000
2015	75,000
2016	75,000
2017	75,000
2018	75,000
2019	75,000
2020	100,000
2021	100,000
2022	100,000
2023	100,000
2024	125,000
2025	125,000
2026	125,000
2027	150,000
2028	150,000

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

EXHIBIT A

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

September 23, 2004

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: $2,050,000 Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

WE HAVE ACTED as Bond Counsel to Sundance Community Facilities District (hereinafter referred to as the "Issuer") in connection with the issuance this date by the Issuer of bonds designated its Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004, in the aggregate principal amount of $2,050,000 (hereinafter referred to as the "Bonds") and otherwise as counsel to the Issuer including for purposes relating to the execution and delivery of the "Waiver Agreement" as such term is defined in the hereinafter described Purchase Contract. The Bonds (i) are issued under and secured by a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on August 3, 2004 (hereinafter referred to as the "Resolution") and an Indenture of Trust and Security Agreement, dated as of September 1, 2004 (hereinafter referred to as the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee"); (ii) are the subject of an Limited Offering Memorandum, dated September 15, 2004 (hereinafter referred to as the "Limited Offering Memorandum") and (iii) are being sold pursuant to a Purchase Contract, dated September 15, 2004 (hereinafter referred to as the "Purchase Contract"), by and between the Issuer and RBC Dain Rauscher Inc. (hereinafter referred to as the "Underwriter"). (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

IN OUR CAPACITY as Bond Counsel, and as counsel as described hereinabove to the Issuer, we have examined and relied upon:

(i) An executed copy of the Waiver Agreement;

(ii) An executed copy of the Purchase Contract;

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

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

(v) An executed copy of the Indenture;

(vi) An executed copy of a Letter of Representations, dated even date herewith (hereinafter referred to as the "Letter"), by and between the Issuer and The Depository Trust Company;

(vii) An executed copy of a Continuing Disclosure Undertaking, dated of even date hereof (hereinafter referred to as the "Undertaking"), from the Issuer;

(viii) An executed copy of a Dissemination Agency Agreement, dated as of September 1, 2004 (hereinafter referred to as the "Agreement" and, collectively with the Indenture, the Purchase Contract, the Waiver Agreement, the Letter and the Undertaking, as the "District Documents"), by and between the Issuer and RBC Dain Rauscher Inc.;

(ix) Such other agreements, certificates (including particularly, but not by way of limitation, representations of the "Owner" (as such terms is defined in the Limited Offering Memorandum, provided in the Waiver Agreement), opinions (including particularly, but not by way of limitation, opinions of counsel to the Owner, dated as of even date herewith), letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein and

(x) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

IN OUR EXAMINATION, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and

the accuracy of the statements contained in such certificates. In connection with our representation of the Issuer in the capacities described above, we have also participated in conferences from time to time with representatives of the Issuer, the Underwriter, the Town of Buckeye, Arizona, the Trustee and the Owner relating to the Limited Offering Memorandum and the District Documents.

WE ARE OF THE OPINION, based upon the foregoing and subject to the qualifications hereinafter set forth, that under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Issuer is duly organized and validly existing as a community facilities district pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the District Documents, and the Bonds, (c) to approve, execute and authorize the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum, dated August 27, 2004 (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, (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 and (c) levied the special assessments from which the Bonds are payable. The liens with respect to such assessments have been perfected pursuant to applicable law and as described in the Limited Offering Memorandum. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents.

5. The District Documents have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by the other party thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

6. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or overtly threatened against or affecting the Issuer, and there is no basis therefor, (i) which in any way questions the powers of the Issuer referred hereinabove or the validity of the proceedings taken by the Issuer in connection with the issuance and sale of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the 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 "INTRODUCTORY STATEMENT," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS," "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT," "LITIGATION," "TAX EXEMPTION," "CONTINUING DISCLOSURE" and "RELATIONSHIPS AMONG PARTIES" therein and in Appendix B - "FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL," Appendix C - "FORMS OF INVESTOR LETTERS," Appendix E - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" thereto does not contain any untrue statement of a material fact and does not omit any material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds and fairly summarizes the information which it purports to summarize. With regard to the other portions of the Limited Offering Memorandum, on the basis of our participation as Bond Counsel, nothing has come to our attention to lead us to believe that the Limited Offering Memorandum (except for the financial information and notes thereto and the schedules and other financial or statistical data included in Appendix A thereto or otherwise included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution or the Indenture under the Trust Indenture Act of 1939, as amended.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the District Documents are dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the District Documents by the other party thereto and to the extent that the enforceability of the District Documents may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in accordance with general principles of equity, including possible refusal by a particular court to grant certain equitable remedies such as specific performance with respect to the enforcement of any provision of such documents. We express no opinion as to the enforceability of any provisions of the District Documents (i) restricting access to legal or equitable remedies, (ii) purporting to establish evidentiary standards or waiving or otherwise affecting any rights to notice, demand or exhaustion of collateral, (iii) relating to self-help, subrogation, indemnification, delay or omission to enforce rights or remedies, severability or marshalling of assets or (iv) purporting to grant to the owners of the Bonds or to any party to the District Documents (other than the Issuer) any rights or remedies not specifically set forth therein.

This opinion may be relied upon only by you and by persons to whom we grant written permission to do so.

Respectfully submitted,

EXHIBIT B

[LETTERHEAD OF FENNEMORE CRAIG, A PROFESSIONAL CORPORATION]

September 23, 2004

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

District Board
Sundance Community Facilities District
(Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Re: $2,050,000 Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

We have acted as special counsel to D.R. Horton, Inc. - Dietz-Crane, a Delaware corporation (hereinafter referred to as the "Owner"), in connection with the transactions provided for by the documents referred to herein in connection with the issuance and sale of the captioned Bonds sold pursuant to a Purchase Contract, dated September 15, 2004 (hereinafter referred to as the "Purchase Contract"), by and between RBC Dain Rauscher Inc. (hereinafter referred to as the "Underwriter") and Sundance Community Facilities District (hereinafter referred to as the "District"). Any capitalized terms used herein and not defined shall have the meaning assigned to it in the Purchase Contract.

In this connection, we have reviewed the following documents, each of which is dated as of the date hereof unless otherwise indicated (the "Documents"):

1. Purchase Contract;

2. Limited Offering Memorandum issued by the District;

3. Continuing Disclosure Undertaking (the "Undertaking") from Owner;

4. Dissemination Agency Agreement dated as of September 1, 2004 (the "Agency Agreement") by and between Owner and Dain Rauscher Incorporated;

5. Waiver Agreement;

6. Owner Indemnity Letter of even date with the Purchase Contract (the "Indemnity Agreement");

7. [insert organizational documents of Owner];

8. [insert authorizing resolutions of Owner];

9. [insert good standing certificate(s) of Owner] and

10. Certificate of the ..... of the Owner issued in favor of the undersigned (the "Owner's Certificate").

The Waiver Agreement, the Indemnity Agreement, the Continuing Disclosure Undertaking and the Agency Dissemination Agreement are sometimes hereinafter referred to collectively as the "Owner Documents".

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Documents and the legal capacity of each natural person executing any of the Documents;

(b) The authenticity and completeness of Documents submitted as originals, and the conformity to originals of documents submitted as copies;

(c) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Documents with regard to the parties to those agreements, other than Owner, and that the transactions contemplated by the Documents were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That all of the parties to the Documents (other than Owner) have obtained all necessary consents, authorizations, approvals, permits or certificates (governmental and otherwise) which are required as a condition to the execution and delivery of the Documents by such parties and to the consummation of the transactions contemplated by the Owner Documents by such parties;

(e) That the Documents constitute an integrated agreement between the parties to those agreements with respect to the matters contained therein and that the same constitute and evidence all of the agreements and understandings between the parties thereto with respect to the matters contained therein and that there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of the Documents;

(f) That Owner owns good and indefeasible interests in the real and personal property described in the Documents which are purported to be owned by it;

(g) That District and Underwriter have complied with any requirement of good faith, fair dealing and conscionability and have acted in good faith and in a commercially reasonable manner without notice of any defense against enforcement of any rights created by the Documents;

(h) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(i) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents and

(j) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the transactions contemplated by the Owner Documents or any of the property within the District.

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

1. The Owner is a corporation, duly incorporated and validly existing under the laws of the State of Delaware and duly authorized to transact business in the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by, the Owner Documents.

2. The Owner has taken all actions necessary to be taken by it or in its behalf to authorize (i) the execution, delivery and performance by the Owner of the Owner Documents and (ii) the carrying

out, giving effect to and consummation of the transactions contemplated thereby.

3. The Owner Documents have been duly and validly authorized, executed and delivered by the Owner and the same are in full force and effect as of the date hereof and are the valid and legally binding obligations of the Owner, enforceable against the Owner in accordance with their respective terms.

4. The execution and delivery by the Owner of the Owner Documents and the consummation of the transactions contemplated thereby (a) do not and will not result in a violation of any provision of, or in default under, the organizational documents of the Owner or (b) to our knowledge, (i) any agreement or other instrument to which the Owner is a party or by which it or its properties are bound or (ii) conflict with any statute, rule, regulation, judgment, order or other governmental action or decree to which the Owner or its properties are subject which, in any of the above cases, would materially and adversely affect the business, properties, assets, liabilities or condition (financial or otherwise) of the Owner.

5. To our knowledge, all material actions necessary to be taken by the Owner have been taken, and no additional material approval, authorization, consent or other order of the Owner or any other public board or body that has jurisdiction over the Owner is legally required to allow the Owner to execute and deliver and consummate the transactions contemplated by the Owner Documents or to conduct the business of the Owner as presently being conducted and as described in the Limited Offering Memorandum, except for such actions, approvals, authorizations, consents and orders that the Owner would expect to obtain in the ordinary course of its business, provided that no opinion is hereby expressed as to the compliance of the offer and sale of the Bonds with any securities law or regulation or any consents, approvals, authorizations or other action by the Town or the District.

6. To our knowledge, the Owner is not in violation of any provision of, or in default under, its organizational documents or any agreement or other instrument, violation of or default under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Owner.

7. To our knowledge, there are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Owner is a party or of which any property of the Owner is subject, except as

described in the Limited Offering Memorandum, which, if determined adversely to the Owner would individually or in the aggregate (i) have a material adverse effect on the financial condition or results of operations of the Owner and its affiliates considered as a whole, (ii) materially and adversely affect the validity or the enforceability of the Owner Documents, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Owner Documents or (iv) materially and adversely affect the transactions contemplated by the Limited Offering Memorandum to be engaged in by the Owner.

8. To our knowledge, the information contained in the Limited Offering Memorandum under the headings "THE PUBLIC INFRASTRUCTURE," "LAND DEVELOPMENT," "THE OWNER" and "RISK FACTORS" taken as a whole and to the extent it is applicable to the Owner does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our review of the Limited Offering Memorandum, we have not undertaken to determine independently the accuracy, completeness or fairness of the other statements contained therein, except as and to the extent provided in this paragraph, and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, on the basis of such review, nothing has come to our attention to lead us to believe that the Limited Offering Memorandum (except for the financial information and notes thereto and the schedules and other financial or statistical data included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

The phrase "to our knowledge" means the actual knowledge of all of the attorneys in this firm, including attorneys having knowledge as a result of a review of documents referenced in the sections of the Limited Offering Memorandum described in numbered paragraph 8 hereinabove and attorneys having knowledge as a result of conferences with officers and other representatives of the Owner, at which conferences the information and related matters were discussed; provided, however, that with respect to numbered paragraph 8 hereinabove, such knowledge is limited to those attorneys of the firm who have worked on the transactions contemplated by the Owner Documents. Where statements in this opinion are qualified by the term "material" or "materially," those statements involve judgments and opinions as to the materiality or lack of materiality of any matter to

the Owner or its business, assets, or financial condition that are entirely those of the Owner and its officers, after having been advised by us as to the legal effect and consequences of such matters.

The opinions expressed herein are subject to the following qualifications:

(i) Enforceability of the Owner Documents may be limited by bankruptcy, insolvency, fraudulent transfer, fraudulent conveyance, reorganization, moratorium, arrangement, or laws or court decisions affecting the enforcement of creditors' rights generally.

(ii) Enforceability of certain rights and remedies in the Owner Documents may be restricted by the doctrines of waiver, estoppel, election of remedies, commercial reasonableness, the implied covenant of good faith and fair dealing or by the application of other equitable principles, whether remedies are sought in equity or at law. Without limiting the generality of the foregoing, we note specifically that such principles of equity are of general application, and in applying such principles an Arizona State Court or a Federal District Court for the State of Arizona, among other things (i) might not allow acceleration of the maturity of a debt upon the occurrence of a default deemed immaterial; (ii) might require the other parties to the Indemnity Agreement to act with reasonableness and in good faith; or (iii) might apply its discretion in granting specific performance, injunctive relief or other equitable remedies. The opinion on enforceability is limited to enforcement in courts in the State of Arizona.

(iii) Certain waivers, procedures, remedies, indemnities and other provisions of the Owner Documents may be unenforceable under or limited by Arizona law; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Owner Documents if the other party(ies) act in good faith and in a commercially reasonable manner in accordance with the requirements of applicable law, except for the economic consequences of any procedural delay.

(iv) The qualification that any matter stated in general terms herein shall be limited by any less general or any more specific statement on such matter as may also be contained herein; and

(v) The qualification that in rendering the opinions set forth herein, we do not purport to express any opinion on the financial capability or condition of Owner or its financial ability to perform under the Documents.

We are expressing no opinion as to:

(a) The effect on enforceability of the Owner Documents of any covenants that might be implied under the doctrine of good faith and fair dealing;

(b) The enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or willful misconduct of any party (other than the Owner) or the failure of any party (other than the Owner) to act in a commercially reasonable manner;

(c) The enforceability of any indemnity or contribution provision with respect to any claims or other matters relating to or arising under federal or state securities laws, as they may be held to violate public policy;

(d) The applicability or effect of any registration or qualification with respect to the federal securities law or the securities laws or "blue sky" laws of any state;

(e) The title or the priority of any lien or security interest created by the Owner Documents or with respect to the Bonds and

(f) The applicability or effect, if any, if any building codes or zoning ordinances or the laws or regulations of any municipality.

We are qualified to practice law only in the State of Arizona and we do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona and [the corporate law of the State of Delaware - if applicable]. With respect to such law, our opinions are as to what the law is or might reasonably be expected to be at the date hereof, and we assume no obligation to revise or supplement this opinion due to any change in the law by legislative action, judicial decision or otherwise. We do not render any opinion with respect to any matters other than those expressly set forth above.

The opinions contained herein are solely for the benefit of the addressee. Accordingly, it may not be relied upon by, filed with or furnished or delivered to or quoted in any manner to any other person or entity, or referred to in any financial statement, report or related document, without, in each instance, our prior written consent.

Furthermore, we hereby consent to the references made to this firm in the Limited Offering Memorandum.

Respectfully submitted,

EXHIBIT C

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

September 23, 2004

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: $2,050,000 Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

This opinion is rendered pursuant to the Purchase Contract, dated September 15, 2004 (the "Purchase Contract"), by and between Sundance Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "District") and RBC Dain Rauscher Inc. (hereinafter referred to as the "Underwriter"), relating to the purchase by the Underwriter from the District of its $2,050,000 Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (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 (hereinafter referred to as the "Limited Offering Memorandum"). We also have examined originals, or copies certified or otherwise identified to our satisfaction, of other documents, resolutions, instruments, records, certificates and opinions, have reviewed other laws and information and have made investigations, as we have considered necessary or appropriate, for the purpose of rendering this opinion.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigations pertaining to, and your participation in the preparation of, the Limited Offering Memorandum. 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 and the Owners and Stonebridge (as such terms are defined

in the Limited Offering Memorandum) 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 hereinabove and without having undertaken to verify independently that accuracy, completeness or fairness, nothing has come to our attention which leads us to believe that the 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 such statements were made, not misleading. Reference in this paragraph to the Limited Offering Memorandum does not include the information contained in the Limited Offering Memorandum on the cover thereof, under the headings "INTRODUCTORY STATEMENT," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS," "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "LAND DEVELOPMENT," "THE OWNER," "RISK FACTORS," "TAX EXEMPTION," "CONTINUING DISCLOSURE" and "RELATIONSHIPS AMONG PARTIES" therein and in Appendix B - "FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL," Appendix C - "FORMS OF INVESTOR LETTERS," Appendix D - "APPRAISAL," Appendix E - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" thereto nor the financial information or other technical or statistical data included in the Limited Offering Memorandum or its Appendices, as to all of which we express no opinion.

Respectfully submitted,

EXHIBIT D

CONSENT OF BURKE HANSEN, INC.

Burke Hansen, LLC hereby consents to the inclusion in the Limited Offering Memorandum related to the sale of Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 of the Appraisal prepared by Burke Hansen, LLC and addressed to Sundance Community Facilities District (Town of Buckeye, Arizona), dated April 21, 2004, and further represents and warrants that such Appraisal is true and correct in all respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading, and no event affecting such Appraisal has occurred since the date of such 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.

BURKE HANSEN, LLC

By.....

Dated: September 23, 2004

ATTACHMENT I

OWNER INDEMNITY LETTER (DIETZ CRANE)
FOR
$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2004

September 15, 2004

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

District Board
Sundance Community Facilities
District (Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: $2,050,000 Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

This Indemnity Letter is delivered by D. R. Horton, Inc.-Dietz Crane, a Delaware corporation (hereinafter referred to as the "Owner"), in order to induce RBC Dain Rauscher Inc. (hereinafter referred to as the "Underwriter") and Sundance Community Facilities District (hereinafter referred to as the "District"), to enter into the Purchase Contract, dated September 9, 2004 (hereinafter referred to as the "Purchase Contract"), related to the sale and purchase by the Underwriter and District of the captioned Bonds (hereinafter referred to as the "Bonds"). Terms that are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Owner represents and warrants to the Underwriter that:

(a) The Owner is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Limited Offering Memorandum, the information in the Preliminary Limited Offering Memorandum under the headings "SECURITY FOR AND SOURCES OF PAYMENT - Special Assessment Amounts and Land Values," "THE PUBLIC INFRASTRUCTURE," "LAND DEVELOPMENT," "THE OWNER" and "RISK FACTORS", taken as a whole, is true and correct in all material respects for the purposes for which its use is or was authorized, and such information does not include any

untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein in light of the circumstances under which they are or were made, not misleading.

(c) Neither the execution or delivery of this Indemnity Letter, the Waiver Agreement, the Continuing Disclosure Undertaking to be dated of even date with the initial issuance and delivery of the Bonds, and the Dissemination Agency Agreement dated as of September 1, 2004 by and between the Owner and RBC Dain Rauscher Inc. (hereinafter referred to as, collectively, the "Owner Documents"), nor the consummation of any of the transactions herein and therein contemplated, nor the fulfillment of, or compliance with, the terms hereof or thereof, contravenes the organizational documents of the Owner or conflicts with or results in a breach by the Owner of any of the terms, conditions or provisions of, or constitute a default by the Owner under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Owner is a party or by which it is bound or to which any of the property or assets of the Owner is subject, or any law or any order, rule or regulation applicable to the Owner of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Owner or any of its properties or operations, or will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Owner under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation, in each case which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Owner taken as a whole.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best knowledge of the Owner, threatened against the Owner wherein an adverse decision, ruling or finding would (i) result in any material adverse change in the condition (financial or otherwise), results of operations, business or prospects of the Owner, or which would materially and adversely affect the properties (taken as a whole) of the Owner, taken as a whole, and which has not been disclosed in the Preliminary Limited Offering Memorandum as of its date, (ii) materially adversely affect the transactions contemplated by the Purchase Contract or the Owner Documents or (iii) adversely affect the validity or enforceability of the Owner Documents against the Owner.

(e) The Owner has the full power and authority to execute and deliver the Owner Documents and perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Purchase Contract and the Owner Documents, and the Owner Documents have been duly authorized by the Owner and, when executed will constitute valid, binding and enforceable obligations of the Owner except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and general principles of equity and except as the indemnification provisions hereof may be limited by applicable securities laws or public policy.

(f) No consent, approval, authorization or other action by any governmental or regulatory authority that has not been obtained is or will be required for the consummation by the Owner of the transactions contemplated by the Purchase Contract and the Owner Documents; provided that no representation is made as to the compliance of the offer and sale of the Bonds with any securities law or regulation or any consents, approvals, authorizations or other action by the Town or the District.

2. To the extent permitted by law, the Owner shall indemnify and hold harmless the Underwriter and each director, trustee, partner, member, officer, official or employee thereof and each person, if any, who controls the Underwriter within the meaning of the Securities Act of 1933, as amended (the Underwriter and any such person being herein called

an "Underwriter Indemnified Party") and the District and each director, trustee, partner, member, officer, official or employee thereof and each person, if any, who controls the District within the meaning of the Securities Act of 1933, as amended (the District and any such person being herein called a "District Indemnified Party" and, together with each Underwriter Indemnified Party, the "Indemnified Parties"), for, from and against any and all losses, claims, damages or liabilities, several as to the Underwriter Indemnified Parties, but joint or several as to the District Indemnified Parties, (i) to which any such Indemnified Party may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact set forth in the information identified in Section 1(b) above in the Limited Offering Memorandum or any amendment or supplement thereto, taken as a whole, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such section(s) or which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, except such indemnification shall not extend to any other statements in the Limited Offering Memorandum and (ii) with respect to a District Indemnified Party only, to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened to the extent arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of the Owner (which consent shall not be unreasonably withheld).

An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Owner, notify the Owner in writing of the commencement thereof. Failure of the Indemnified Party to give such notice will reduce the liability of the Owner by the amount of damages attributable to the failure of the Indemnified Party to give such notice to the Owner, but the omission to notify the Owner of any such action shall not relieve the Owner from any liability that it may have to such Indemnified Party otherwise than under this Section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Owner of the commencement thereof, the Owner may, or if so requested by such Indemnified Party shall, participate therein or assume the defenses thereof, with counsel reasonably satisfactory to such Indemnified Party and the Owner (it being understood that, except as hereinafter provided, the Owner shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the Owner to such Indemnified Party of an election so to assume the defenses thereof, the Owner will not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that unless and until the Owner assumes the defense of any such action at the request of such Indemnified Party, the Owner shall have the right to participate at its own expense in the defense of any such action. If the Owner shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to the Owner (in which case the Owner shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, reasonable legal and other necessary expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the Owner.

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

4. This letter is solely for the benefit of the Underwriter and the District and its successors or assigns, and, to the extent provided in paragraph 2 hereof, each Indemnified Party, and no other person shall acquire or have any right under or by virtue hereof. The terms "successors" and "assigns" as used in this letter shall not include any purchaser, as such purchaser, from the Underwriter of the Bonds.

5. The Owner hereby consents to the references made to the Owner in the Limited Offering Memorandum.

Respectfully submitted,

D.R. HORTON, INC.-DIETZ CRANE, a Delaware corporation

By:_____
Printed Name: Donald J. Tomnitz
Title: President

By:_____
Printed Name: Philip J. Polich
Title: Division President

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

REQUEST AND AUTHORIZATION TO THE TRUSTEE TO AUTHENTICATE AND DELIVER THE BONDS

TO: Wells Fargo Bank, N.A., as Trustee
Phoenix, Arizona

With reference to the issue of the above-captioned Bonds (the "*Bonds*"), and pursuant to Section 3.3 of the Indenture of Trust and Security Agreement dated as of September 1, 2004 (the "*Indenture*"), by and between Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*") and Wells Fargo Bank, N.A., as Trustee (the "*Trustee*"), the Issuer has caused the Bonds to be delivered to you for authentication and delivery to, or on the order of, RBC Dain Rauscher Inc. (the "*Underwriter*") against payment therefor, all in accordance with the following instructions:

1. You are hereby directed to authenticate the Bonds which are in the form of a single registered bond for each maturity date and mandatory redemption amount in the aggregate principal amount of $2,050,000 to purchasers executing and delivering to you the investor letter in the form set forth in the Indenture.

2. You are to deliver the Bonds to, or on the order of, said Underwriter upon receipt by you, and in a form satisfactory to you, of payment for the account of the Issuer of $1,988,500.00 (representing the par amount of the Bonds less Underwriter's compensation of $61,500.00), being the amount received for the Bonds.

3. Upon receipt of the amounts described in 2 above, you shall disburse the proceeds in the manner set forth in Section 5.9 of the Indenture.

Dated: September 23, 2004

SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By _____
Chairman

SWR:gmh 543711 09/15/04

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

CERTIFICATE AND RECEIPT OF TRUSTEE

The undersigned, an authorize representative of Wells Fargo Bank, N.A., as trustee (the "*Trustee*") under the Indenture of Trust and Security Agreement dated as of September 1, 2004 (the "*Indenture*"), by and between Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and the Trustee hereby certifies that:

1. The Trustee is existing under and by virtue of the laws of the United States of America and is duly qualified to do bank and trust business in the State of Arizona, and in all jurisdictions where the nature of its operations as contemplated by the Indenture legally requires such qualification and has the corporate power to take all action required or permitted of it under the Indenture and the above-referenced Bonds.

2. By all necessary action, the Trustee has authorized the execution, delivery and due performance by it of the Indenture, and the authentication and delivery by it of the Bonds and such other agreements and documents as may be required to be executed, delivered and performed in order to consummate the transactions contemplated by the Indenture and the Bonds.

3. To the best knowledge of the undersigned, there is no litigation against the Trustee pending or threatened in any court nor is there any proceeding, inquiry or investigation affecting the Trustee before or by any public board or body, either pending or overtly threatened, calling into question the Trustee's role or the performance of its role, in the transactions contemplated by the Bonds and the Indenture.

4. Pursuant to the provisions of the Indenture, the Trustee has authenticated $2,050,000 principal amount of the Bonds, in the form of one registered Bond maturing on July 1, 2029.

5. The Trustee delivered the Bond so authenticated on the date hereof to, or to the order of, RBC Dain Rauscher Inc. (the "*Underwriter*") registered in the name of purchasers who execute and deliver the investor letter in the form set forth in the Indenture.

6. The Trustee received from the developer the sum of $10,000.00 (representing the prepayment of assessments) and $1,988,500.00 from the Underwriter, as the purchaser of the Bonds (representing the par amount of the Bonds less Underwriter's compensation of $61,500.00) and deposited the following amounts to the funds created by the Indenture in accordance with the terms thereof:

FUND OR ACCOUNT	AMOUNT
Bond Fund	$ 0
Reserve Fund	93,187.50
Issuance and Expense Fund	160,826.50
Acquisition and Construction Fund	1,744,486.00
Total:	$1,998,500.00

7. Attached hereto as *Exhibit A* is a true, complete and correct copy of a resolution of the Trustee demonstrating the authority of the undersigned to act on behalf of the Trustee. Said resolution was in effect on the date or dates that the said officer acted and it remains in full force and effect on the date hereof.

8. The Bonds were authenticated by one of the persons indicated on *Exhibit B* which is attached hereto, who held, at the time of such authentication, and now hold the offices indicated on *Exhibit B* and were and are duly authorized to authenticate the Bonds and execute all documents relating to the Bonds on behalf of the Trustee.

9. The signatures appearing on *Exhibit B* are the true and lawful signatures of the persons listed thereon, and that the signatures appearing on the Bonds constitutes the true and lawful signature of the signer described in paragraph 8 hereof.

Dated: September 23, 2004

WELLS FARGO BANK, N.A.

By: Nancy L Eaton
Its: A.V.P

SWR:gmh 543706 09/17/04

WELLS FARGO

Wells Fargo Bank, N.A.
Corporate Trust Services

Certified Copy of General Signature Resolution Relating to Execution of Written Instruments

I, Brad Stevenson, an Assistant Secretary of Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America (the "Bank"), hereby certify that:

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 that no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate, and that the resolutions remain in full force and effect on the date hereof:

RESOLVED, that agreements, instruments, or other documents, including amendments and modifications thereto, relating to or affecting the property or business and affairs of the Bank, whether acting for its own account or in a fiduciary or other representative capacity, may be executed in its name by the persons hereinafter authorized;

FURTHER 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;

A. Executive Officers

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President and any Executive Officer of the Bank, acting alone, may execute agreements, guaranties, instruments or other documents which such officer may deem necessary, proper or expedient to the conduct of the business of the Bank;

B. Vice Presidents and Above

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President and any Vice President, acting alone, may execute on behalf of the Bank:

Deeds, leases, assignments, bills of sale, purchase agreements and other instruments of conveyance to purchase, sell, lease or sublease to or from a third party real property, or any interest therein, for the Bank's own account; provided, however, that such agreements, instruments and other documents may also be signed as hereinafter provided with respect to real property acquired by the Bank in connection with collateral for a loan.

Bonds of indemnity and powers of attorney; provided, however, that proxies to vote stock in a corporation or to vote other interests in other legal entities and stock and bond powers may also be signed as hereinafter provided.

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:

* * *

Receipts for any funds or other property paid or delivered to the Bank.

EXHIBIT A

Guaranties of signatures, whether appearing as endorsements of bonds, certificates of stock, or other securities, including without limitation medallion guaranties provided in connection with a medallion stamp, or otherwise.

* * *

Agreements and proposals to provide services to or receive services from third parties.

* * *

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.

* * *

FURTHER RESOLVED, that the signature of the Secretary or of any Assistant Secretary of the Bank shall be required to certify any resolution adopted by the Board of Directors of the Bank or any committee thereof, the incumbency, title or signature of any officer of the Bank and any designation of authority under these resolutions or otherwise, and the Secretary or any Assistant Secretary of the Bank may also certify any records or other documents created in the ordinary course of the business of the Bank.

I further certify that on Sept 23, 2004, the following named person is/was a duly appointed, qualified and acting Signing Officer of Wells Fargo Bank, N.A., that their correct title and genuine signature appears beside their name, and that on said date they were duly authorized to act on behalf of the Bank as set forth in the foregoing resolution:

Name	Title	Signature
Nancy L. Eatros	Assistant Vice President	Nancy L Eatros
Kathleen Jakubowicz	Assistant Vice President	Kathleen Jakubowicz
Eunice B. Ortega	Assistant Vice President	Eunice B Ortega
Brenda D. Black	Vice President	[illegible]

IN WITNESS WHEREOF, I have hereunto signed my name this 23 day of September, 2004

Brad Sauer
Assistant Secretary

* * * Redacted [Indicates portions of the resolutions have intentionally been omitted because the sections are not relevant to the transaction for which this certification has been requested.]

EXHIBIT B

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

RECEIPT FOR BONDS

On behalf of the purchasers of the $2,050,000 principal amount Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (the "*Bonds*"), the undersigned hereby acknowledges receipt of all such Bonds on the date set forth in this receipt.

DATED: September 23, 2004

RBC DAIN RAUSCHER INC.

By Shawn Drake
Its Managing Director

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

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

The undersigned (the "*Purchaser*") understands that for purposes of the arbitrage restrictions and other requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations (collectively, the "*Code*"), it is necessary for the issuer to determine the "yield" on the captioned bonds (the "*Bonds*") in order to be in a position to take steps to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes under the Code. The term "yield" in this context means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest on the issue produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of the issue date. In determining the yield on the Bonds, aggregate issue price of the Bonds is the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity (i.e., at least ten percent (10%) of such maturity) are reasonably expected to be sold. In the case of maturities sold to bond houses or broker, the Purchaser has obtained from such entity the initial offering prices to the public at which a substantial of Bonds of the applicable maturity were expected to be sold. Accordingly, the issuer and bond counsel need to be informed by the Purchaser as to the initial offering price of the Bonds to the public.

Therefore, the Purchaser certifies that a bona fide public offering of the Bonds for purposes of the Code has been made and the initial offering price of the Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of Purchasers or wholesalers) at which a substantial amount of the Bonds of that maturity (i.e., at least ten percent (10%) of such maturity) were reasonably expected to be sold as of September 15, 2004, is as follows:

Payment Dates of Term Bond (July 1)	Par Amount	Offering Price	Total for Maturity
2007	$ 50,000	100.00%	$ 50,000
2008	50,000	100.00%	50,000
2009	50,000	100.00%	50,000
2010	50,000	100.00%	50,000
2011	50,000	100.00%	50,000
2012	50,000	100.00%	50,000
2013	50,000	100.00%	50,000
2014	75,000	100.00%	75,000
2015	75,000	100.00%	75,000
2016	75,000	100.00%	75,000
2017	75,000	100.00%	75,000
2018	75,000	100.00%	75,000
2019	75,000	100.00%	75,000
2020	100,000	100.00%	100,000
2021	100,000	100.00%	100,000
2022	100,000	100.00%	100,000
2023	100,000	100.00%	100,000
2024	125,000	100.00%	125,000
2025	125,000	100.00%	125,000
2026	125,000	100.00%	125,000
2027	150,000	100.00%	150,000
2028	150,000	100.00%	150,000
2029	175,000	100.00%	175,000

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

Based upon the purchase price so certified, the undersigned hereby certifies that the yield on the Bonds is at least 6.5013%.

DATED: September 23, 2004.

RBC DAIN RAUSCHER INC.

By Shawn Malu

SWR:gmh 543712.2 09/20/04

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

CERTIFICATE OF UNDERWRITER RE:
QUALIFIED INSTITUTIONAL BUYER

The undersigned, on behalf of RBC Dain Rauscher Inc., underwriter of the above-referenced Bonds (the "*Underwriter*"), certifies and agrees as follows:

1. The Underwriter is purchasing all of the captioned bonds which is issued as one term bond (hereinafter referred to as the "*Bonds*"), such Bonds being in the original aggregate principal amount of $2,050,000 and has executed and delivered an investor letter to the Trustee as required by the investor letter attached to the Bonds.

2. The Underwriter assumes all responsibility for complying with any applicable federal and state securities laws in such regard.

3. The Underwriter acknowledges that it is a "qualified institutional buyer" as defined in Rule 144A of the general rules and regulations of the Securities and Exchange Commission under the Securities Act of 1933, as amended, or an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission.

4. The Underwriter reoffered and sold the Bonds: (i) in authorized denominations of $25,000 or more, and (ii) only to persons who purchased not less than $100,000 principal amount of the Bonds and who are "qualified institutional buyers" as defined in Rule 144A of the general rules and regulations of the Securities and Exchange Commission under the Securities Act of 1933, as amended, or "accredited investors" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission, who, the Underwriter believes, meet the requirements and understand the conditions set forth in the investor letter attached to the Bonds.

5. The undersigned understands that the Bonds: (i) are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service, (v) are not likely to be readily marketable, and (vi) are exempt from the terms and provisions of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934.

Dated: September 23, 2004

RBC DAIN RAUSCHER INC.

By: Shawn Drake
Its: Managing Director

REGISTERED
No. R-1

REGISTERED
$2,050,000

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

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER-DEALER (1) IN MINIMUM AUTHORIZED DENOMINATIONS OF $100,000 OR MORE TO A "SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL" OR (2) TO A "QUALIFIED INVESTOR" UPON RECEIPT BY THE TRUSTEE OF THE "CERTIFICATE OF QUALIFIED INVESTOR" IN THE FORM INCLUDED IN THIS BOND. THE TERMS "SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL" AND "QUALIFIED INVESTOR" SHALL HAVE THE MEANINGS SET FORTH IN THEIR RESPECTIVE FORMS OF CERTIFICATES INCLUDED IN THIS BOND.

UNITED STATES OF AMERICA
STATE OF ARIZONA

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP NO.:
6.50%	July 1, 2029	September 23, 2004	867242 AF 6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION, FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($2,050,000.00)

Sundance Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (herein referred to as the "*Holder*"), on the "*Maturity Date*" specified above, the "*Principal Amount*" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "*Original Issue Date*" specified above, or from the most recent "*Interest Payment Date*" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is deemed in the hereinafter described "*Indenture*"), semiannually on each January 1 and July 1, commencing January 1, 2005 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

As provided in the Indenture hereinafter referred to, the interest so payable on any Interest Payment Date shall be paid to the Holder in whose name this Bond (or one or more Predecessor Bonds evidencing the same debt) is registered in the Bond Register at the close of business on the "Regular Record Date" therefor, which shall be the fifteenth (15th) day (whether or not a Business Day) of the calendar month immediately preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and shall be paid to the Person in whose name this Bond (or one or more such Predecessor Bonds) is registered at the close of business on a "*Special Record Date*" for the payment of such defaulted interest to be fixed by the Trustee (as such term is hereinafter defined) in accordance with the Indenture, notice whereof being given to the Holder hereof not less than 10 days prior to such Special Record Date. All such interest shall be payable at the agency of the Issuer for such purpose (herein referred to as the "*Paying Agent*"), which shall initially be the designated corporate trust office of Wells Fargo Bank, National Association (hereinafter referred to as the "*Place of Payment*"), by check mailed on or before the Interest Payment Date to the Holder at the address specified in the Bond Register as of the Regular Record Date or Special Record Date, as the case may be, or pursuant to customary arrangements made by such Holder acceptable to the Paying Agent. Additionally, payment may also be made by wire transfer to DTC or to any Bondholder (other that DTC) owning an aggregate principal amount of at least $1,000,000 upon twenty (20) days' prior written request delivered to the Paying Agent by such Bondholder specifying a wire transfer address in the United States of America. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in writing delivered by the Holder to the Paying Agent, any such rescission or change must be received by the Paying Agent at least twenty (20) days prior to the next applicable Interest Payment Date. The principal and Redemption Price (as such term is defined in the Indenture) of this Bond are payable at the principal corporate trust office of the Paying Agent in the Place of Payment, upon presentation and surrender of this Bond. No document of any nature need be surrendered as a condition to payment of principal of or interest on Book Entry Bonds.

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

The Bonds are subject to optional, special and mandatory redemption as provided on the reverse hereof.

Words with initial capitals shall have such meanings set forth in the Indenture, unless otherwise defined herein.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE ISSUER, THE TOWN OF BUCKEYE, ARIZONA, MARICOPA COUNTY, ARIZONA OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the Issuer having the designation specified in its title (herein referred to as the "*Bonds*"), issued in one series, with the limitations described herein, pursuant to an Indenture of Trust and Security Agreement, dated as of September 1, 2004 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, National Association, as trustee (herein referred to as the "*Trustee*," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. Pursuant to Resolution No. 12-04, adopted on August 3, 2004 (herein referred to as the "*Bond Resolution*"), the Board of the Issuer authorized the issuance and sale of not to exceed $2,065,000 aggregate principal amount of Bonds for the purpose of financing the costs of acquiring and constructing certain public infrastructure, including particularly the acquisition and/or construction by the Issuer of the improvements and public infrastructure purposes (the "*Improvements*") described in Resolution No. 09-04 which was adopted by the Board of the Issuer on July 20, 2004.

The Bonds are limited obligations of the Issuer payable only out of the special fund to be collected from special assessments (the "*Assessments*") levied only against the lots or parcels of land fronting on or benefited by the Improvements (the "*Assessed Property*"). The Assessed Property represents approximately 138 acres of the District. Said special fund is set apart in accordance with the laws of the state and pursuant to the Indenture for the payment of the Bonds and can be used for no other purpose.

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

The Bonds are issuable as fully registered bonds only in the denominations of $100,000 and any $1,000 multiple in excess thereof in the case where the Holder of the Bonds is a Sophisticated Municipal Market Professional, or $25,000 and any $1,000 multiple in excess thereof in the case where the Holder of the Bonds is a Qualified Investor; provided, however, that under certain conditions hereafter set forth, the Bonds may be transferred and exchanged for Bonds in the denominations of $1,000 and any integral multiples thereof. Bonds may be issued in denominations of $1,000 or any integral multiple thereof from and after such time as the Trustee receives proof of either (a) a rating of "A" or better on the Bonds from a nationally-recognized rating agency; (b) evidence that the principal and interest payments on the Bonds are insured by an insurance company that is rated in one of the top two investment grades; or (c) a resolution of the Issuer stating that the ratio of the value of each of the then assessed parcels of real property to the outstanding principal amount of the Bonds and any other assessment bonds allocated to each assessed parcel is at least six (6) to one (1).

The Bonds are subject to special redemption prior to maturity, in whole on any date or in part on any Interest Payment Date, and if in part randomly in a manner determined by the Trustee, at a Redemption Price of 100% of the unpaid principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent moneys are received by the Issuer as a result of any one or more of the following events: (i) on or after the Completion Date of the Improvements, moneys are transferred from the Acquisition and Construction Fund to the Prepayment Account of the Bond Fund; or (ii) the receipt by the Issuer of proceeds from any foreclosure sale of any assessed real property due to a failure to pay an assessment installment, if and to the extent that the foreclosure sale proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

The Bonds are subject to special optional redemption prior to maturity, in whole on any date or in part on any Interest Payment Date and if in part by lot in a manner determined by the Trustee, at a Redemption Price of 100% of the principal amount without premium, together with accrued interest to the date of redemption; if and to the extent moneys are received by the Issuer as a result of: (i) the prepayment of any Assessment, if any, by the owner of any assessed real property and the deposit of such prepayment amounts to the Prepayment Account of the Bond Fund; (ii) the transfer of moneys from the Reserve Fund established for the Bonds: (a) which are in excess of the Reserve Fund Requirement or (b) are sufficient to pay and redeem all of the outstanding Bonds, together with any premium and accrued interest thereon.

The Bonds are subject to optional redemption on or after July 1, 2014, at the option of the Issuer, in whole on any date or in part on any Interest Payment Date, upon payment of the Redemption Price of 100% of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without premium.

The Bonds will be subject to mandatory (sinking fund) redemption on the following Redemption Dates and in the following (sinking fund) amounts upon payment of the Redemption Price, which will consist of the principal amount of the Bonds so redeemed plus accrued interest on the Bonds so redeemed from the most recent Interest Payment Date to the applicable Redemption Date but without premium.

Year	Principal Amount
2007	$ 50,000
2008	50,000
2009	50,000
2010	50,000
2011	50,000
2012	50,000
2013	50,000
2014	75,000
2015	75,000
2016	75,000
2017	75,000
2018	75,000
2019	75,000
2020	100,000
2021	100,000
2022	100,000
2023	100,000
2024	125,000
2025	125,000
2026	125,000
2027	150,000
2028	150,000
2029 (maturity)	175,000

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

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

As long as Bonds are required to be in Authorized Denominations of $100,000 or $25,000, as applicable, or more, Bonds of a denomination larger than $25,000 may be redeemed in part (in integral multiples of $1,000) and upon any partial redemption of any such Bond the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds in authorized form and Authorized Denominations for the unredeemed portion of principal. If Bonds are eligible to be in Authorized Denominations of less than $25,000, Bonds may be redeemed in integral multiples of $1,000 and the unredeemed portion of principal may be less than $25,000. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected not more than sixty (60) days prior to the Redemption Date by the Trustee, as nearly as practicable, from Bonds of each maturity in the same proportion as the outstanding principal amount of Bonds of that maturity bears to the total outstanding principal amount of all Bonds of all maturities, and by lot within each maturity, and, if the authorized denominations are $100,000 or $25,000, as applicable, or more, the Trustee may provide for the selection for redemption of portions (in integral multiples of $1,000 thereof) of the principal of Bonds of a denomination larger than $100,000 or $25,000, as applicable.

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Bond Resolution and the Indenture at any time by the Issuer with the consent of the Holders of a majority in principal amount of the Bonds at the time Outstanding affected by such modification.

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

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees. Notwithstanding any other provision of this Bond to the contrary, but except as otherwise provided in Section 3.04(B)(2) of the Indenture, this Bond is nontransferable unless the transferee or transferees are Sophisticated Municipal Market Professional's or Qualified Investors and such Qualified Investors provide the Trustee a completed certificate of qualified investor in the form included in this Bond.

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

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

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

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

SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By

Chairman

ATTEST:

District Clerk

Dated: September 23, 2004

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This is the Bond referred to in the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By_____
Authorized Representative

DATE: September 23, 2004

FORM OF ASSIGNMENT

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

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

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

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

ASSIGNMENT

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

_____

_____

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

DATED: _____

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

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

SPECIMEN

"CERTIFICATE OF QUALIFIED INVESTOR"

TO: Sundance Community Facilities District (Town of Buckeye, Arizona)
c/o Wells Fargo Bank, National Association, as Trustee

Re: Sundance Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 3
Special Assessment Revenue Bonds, Series 2004

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in the case the bonds are held by a securities depository, not less than $25,000 aggregate principal amount of the captioned bonds (hereinafter referred to as the "*Bonds*"), such Bond 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 an intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of September 1, 2004 (the "*Indenture*"), from the captioned District (hereinafter referred to as the "*Issuer*") to the captioned Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor (as defined below), purchase not less than $25,000 aggregate principal amount of the Bonds and must sign a letter in the form of this letter.

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

(i) a "qualified institutional buyer", as such term is defined in Rule 144A, of the Securities Act of 1933, as amended (the "Securities Act"); or

(ii) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission; or

(iii) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i) 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 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 Qualified Investor 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 Qualified Investor 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 Qualified Investor acknowledges that it is experienced, knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The Qualified Investor is not relying on the Issuer or the Town of Buckeye, Arizona (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 Qualified Investor 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 Qualified Investor acknowledges that the Qualified Investor has either been supplied with or has had access to the information, including the preliminary limited offering memorandum, the financial statements, the appraisal and other financial information received from the respective developers of the assessed land. The Qualified Investor 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 Qualified Investor requested, any other information, or to ascertain the accuracy or completeness of the appraisal and any other information that may have been furnished by the developer or any other third party.

8. 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.

QUALIFIED INVESTOR:

Name:_____

Printed Name:_____

SPECIMEN

"CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL"

TO: SUNDANCE COMMUNITY FACILITIES DISTRICT

c/o Wells Fargo Bank, National Association, as Trustee

Re: Sundance Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 3
Special Assessment Revenue Bonds, Series 2004

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, for the purpose of investment and not with an intent for distribution or resale.

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

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

4. The undersigned acknowledges that it received the Limited Offering Memorandum dated September 15, 2004 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.

Name:_____

Printed Name:_____

By:_____

Its:_____

SPECIMEN

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

SUNDANCE COMMUNITY FACILITIES DISTRICT (Town of Buckeye, Arizona)
[Name of Issuer]

September 13, 2002
[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____

DTCC

The Depository Trust & Clearing Corporation

Very truly yours,

SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)
(Issuer)

By: Joe Blanton
(Authorized Officer's Signature)

Joe Blanton, District Manager
(Print Name)

100 North Apache, Suite A
(Street Address)

Buckeye, Arizona Maricopa 85326
(City) (State) (Country) (Zip Code)

(623) 386.4691
(Phone Number)

jblanton@buckeyeaz.org
(E-mail Address)

(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.

REPRESENTATION FOR SECURITIES WITH PURCHASE RESTRICTION

Issuer and Agent recognize that DTC does not in any way undertake to, and shall not have any responsibility to, monitor or ascertain the compliance of any transactions in the Securities with any exemptions from registration under the Securities Act of 1933, the Investment Company Act of 1940, or of any other state or federal securities laws (including any mechanism designed to assure such compliance, such as a purchaser's letter). Issuer and Agent acknowledge that: a) so long as Cede & Co. is the sole record owner of the Securities, it shall be entitled to all voting rights in respect thereof and to receive the full amount of all principal, premium, if any, and interest payable with respect thereto; and b) DTC shall treat any DTC Participant having Securities credited to its DTC accounts as entitled to the full benefits of ownership of such Securities even if the crediting of such Securities to the DTC accounts of such Participant results from transfers or failures to transfer in violation of such laws. (The treatment by DTC of the effects of the crediting by it of Securities to the accounts of DTC Participants shall not affect the rights of Issuer or purchasers, sellers, or holders of Securities against any DTC Participant.)

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)

By _____
District Manager

[5/94]

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: SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)	
2. Issue Name/title: Assessment District No. 3, Special Assessment Revenue Bonds, Series 2004	
3. Dated date: September 23, 2004 Closing Date: September 23, 2004	4. Par Amount: $2,050,000
5. Overall Interest Rate (TIC or NIC): 6.6832% (NIC)	6. Type of Bond or Security: community facilities district special assessment
7. Repayment sources: property owner assessments	
8. Total amount outstanding: $2,050,000	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (principal amount) $2,050,000.00	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	b. Debt limit percentage: N/A
c. Premium Amount (+) $0	c. Total debt limit: N/A
d. Original Issue Price (=) $2,050,000.00	12. Available debt limit: N/A
e. Underwriter Compensation (discount) (-) $61,500.00	13. Total amount authorized: N/A
f. Net Proceeds (=) $1,988,500.00	
14. Remaining authorized amount: N/A	15. If voter authorized, election dates: N/A

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.

Ronald W Brown
Signature

September 23, 2004
Date

Title, address and phone number

Sundance 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 West Washington, 8th Floor
Phoenix, Arizona 85003
602.378.2337

Political Subdivision Contact Name, address and phone number

Sundance 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:gmh 547183 09/17/04

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 **SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), ASSESSMENT DISTRICT NO. 3, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004**

Par Amount: $2,050,000

Date Closed: September 23, 2004

Mandatory Redemption Date (July 15)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2007	$ 50,000	6.50%	6.50%	$ 50,000	0
2008	50,000	6.50%	6.50%	50,000	0
2009	50,000	6.50%	6.50%	50,000	0
2010	50,000	6.50%	6.50%	50,000	0
2011	50,000	6.50%	6.50%	50,000	0
2012	50,000	6.50%	6.50%	50,000	0
2013	50,000	6.50%	6.50%	50,000	0
2014	75,000	6.50%	6.50%	75,000	0
2015	75,000	6.50%	6.50%	75,000	0
2016	75,000	6.50%	6.50%	75,000	0
2017	75,000	6.50%	6.50%	75,000	0
2018	75,000	6.50%	6.50%	75,000	0
2019	75,000	6.50%	6.50%	75,000	0
2020	100,000	6.50%	6.50%	100,000	0
2021	100,000	6.50%	6.50%	100,000	0
2022	100,000	6.50%	6.50%	100,000	0
2023	100,000	6.50%	6.50%	100,000	0
2024	125,000	6.50%	6.50%	125,000	0
2025	125,000	6.50%	6.50%	125,000	0
2026	125,000	6.50%	6.50%	125,000	0
2027	150,000	6.50%	6.50%	150,000	0
2028	150,000	6.50%	6.50%	150,000	0
2029	175,000	6.50%	6.50%	175,000	0
TOTAL	**$2,050,000**			**$2,050,000**	**0**
10e Underwriter discount and/or Placement Agent Fee, if any				(61,500)	
10f Net Proceeds (as shown on issuance form)				$1,988,500	

SWR:gmh 547183 09/17/04

Name of Issue: **SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), ASSESSMENT DISTRICT NO. 3, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004**

Costs of Issuance

Underwriter fees	$61,500.00
Bond counsel fee	45,000.00
Underwriter counsel fee	25,000.00
Financial advisor fees	
Appraisal fee	18,000.00
Assessment district engineer fee	25,000.00
Trustee fees	10,000.00
Credit enhancement fee	0
Rating agency fees	0
Official statement printing	10,000.00
Bond printing	0
District administration fee	25,000.00
Miscellaneous	2,826.50
TOTAL	$222,326.50

$2,050,000

Sundance Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 3
Special Assessment Revenue Bonds, Series 2004

Dated: 9/23/2004 **Delivered: 9/23/2004**

Date	Principal (a)		Interest	Total Debt Service	Fiscal Total	CUSIP (867242)
9/23/2004						
1/01/2005			$ 36,273.61	$ 36,273.61		
7/01/2005			66,625.00	66,625.00	$ 102,898.61	
1/01/2006			66,625.00	66,625.00		
7/01/2006			66,625.00	66,625.00	133,250.00	
1/01/2007			66,625.00	66,625.00		
7/01/2007	$ 50,000.00	6.50% (b)	66,625.00	116,625.00	183,250.00	
1/01/2008			65,000.00	65,000.00		
7/01/2008	50,000.00	6.50% (b)	65,000.00	115,000.00	180,000.00	
1/01/2009			63,375.00	63,375.00		
7/01/2009	50,000.00	6.50% (b)	63,375.00	113,375.00	176,750.00	
1/01/2010			61,750.00	61,750.00		
7/01/2010	50,000.00	6.50% (b)	61,750.00	111,750.00	173,500.00	
1/01/2011			60,125.00	60,125.00		
7/01/2011	50,000.00	6.50% (b)	60,125.00	110,125.00	170,250.00	
1/01/2012			58,500.00	58,500.00		
7/01/2012	50,000.00	6.50% (b)	58,500.00	108,500.00	167,000.00	
1/01/2013			56,875.00	56,875.00		
7/01/2013	50,000.00	6.50% (b)	56,875.00	106,875.00	163,750.00	
1/01/2014			55,250.00	55,250.00		
7/01/2014	75,000.00	6.50% (b)	55,250.00	130,250.00	185,500.00	
1/01/2015			52,812.50	52,812.50		
7/01/2015	75,000.00	6.50% (b)	52,812.50	127,812.50	180,625.00	
1/01/2016			50,375.00	50,375.00		
7/01/2016	75,000.00	6.50% (b)	50,375.00	125,375.00	175,750.00	
1/01/2017			47,937.50	47,937.50		
7/01/2017	75,000.00	6.50% (b)	47,937.50	122,937.50	170,875.00	
1/01/2018			45,500.00	45,500.00		
7/01/2018	75,000.00	6.50% (b)	45,500.00	120,500.00	166,000.00	
1/01/2019			43,062.50	43,062.50		
7/01/2019	75,000.00	6.50% (b)	43,062.50	118,062.50	161,125.00	
1/01/2020			40,625.00	40,625.00		
7/01/2020	100,000.00	6.50% (b)	40,625.00	140,625.00	181,250.00	
1/01/2021			37,375.00	37,375.00		
7/01/2021	100,000.00	6.50% (b)	37,375.00	137,375.00	174,750.00	
1/01/2022			34,125.00	34,125.00		
7/01/2022	100,000.00	6.50% (b)	34,125.00	134,125.00	168,250.00	
1/01/2023			30,875.00	30,875.00		
7/01/2023	100,000.00	6.50% (b)	30,875.00	130,875.00	161,750.00	
1/01/2024			27,625.00	27,625.00		
7/01/2024	125,000.00	6.50% (b)	27,625.00	152,625.00	180,250.00	
1/01/2025			23,562.50	23,562.50		
7/01/2025	125,000.00	6.50% (b)	23,562.50	148,562.50	172,125.00	
1/01/2026			19,500.00	19,500.00		
7/01/2026	125,000.00	6.50% (b)	19,500.00	144,500.00	164,000.00	
1/01/2027			15,437.50	15,437.50		
7/01/2027	150,000.00	6.50% (b)	15,437.50	165,437.50	180,875.00	
1/01/2028			10,562.50	10,562.50		
7/01/2028	150,000.00	6.50% (b)	10,562.50	160,562.50	171,125.00	
1/01/2029			5,687.50	5,687.50		
7/01/2029	175,000.00	6.50%	5,687.50	180,687.50	186,375.00	AF6
Total	$ 2,050,000.00		$ 2,181,273.61	$ 4,231,273.61	$ 4,231,273.61	

(a) The Bonds are subject to optional redemption on July 1, 2014 at a redemption price of 100%.

(b) Represents mandatory sinking fund amounts for term bond due July 1, 2029.

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 Sundance Community Facilities District (Town of Buckeye, Arizona)	2 Issuer's employer identification number 83-0339500
3 Number and street (or P.O. box if mail is not delivered to street address) 100 North Apache	Room/suite 100 / 4 Report number 3 2004-1
5 City, town, or post office, state, and ZIP code Buckeye, Arizona 85236	6 Date of issue September 23, 2004
7 Name of issue Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004	8 CUSIP number 867242 AF6
9 Name and title of officer or legal representative whom the IRS may call for more information Ron Brown, 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	2,050,000
18	☐ Other. Describe ▶	18	

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

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

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	7/1/29	$ 2,050,000	$ 2,050,000	16.4 years	6.5013 %

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	2,050,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	212,327		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	93,188		
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	305,515
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,744,485

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.

▶ Ronald W Brown — Signature of issuer's authorized representative — Date 9/23/04

▶ Ron Brown, Treasurer — Type or print name and title

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

STF FED6403F

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

CERTIFICATE OF MAILING

I hereby certify and declare that I caused to be mailed by 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 Street, 9th Floor, Phoenix, Arizona 85007, on November 16, 2004.

Gwyne M. Henning

GMH 555378 11/16/04

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: Sundance Community Facilities District (Town of Buckeye, Arizona)

2 Issuer's employer identification number: 83-0339500

3 Number and street (or P.O. box if mail is not delivered to street address): 100 North Apache

Room/suite: 100

4 Report number: 3 2004-1

5 City, town, or post office, state, and ZIP code: Buckeye, Arizona 85236

6 Date of issue: September 23, 2004

7 Name of issue: Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

8 CUSIP number: 867242 AF6

9 Name and title of officer or legal representative whom the IRS may call for more information: Ron Brown, 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	2,050,000
18	☐ Other. Describe ▶	18	

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

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

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	7/1/29	$ 2,050,000	$ 2,050,000	16.4 years	6.5013 %

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	2,050,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	212,327		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	93,188		
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	305,515
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,744,485

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.

▶ Ronald W Brown — Signature of issuer's authorized representative — Date: 9/23/04

▶ Ron Brown, Treasurer — Type or print name and title

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

STF FED6403F

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004
and
$2,050,000
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Information Return for the above-captioned bond issue addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on October 1, 2004.

Gwyne M. Henning

SWR:gmh 549660 10/01/04

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. These securities may not be sold nor may an offer 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 law of such jurisdiction.

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED AUGUST 27, 2004

NEW ISSUE — Book-Entry Only Form NOT RATED

In the opinion of Gust Rosenfeld P.L.C., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds will be excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to federal alternative minimum tax. See "Tax Exemption" herein.

$2,065,000*
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2004

DATED: Date of Initial Delivery DUE: July 1, as shown below

The Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (the "Bonds") will be issued in the form of fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers under the book-entry system maintained by DTC in amounts of $25,000 of principal amount or $1,000 integral multiples in excess thereof. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on each January 1 and July 1 of each year, commencing January 1, 2005. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Bonds. See Appendix G — "BOOK-ENTRY ONLY SYSTEM."

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Act"), and will be issued pursuant to a resolution of the District Board of Sundance Community Facilities District (the "District") and an Indenture of Trust and Security Agreement, to be dated as of September 1, 2004, from the District to Wells Fargo Bank, National Association, as trustee. The Bonds will be payable solely from and secured by a special, separate fund maintained by the District which fund will contain installments due with respect to certain special assessments levied and assessed by the District on certain parcels of land within the District in accordance with a method of apportionment established by the District Board of the District and agreed to by the landowners of such parcels for the costs of certain public infrastructure, each of which assessments constitute a first lien on the parcel against which it is assessed and levied, subject only to general property taxes and prior special assessments. *(THERE ARE SUCH TAXES (BUT NOT PRIOR SPECIAL ASSESSMENTS) IN THE CASE OF THE BONDS. See "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT.")* Any such parcel will be offered for sale for nonpayment of the special assessment levied and assessed by the District on such parcel and, if sold, the proceeds thereof deposited in such special fund. The rights and obligations of the District relating to collection and payment of assessments and the enforcement of remedies against delinquent assessments may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity. SEE "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" AND "RISK FACTORS" HEREIN.

THE BONDS WILL BE SUBJECT TO OPTIONAL, SPECIAL AND MANDATORY REDEMPTION BY THE DISTRICT PRIOR TO MATURITY AS DESCRIBED HEREIN UNDER THE HEADING "THE BONDS — REDEMPTION PROVISIONS." PLEASE NOTE SPECIFICALLY THAT PURSUANT TO SUCH SPECIAL REDEMPTION UNDER CERTAIN CIRCUMSTANCES THE BONDS ARE SUBJECT TO REDEMPTION ON ANY INTEREST PAYMENT DATE.

Proceeds of the sale of the Bonds will be used to pay a portion of the costs of acquisition of certain public infrastructure and costs of issuance relating to the Bonds and to fund a reserve fund for the payment of debt service on the Bonds. See "THE PUBLIC INFRASTRUCTURE" herein.

The Bonds may be purchased by "Qualified Investors" only and, except as described herein, will be transferable to Qualified Investors only. See "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 OF THE BONDS" AND "RISK FACTORS" HEREIN.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE ABOVE DESCRIBED SPECIAL ASSESSMENTS.

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Limited Offering Memorandum in its entirety to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE*

$765,000 Term Bonds at	% Due July 1, 2019 — Price	%
$540,000 Term Bonds at	% Due July 1, 2024 — Price	%
$760,000 Term Bonds at	% Due July 1, 2029 — Price	%

*The Bonds are offered when, as and if issued and subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona; for D.R. Horton, Inc. — Dietz-Crane by its counsel, Fennemore Craig, P.C., Phoenix, Arizona, and for Buckeye Land Management, Inc. by its counsel, Titus, Brueckner & Berry P.C., Scottsdale, Arizona. See "RELATIONSHIPS AMONG PARTIES" herein. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about September 23, 2004.**

RBC DAIN RAUSCHER

, 2004

* Subject to change.

SUNDANCE COMMUNITY FACILITIES DISTRICT

District Board

Dustin "Dusty" Hull, Chairman
Levi Beard, Board Member
Chris Urwiller, Board Member
Jackie Meck, Board Member
Robert Garza, Board Member
W. Robert Doster, Board Member
Elaine May, Board Member

District Staff

Carroll Reynolds, District Manager

Trustee

Wells Fargo Bank, National Association,
Phoenix, Arizona

Appraiser

Burke Hansen, LLC,
Phoenix, Arizona

District Engineer

Woodrow Scoutten, P.E.
Phoenix, Arizona

District Financial Consultant

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 Indenture, the security for the Bonds, the District, the development of land within the District 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, the Indenture, the Appraisal and other documents are qualified in their entirety by reference to such documents, copies of which may be obtained from RBC Dain Rauscher Inc. (the "Underwriter") at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016.

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give information or to make any representation other than those contained in this 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 does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS 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.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS THE PROMISE OR GUARANTEE OF THE UNDERWRITER. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF *AD VALOREM* TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IS INTENDED TO SHOW RECENT HISTORICAL INFORMATION, AND, EXCEPT AS EXPRESSLY STATED OTHERWISE, IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE SHOWN BY SUCH INFORMATION WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE. THIS 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. 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 IN THE INFORMATION OR OPINIONS SET FORTH HEREIN, SINCE THE DATE OF THIS LIMITED OFFERING MEMORANDUM.

THE DISTRICT AND D.R. HORTON, INC. - DIETZ-CRANE HAVE COVENANTED TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX E - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

(This page intentionally left blank)

TABLE OF CONTENTS

Page

MAP SHOWING LOCATION OF THE DISTRICT WITHIN METROPOLITAN PHOENIX AREA ..... (iii)
MAP SHOWING LOCATION OF THE DISTRICT AND SUNDANCE IN THE CONTEXT OF THE SURROUNDING AREA ..... (iv)
MAP SHOWING LOCATION OF THE ASSESSMENT AREA IN THE CONTEXT OF THE DISTRICT INCLUDING THE PUBLIC INFRASTRUCTURE AND THE PARCELS ..... (v)

INTRODUCTION 1
THE BONDS 2
Authorization and Purpose 2
General Description 3
Redemption Provisions* 3
INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS 6
SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS 7
Introduction 7
The Bonds 7
Reserve Fund 8
Foreclosure Process 8
Special Assessment Amounts and Land Values 13
OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT 14
Introduction 14
Existing, Overlapping, Superior, General Obligation, Bonded Indebtedness 14
Overlapping, Superior, General Obligation, Bonded Indebtedness of the District 17
Other Additional, Overlapping, Superior, General Obligation, Bonded Indebtedness 18
Other Debt of the District 19
SOURCES AND APPLICATIONS OF FUNDS 19
THE PUBLIC INFRASTRUCTURE 20
LAND DEVELOPMENT 22
Introduction 22
Specific Matters Relating to the District 23
Specific Matters Relating to the Assessment Area 28
THE OWNER 31
Background 31
Marketing Strategy and Pricing 33
RISK FACTORS 33
Concentration of Ownership; Subsequent Transfer 33
Failure or Inability to Complete Proposed Development 33
Growing Smarter 35
Enforcement of Joint Development Agreement; Factors Affecting Owners Relationships 35
Management 36
Amendment of Documents Referenced 36

Availability of Utilities 36
Direct and Overlapping Indebtedness 37
Appraised Value 37
Non-Payment of Assessments 38
Bankruptcy and Foreclosure Delays 38
Depletion of Reserve Fund 39
Completion of the Public Infrastructure and the Other Infrastructure 39
General Risks of Real Estate Investment and Development 39
Environmental Matters 40
Cancellation of Contracts 40
No Credit Rating 41
Projections 41
LITIGATION 41
TAX EXEMPTION 42
NO CREDIT RATING 43
LEGAL MATTERS 43
UNDERWRITING 44
CONTINUING DISCLOSURE 44
RELATIONSHIPS AMONG PARTIES 45

APPENDIX A - INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

APPENDIX B - FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

APPENDIX C - FORMS OF INVESTOR LETTERS

APPENDIX D - APPRAISAL

APPENDIX E - FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

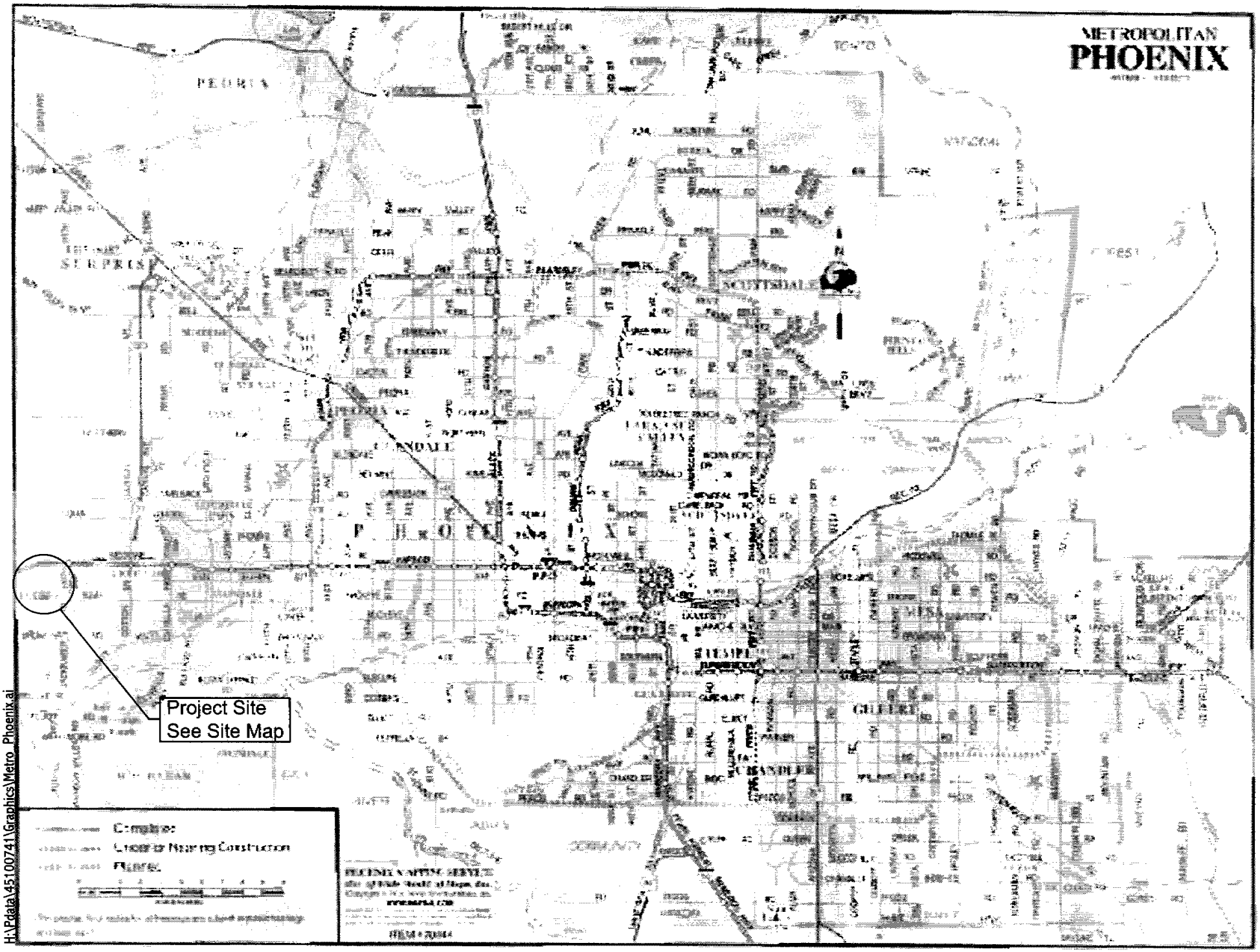
APPENDIX F - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX G - BOOK-ENTRY ONLY SYSTEM

MAP SHOWING LOCATION OF THE DISTRICT

WITHIN METROPOLITAN PHOENIX AREA

(This page intentionally left blank)



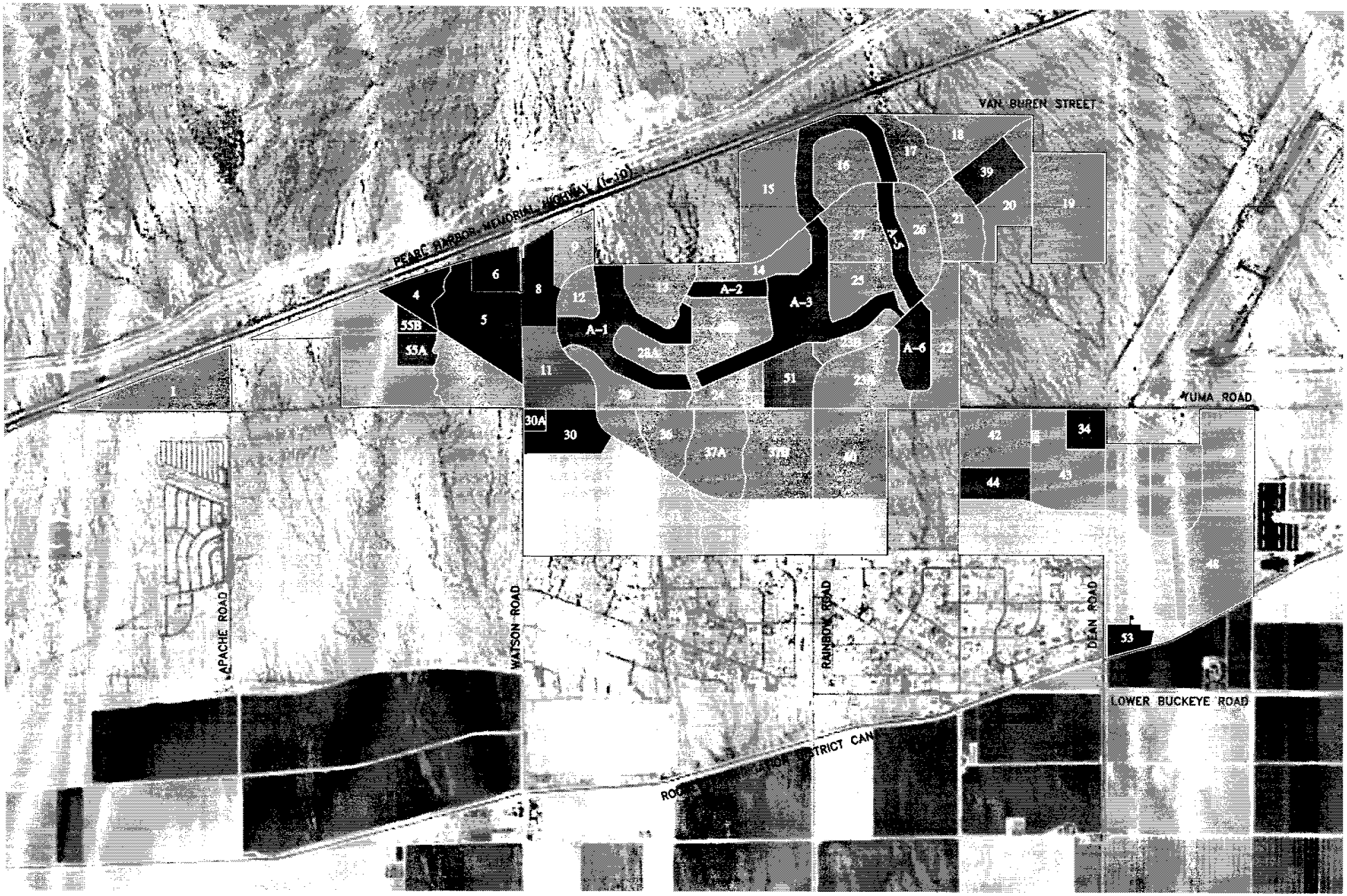
H:\Pdata\45100741\Graphics\Metro_Phoenix.ai

(This page intentionally left blank)

MAP SHOWING LOCATION OF THE DISTRICT AND SUNDANCE

IN THE CONTEXT OF THE SURROUNDING AREA

(This page intentionally left blank)


VAN BUREN STREET
PEARL HARBOR MEMORIAL HIGHWAY (I-10)
YUMA ROAD
LOWER BUCKEYE ROAD
APACHE ROAD
WATSON ROAD
RAINBOW ROAD
DEAN ROAD
A-1
A-2
A-3
A-4
A-6
4
5
6
8
9
11
12
13
14
15
16
17
18
19
20
21
22
23
24
26
27
28A
28B
29
30
30A
34
36
37A
37B
39
42
43
44
46
51
53
55A
55B

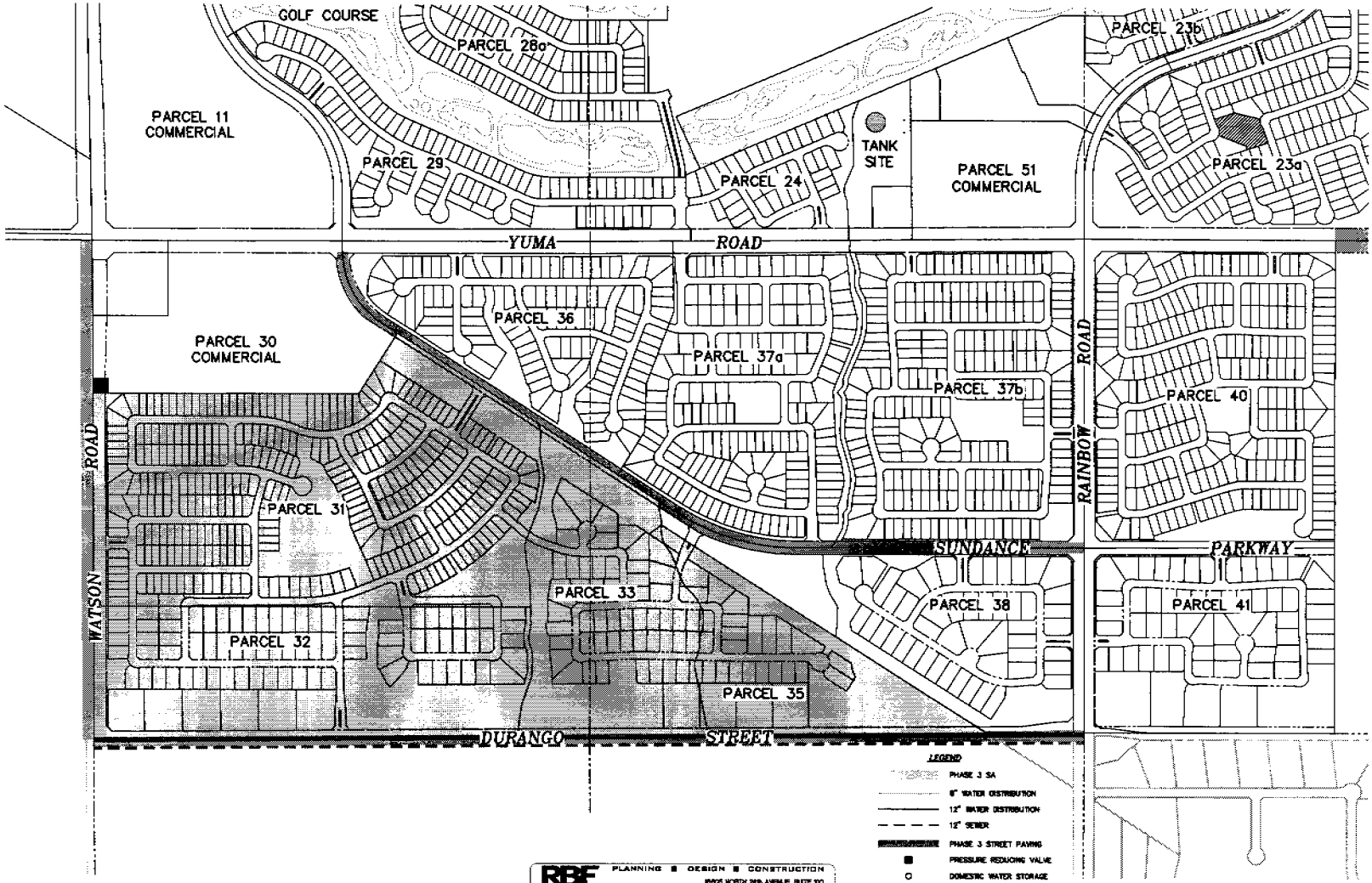
(This page intentionally left blank)

MAP SHOWING LOCATION OF THE ASSESSMENT AREA IN THE CONTEXT OF THE DISTRICT INCLUDING THE PUBLIC INFRASTRUCTURE AND THE PARCELS

(This page intentionally left blank)

SUNDANCE

PHASE 3 CFD SPECIAL ASSESSMENT PARCELS



RBF CONSULTING
PLANNING ■ DESIGN ■ CONSTRUCTION
16605 NORTH 28th AVENUE, SUITE 100
PHOENIX, ARIZONA 85053-7590
602.467.2200 • FAX 602.467.2201 • www.RBF.com

SUNDANCE PHASE 3 CFD
SPECIAL ASSESSMENT PARCELS

7/07/04
45-100741

(This page intentionally left blank)

$2,065,000*
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2004

INTRODUCTION

This Limited Offering Memorandum, which includes the cover page and the appendices hereto (this "Offering Memorandum"), provides certain information concerning the issuance of Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (the "Bonds"), in the aggregate principal amount of $2,065,000.* **Certain capitalized terms not defined in the text of this Offering Memorandum are defined in Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions of Certain Terms" herein.** Copies of any of the documents referenced herein are available upon request to the Underwriter at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016.

Pursuant to the Community Facilities Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Act"), a petition was executed by the then owners of all of the real property within Sundance Community Facilities District (the "District"). In response to such petition, the Mayor and Council (the "Town Council") of the Town of Buckeye, Arizona (the "Town"), adopted a resolution on June 19, 2001, which formed the District. (See Appendix A hereto for certain information with respect to the Town.)

The District encompasses approximately 1,860 acres of land within the Town, located approximately thirty (30) miles west of downtown Phoenix, Arizona, adjacent to Interstate 10. Such land is being developed as a mixed use, master-planned community known as "Sundance." (See the maps at pages (iii) and (iv) with respect to the location of the District and Table 5 for a breakdown of development use by acreage.)

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 Manager of the Town serves as the District Manager. (Within the last four months the manager and finance director of the Town (who also serve as the District Manager and District Treasurer), fire chief and police chief have resigned. The manager position has been filled;

---

*Subject to change.

the other positions are currently staffed on an interim basis while recruiting occurs.)

Approximately 1,367 acres of the land within the District are planned for ultimate development of approximately 4,800 single family homes. Of that number, approximately 1,144 have been sold to individual homeowners. **(Reference herein to home sales reflect the number of sales under the circumstance for which escrows have closed with ultimate buyers.)** The current, major owners of the remainder of the land in the District are Meritage Homes Construction, Inc. and Meritage Homes of Arizona, Inc. (collectively, "Meritage Homes"), D.R. Horton, Inc. - Dietz-Crane (the "Owner"), Pulte Home Corporation ("Pulte"), Buckeye Land, L.L.C. ("Buckeye Land"), Taro Properties Arizona I, L.L.C. ("Taro"), StoneBridge Capital Properties, L.L.C. ("StoneBridge Properties"), StoneBridge Capital Progeny, L.L.C. ("StoneBridge Progeny"), Canterra at Sundance, L.L.C. ("Canterra"), Sundance 1 Courts, L.L.C. ("Sundance 1"), Sundance 2 Shadows, L.L.C. ("Sundance 2") and Hallcraft-Sundance L.L.C. ("Hallcraft" and collectively with Meritage Homes, the Owner, Pulte, Buckeye Land, Taro, StoneBridge Properties, StoneBridge Property, Canterra, Sundance 1, Sundance 2, the "District Property Owners"). Meritage Homes, the Owner, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 and Hallcraft are actively developing or causing the development of the land comprising the District as described herein under the heading "LAND DEVELOPMENT" and are referred to herein, collectively, as the "Residential District Property Owners." Taro, StoneBridge Properties and StoneBridge Progeny are third party investors which have granted option rights for the purchase of land in the District which they own to Meritage Homes.

THE BONDS

Authorization and Purpose

On July 20, 2004, the Board adopted a resolution approving a feasibility study relating to the financing of a portion of the costs of certain public infrastructure projects (collectively, the "Public Infrastructure") to be acquired or constructed by the District and thereafter transferred to the Town. See "THE PUBLIC INFRASTRUCTURE." On August 3, 2004, the Board adopted a resolution levying and approving special assessments (collectively, the "Special Assessments" and individually as the Special Assessments relate to a particular parcel in the hereinafter defined Assessment Area, a "Special Assessment") on certain parcels of land within the District (such parcels collectively referred to herein as the "Assessment Area"). (The remaining area in the District does not represent security for the Bonds.) The Assessment Area is composed of approximately 138 net assessable acres in the District which lie generally in the southwest portion of the District and currently is expected to be developed into approximately 475 single family homes, the lots for all of which have been preliminarily or finally established by the approval of preliminary or final plats by the Town. See the map at page (v) hereof with

respect to the location of the Assessment Area and the information under the heading "LAND DEVELOPMENT - Specific Matters Relating to the Assessment Area" and, particularly, Table 7 thereunder. On August 3, 2004, the Board also adopted a resolution (the "Bond Resolution") authorizing the issuance, sale and delivery of the Bonds.

The Bonds are authorized pursuant to the Act and will be issued pursuant to the Bond Resolution and the Indenture of Trust and Security Agreement, dated as of September 1, 2004 (the "Indenture"), from the District to the Trustee. See Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." The Bonds will be issued to provide funds (i) to pay a portion of the costs of the Public Infrastructure and costs of issuance relating to the Bonds and (ii) to fund a reserve fund for the payment of debt service on the Bonds. (See "SOURCES AND APPLICATION OF FUNDS.")

General Description

The Bonds will be dated the date of their initial delivery and will mature and bear interest as set forth on the cover page of this Offering Memorandum.

Interest on the Bonds will be paid semiannually on January 1 and July 1 of each year, commencing January 1, 2005 (each such date being referred to herein as an "Interest Payment Date"). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the date of their initial delivery, calculated on the basis of a 360-day year of twelve 30-day months.

Beneficial ownership interests may be purchased through the facilities of The Depository Trust Company, New York, New York ("DTC"), in the book-entry-only form described herein in amounts of $25,000 of principal amount and integral multiples of $1,000 in excess thereof. See Appendix G - "BOOK-ENTRY ONLY SYSTEM." After elimination of the restrictions described under the heading "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS," beneficial ownership interests may be purchased in amounts of $1,000 of principal amount and integral multiples thereof.

Redemption Provisions*

Special Redemption. The Bonds will be redeemed from funds of the District at the option of the District in whole or, from time to time, in part on any Interest Payment Date, as randomly determined by the Trustee within the applicable maturity, upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest

*Subject to change.

Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Public Infrastructure, but in no event later than September 1, 2007, amounts are transferred from the Acquisition and Construction Fund for such purpose and (ii) from the proceeds received from any foreclosure sale of any assessed parcel, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

Special Optional Redemption. The Bonds will be redeemable from funds of the District at the option of the District in whole on any date or, from time to time, in part on any Interest Payment Date, as randomly determined by the Trustee within the applicable maturity, upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium from, and only from, funds of the District, which are prepaid with respect to the Special Assessments and are deposited for such purpose plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of prepayment and which are available for such purpose and from a transfer of Reserve Fund moneys if such moneys are sufficient to redeem all the Bonds.

The Special Assessments could be prepaid for purposes of the foregoing paragraph under a number of circumstances including, but not limited to, the following: Owners of affected property in the Assessment Area could choose to prepay the corresponding Special Assessment at any time. Also, the availability of certain mortgage loans, including particularly certain Federal Home Administration ("FHA") insured and Veterans Administration ("VA") guaranteed mortgage loans are subject to a requirement that prior monetary liens and assessments (including the Special Assessments) be paid in full prior to funding the related mortgage loan. Such requirement could result in prepayment of the related Special Assessments prior to such a loan being put in place to finance a home in the Assessment Area. Although letters from FHA and VA have been obtained indicating that the lien of the FHA insured or VA guaranteed mortgage loans may be subordinate to the special assessment within the District, there can be no assurance that either agency will apply such exemption in the future. ***Also, it is the current intent of the Owner to pay down each of the applicable Special Assessments to $3,700 per residential lot prior to acquisition by individual homeowners.*** Also, the Owner may otherwise decide to pay down the Special Assessments in larger amounts from time to time.

Optional Redemption. The Bonds will also be redeemable, on or after July 1, 2014, at the option of the District prior to the applicable maturity in whole on any date or, from time to time, in part on any Interest Payment Date as randomly determined by the Trustee within the applicable maturity upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the

most recent Interest Payment Date to the applicable redemption date without premium.

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

Redemption Date (July 1)		Principal Amount
	2019	
2007		$40,000
2008		40,000
2009		45,000
2010		45,000
2011		50,000
2012		55,000
2013		55,000
2014		60,000
2015		65,000
2016		70,000
2017		75,000
2018		80,000
	2024	
2020		95,000
2021		100,000
2022		105,000
2023		115,000
	2029	
2025		130,000
2026		140,000
2027		150,000
2028		165,000

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

Notice of Redemption. Notice of redemption in advance of maturity will be given by the Trustee, not less than thirty (30) days nor more than sixty (60) days before the date fixed for redemption, to DTC. See Appendix G - "BOOK-ENTRY ONLY SYSTEM."

Effect of Redemption. If on the date of redemption of Bonds sufficient moneys for payment of the redemption price and accrued interest are held under the Indenture, interest on the portion of the Bonds to be redeemed will cease to accrue and such portion of the Bonds will cease to be entitled to any benefit or security under the Indenture except the right to receive payment from the moneys held for such portion of the Bonds under the Indenture.

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) an entity described in and 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) 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 of "A" or better from a Rating Agency, (ii) a Board Resolution being adopted that indicates that the Board has received an appraisal prepared by an MAI certified appraiser, in a form acceptable to the Board, indicating that the ratio of the land value of each of the then assessed parcels of real property to the outstanding principal amount of the Bonds and any other assessment bonds allocated to each assessed parcel is at least six (6) to one (1), or (iii) the Bonds being defeased pursuant to the terms of the hereinafter described Indenture, beneficial interests in the Bonds will be transferable only to Qualified Investors and under the terms and conditions described hereinabove. 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 OF THE BONDS

Introduction

Pursuant to the Act, the Board has levied the Special Assessments of the costs of the Public Infrastructure on the parcels of land comprising the Assessment Area based on the benefit determined by the Board to be received by such land. The Bonds will be payable solely from amounts collected from the Special Assessments and from amounts available from time to time in the hereinafter described Reserve Fund established for the Bonds. The Special Assessments are a first lien on the property assessed subject only to general property taxes and prior special assessments. **(THERE ARE SUCH TAXES IN THE CASE OF THE BONDS; HOWEVER, THERE ARE NO PRIOR SPECIAL ASSESSMENTS. SEE "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT.")** ***Neither the current owners nor any subsequent owners of any assessed property will be obligated to pay the Special Assessments or the Bonds and the assets of the current owners or any subsequent owners, other than the land assessed, do not secure such payment. The assessments and the Bonds will be secured only by the land assessed. (The Special Assessments are not cross defaulted.)***

In the event of nonpayment of an assessment the procedures for collection of delinquent assessments and sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended (the "Foreclosure Process"), apply, as nearly as practicable, **except that neither the District nor the Town is required to purchase the delinquent land at the sale even if there is no other purchaser. SEE, ALSO "RISK FACTORS - Non-Payment of Assessments."** The District may adopt procedures for prepayment and provisions for payment and reallocation of assessments.

The Bonds

Pursuant to the Act, the Bonds will be payable solely from and secured by a special, separate fund established under the Bond Resolution and maintained by the District (the "Bond Fund") which fund will contain the payments from installments of the Special Assessments and amounts held in the Reserve Fund. The rights and obligations of the District relating to collection and payment of the Special Assessments and enforcement of remedies against delinquent Special Assessments (including the hereinafter described Foreclosure Process) may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE TOWN, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL ASSESSMENTS AND AMOUNTS HELD IN THE HEREINAFTER DESCRIBED RESERVE FUND.

Any parcel upon which a Special Assessment has been levied and assessed will be offered for sale pursuant to the Foreclosure Process for nonpayment of the Special Assessment on such parcel and, if sold, the proceeds thereof will be deposited in the Bond Fund or replenish the Reserve Fund. Each of the Special Assessments constitute, in each case, a first lien on such parcel against which such Special Assessment is assessed and levied within the Assessment Area subject only to general property taxes and prior special assessments, if any. **(THERE ARE SUCH TAXES IN THE CASE OF THE BONDS. SEE "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT.")**

Reserve Fund

As indicated in "SOURCES AND APPLICATIONS OF FUNDS," $96,875* of the proceeds of the sale of the Bonds will be deposited in the Reserve Fund. Such amount represents one-half of the estimated maximum annual debt service due on the Bonds. All income from investments of the Reserve Fund will be transferred to the "Interest Account" of the Bond Fund and used to pay semiannual interest on the Bonds.

If at any time it appears that the collection of installments of the Special Assessments will not raise money sufficient to pay the then forthcoming principal or interest payment on the Bonds, any or all investments in the Reserve Fund may be liquidated and such amounts transferred to the "Principal or Interest Accounts" of the Bond Fund as is necessary to make timely payments of principal or interest or both on the Bonds. The Reserve Fund will be reimbursed from either: (i) the proceeds from the sale of delinquent Special Assessments pursuant to the Foreclosure Process or (ii) from all future installments on the Special Assessments provided, however, that no payments shall be made to the Reserve Fund which will prejudice the punctual payment of principal and interest on the Bonds.

Whenever the amount in the Reserve Fund equals or exceeds the aggregate of all outstanding principal of, interest accrued or to accrue on the Bonds, the amount in the Reserve Fund may be transferred to the Bond Fund to pay principal, interest and premium, if any, on the Bonds when due either at maturity or prior redemption.

Foreclosure Process

A representative of the District is required, within 20 days from the date any installment is due on the Special Assessments, to begin publication of the list of the Special Assessments on which any installment is delinquent. Such representative also is required to append to and publish with the list a notice that unless each delinquent installment, together with the penalty and costs thereon, is paid, the whole amount of the Special Assessment will be declared due by him, and the property upon which the Special Assessment is a lien

---

*Subject to change.

will be sold at public auction at a time and place to be specified in the notice. The notice of the delinquent Special Assessments is required to be published and circulated in the District for a period of 10 days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated. Before the date fixed for the sale or the date to which the sale has been postponed, the Superintendent is required to obtain a record search that shows the names and addresses of all lien claimants on, and other persons with an interest in, all lots or parcels on which an installment of the Assessment is delinquent. At least ten days before the sale date or the date to which the sale has been postponed, the Superintendent is required to mail notice of the sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the Superintendent has mailed such notice. The time of sale shall not be less than five days after the last publication, and the place of sale shall be in or in front of the office of such representative, or in front of the usual place of meeting of the Board. The sale may be postponed.

To comply with certain notice requirements, it may be necessary to postpone or continue such sales from time to time until such requirements are satisfied.

On the day fixed for the sale, the representative of the District shall, at 10 o'clock a.m., or at a time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately. The sale shall be for the entire Special Assessment including the delinquent installments, and the person who will take the least quantity of land and then and there pay the amount of the Special Assessment, penalty and costs due, including 50 cents to the representative of the District for a certificate of sale, shall become the purchaser.

None of the District, the Town or the Owner are required to purchase delinquent land at any sale whether there is any other purchaser.

The following constitutes a summary of the "Foreclosure Process," being portions of certain sections of the General Public Improvements and Improvement Bonds Law, Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended, deemed applicable to the Bonds pursuant to the Resolution. The summaries do not purport to be complete and reference is hereby made to the full text of each section and the Bond Resolution.

Section 48-601. List of delinquent installments; publication of notice; sale of delinquent property

The representative of the District shall, within 20 days from the date of the delinquency, begin the publica-

tion of the list of the assessments on which any installment is delinquent. The Superintendent shall append to and publish with the list, a notice that unless each delinquent installment, together with the penalty and cost thereon, is paid, the whole amount of the assessment will be declared due by him, and the property upon which the assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The publication shall be published and circulated in the District for a period of 10 days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated.

Before the date fixed for the sale or before the date to which the sale has been postponed, the Superintendent shall obtain a record search that shows the names and addresses or record of all lien claimants on, and other persons with an interest in, all lots or parcels on which an installment of the assessment is delinquent.

At least 10 days before the sale date or the date to which the sale has been postponed, the Superintendent shall serve by first-class mail a notice of the date and place of the sale or postponed sale to the owner and to each of the lien claimants and other interested persons. A final site may not be held unless the Superintendent has provided notice by mail to all lien claimants discovered in the search of records.

The time of sale shall not be less than five days after the last publication, and the place of the sale shall be in or in front of the office of the representative of the District, or in front of the usual place of meeting of the Board of the District. The sale may be postponed.

Section 48-602. Payment after delinquency and before sale

At any time prior to the sale of any lot assessed, any person may pay the delinquent installment on the lot together with the penalty and costs then due, including the cost of advertising, whereupon the Superintendent shall note on his records the date of payment, the name of the person by or for whom it is paid and the amount paid.

Section 48-603. Sale procedure

On the day fixed for the sale, the representative of the District shall, at 10 o'clock a.m., or at any time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately.

The sale shall be for the entire assessment including the delinquent installments, and the person who will take the least quantity of land and then and there pay the amount of the assessment, penalty and costs due, including 50 cents to the Superintendent for a certificate of sale, shall become the purchaser.

The representative of the District shall note on his records the date of the payment and mark the installment of principal or interest paid. In the event the owner does not pay the balance due on the installment or principal or interest, and the property is sold for the full amount of the assessment, the representative of the District shall refund to the owner all money received by him from the owner by way of partial payments.

Section 48-604. Certificate of sale; lien

After making the sale, the representative of the District shall execute, in duplicate, a certificate of sale stating the description of the property sold, the name of the owner thereof as given on the record of the assessment, that the property was sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which the property was sold, the date of sale, the name of the purchaser, and the time when the purchaser will be entitled to a deed. The representative of the District shall file one copy of the certificate in his office, and deliver the other to the purchaser.

On filing the copy of the certificate in the office of the representative of the District the lien of the assessment shall vest in the purchaser, and is only divested by a redemption of the property, as provided in the Act.

The representative of the District shall also enter on the record of the assessment, opposite the description of each lot offered for sale, a description of the part thereof sold, the amount for which it was sold, the date of sale, and the name of the purchaser.

Section 48-605. Redemption

Redemption may be made by any party having an interest in the lot at any time before the execution and delivery of a deed therefor by paying to the representative of the District the amount for which the property was sold and 5% thereon if paid within three months from the date of sale, 10% if paid within six months, 12% if paid within nine months, 15% if paid within 12 months, or 20% if paid after 12 months. When redemption is made, the representative of the District shall note that fact on the duplicate certificate of sale in his office and deposit the amount paid with

the District Treasurer, who shall credit the purchaser named in the certificate of sale with the amount, and pay the amount to such purchaser or his assignee, upon the surrender of the certificate of sale.

Section 48-606. Deed to purchaser; notice to owner; redemption after notice; effect of deed

After the expiration of 12 months from the date of sale, the representative of the District shall execute to the purchaser, or his assignee, on his application, if he has fully complied with Section 48-606 of the Act, a deed to the property sold in which shall be recited substantially the matters contained in the certificate, any assignment thereof, and that no person has redeemed the property. The Superintendent shall receive from the applicant for a deed, $1.00 for making the deed.

The purchaser shall, at least 30 days before he applies for a deed, serve by first-class mail to the owner, all lien claimants of records, all persons of record with an interest in the property and, if occupied, the occupant of the property, a written notice that the property, giving the description, has been sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which it was sold, the amount necessary to redeem at the time of giving notice, the time when the purchaser or assignee will apply to the Superintendent for a deed and that, on issuance of the deed, all interest in the property, whether of record before or after the assessment lien, will be extinguished, except for the lien for general property taxes and prior special assessments. If the owner cannot be found after due diligence, the notice shall be posted in a conspicuous place upon the property at least 30 days before the time stated therein of the application for a deed.

The applicant shall file with the Superintendent an affidavit showing that notice of the application has been given, and if the notice was not served on the owner personally, that due diligence was used to find the owner. If redemption of the property is made after the affidavit is filed, and more than 11 months from the date of sale, the person making redemption shall pay, in addition, for payment to the purchaser, $3.00 for the service of notice and the making of the affidavit.

The deed of the representative of the District shall be prime facie evidence of the truth of all matters recited therein, and of the regularity of all proceedings prior to the execution thereof, and of title in the grantee. The deed of the Superintendent shall convey to the purchaser fee title to the lands described therein, free and clear of

all interests, liens, claims and encumbrances whether of record before or after the assessment lien, except for the lien for general property taxes and prior special assessments.

Section 48-607. Disposition of sale proceeds

The representative of the District shall promptly pay to the District Treasurer all moneys collected by him from sales. The District Treasurer, on receipt thereof, shall place the moneys in the special fund hereby created for the payments of the bonds issued for the improvement.

Special Assessment Amounts and Land Values

Special Assessment Amounts. The maximum amounts of the Special Assessments have been established by a methodology established by the District Assessment Engineer and levied by the Board, based on the benefit to be received by the respective parcels. The Owner has agreed to the amounts of the Special Assessments. The Special Assessments have been levied on the Assessment Area and against the parcels indicated in Table 7, as further described herein under the section "LAND DEVELOPMENT."

Appraisal Values. An appraisal of the land in the Assessment Area, dated June 21, 2004 (the "Appraisal"), was performed by Burke Hansen, LLC, Phoenix, Arizona (the "Appraiser"), at the request of the District for the purpose of determining the value of the Assessment Area as security for the Special Assessments. The discussion of the Appraisal contained herein is expanded and supplemented by the Appraisal which is attached to this Offering Memorandum as Appendix D hereto. **THE APPRAISAL SHOULD BE READ IN ITS ENTIRETY TOGETHER WITH THIS OFFERING MEMORANDUM.**

The Appraisal provides the "wholesale bulk value" of each of the four parcels that comprise the Assessment Area. The Appraisal indicates that, subject to the terms and conditions thereof, the sum of such "wholesale bulk values" as of June 21, 2004, was $14,105,000. (Please review carefully the explanation of "wholesale bulk value" provided in the Appraisal.) Based on the Special Assessment lien of $2,065,000,* the Assessment Area had an overall value to assessment ratio of 6.83* to 1 as of such date. The value to assessment ratio of each individual parcel varies from the ratio described in the previous sentence. The ratio and the value are computed on a parcel by parcel basis in Table 7, and the value is provided in the Appraisal.

The Appraisal assumes, among other things, the existence of certain completed infrastructure improvements for the Assessment Area as described in the Appraisal. The status of uncompleted improvements and the plan for financing and completing such uncompleted improve-

*Subject to change.

ments are discussed in more detail hereinafter. Details of the Special Assessment liens for each of the parcels, the appraised wholesale bulk value and value-to-assessment ratio are set forth in Table 7. **SEE, "RISK FACTORS" PARTICULARLY "- Failure or Inability to Complete Proposed Development" AND "- Completion of the Public Infrastructure and the Other Infrastructure."**

There can be no assurance that the values described in the Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the value determined in the Appraisal is related in any way to future value or the value as of the date of any default under the Bonds. SEE "RISK FACTORS PARTICULARLY "- Appraised Values."

Full Cash Values. **The estimated "full cash value" for tax year 2004-2005 as determined by the County Assessor of Maricopa County, Arizona (the "Assessor"), for the property within the Assessment Area is $775,000, much less than the values shown in the Appraisal.** (Estimated "full cash value" is the total market value as determined by the Assessor.)

OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT

Introduction

The District has no control over the amount of additional indebtedness payable from taxes or assessments on all or a portion of the property within the District or the Assessment Area which may be issued in the future by other governmental entities or political subdivisions, including but not limited to the Town, Maricopa County, Arizona, school districts, certain special districts or other governmental entities or political subdivisions having jurisdiction over all or a portion of the land within the District or the Assessment Area. To the extent such indebtedness is payable from general property taxes, such taxes will have a lien on the property within the District paramount and superior to the lien of the Special Assessments. See "Overlapping, Superior, General Obligation, Bonded Indebtedness of the District" and "Other Additional, Overlapping, Superior, General Obligation Indebtedness." Under current law, any special assessment lien securing indebtedness issued after the Bonds by any such entity would be subordinate and subject to the lien of the Special Assessments. See "Other Debt of the District." Currently, there are no prior special assessment liens in the Assessment Area. **SEE, ALSO, "RISK FACTORS - Direct and Overlapping Indebtedness" FOR A DISCUSSION ABOUT THE IMPACT OF SUCH LIENS, EVEN IF SUCH LIENS ARE SUBORDINATE LIENS.**

Existing, Overlapping, Superior, General Obligation, Bonded Indebtedness

Overlapping, general obligation, bonded indebtedness with respect to land in the Assessment Area, the lien for which is paramount and superior to that of the Bonds is shown below including a

breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net assessed valuation and combined tax rate per $100 assessed valuation. The applicable percentage of each jurisdiction's assessed valuation which lies within the Assessment Area was derived from information obtained from the County Assessor of the County. As described hereinbelow under the heading "Overlapping, Superior, General Obligation, Bonded Indebtedness of the District," the District is selling $5,000,000* principal amount of general obligation bonds simultaneously with the Bonds pursuant to a separate offering document, which will be payable from a secondary *ad valorem* property tax levy on all taxable property in the District, including on parcels in the Assessment Area (the "Series 2004 General Obligation Bonds"). The anticipated tax levy in the District for such general obligation bonds is $3.00 per $100 of secondary assessed valuation. The District has authorized the issuance of up to $50,000,000 of general obligation bonds. See "Overlapping, Superior, General Obligation Bonded Indebtedness."

TABLE 1

OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS

Direct and Overlapping Jurisdiction	2003-2004 Secondary Assessed Valuation	Net Outstanding Bonded Debt(a)	Proportion Applicable to the District(b) Approx. Percent	Proportion Applicable to the District(b) Net Amount	2004-2005 Combined Tax Rate Per $100 Assessed (c)
State of Arizona	$44,480,893,202	None	N/A	None	$0.0000
Maricopa County(e)	30,066,986,670	$ 0	0.033%	$ 0	2.0577(d)
Maricopa County Community College District(f)	30,066,986,670	234,440,000	0.033%	76,789	1.0372
Buckeye Elementary School District No. 33	79,644,490	1,890,000	12.365%	233,703	5.1307
Liberty Elementary School District No. 25	113,060,291	1,930,000	8.711%	168,115	4.0775
Buckeye Union High School District No. 201	354,535,122	8,870,000	2.778%	246,390	3.5305
Town of Buckeye(g)	81,842,158	1,145,000	12.033%	137,780	1.5500
The District	9,848,239	5,000,000*	100.000%	5,000,000**	3.3000
Total Net Direct and Overlapping General Obligation Bonded Debt				$5,862,777**	

(a) This table does not include the Salt River Project Agricultural Improvement and Power District general obligation bonded debt.

*Subject to change.

**Subject to change as discussed in the immediately preceding paragraph.

Such debt has been refunded in advance of maturity and is secured for payment by government securities held in irrevocable trust.

This table also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the U.S. Department of the Interior to deliver Colorado River water to central Arizona down to Tucson. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. CAWCD was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to Arizona's portion of the costs reimbursable to the federal government. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which thirteen cents is being currently levied. (See Arizona Revised Statutes, Section 48-3715 *et. seq.*) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State of Arizona and Federal 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.

This table also does not include the obligation of the Maricopa County Flood Control District to contribute $80 million to CAP. The Flood Control District's sole source of revenue to pay the contribution will be raised from ad valorem taxes.

(b) Proportion applicable to the District is computed on the ratio of secondary assessed valuation for 2003-2004. Because the Assessment Area only encompasses the area shown on the map on page (v) which is a smaller area than the area of the District, these amounts are greater than what actually overlaps the Assessment Area.

(c) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which is based on the primary assessed valuation of the jurisdiction.

(d) The County's tax rate includes the $0.1200 tax rate of the Central Arizona Water Conservation District, the $0.2119 tax rate of the Maricopa County Flood Control District, the $0.4560 tax rate of the Education Equalization District, the $0.0069 tax rate for the contribution to the Maricopa County Fire District and a $1.2629 tax rate of the County (which includes the County Free Library tax rate). It should be noted that the County Flood Control District does not levy taxes on personal property.

(e) Does not include Maricopa County, Arizona Certificates of Participation outstanding in the aggregate principal amount of $5,500,000 or lease revenue bonds issued by the Maricopa County Public Finance Corporation in the aggregate principal amount of $101,045,000.

(f) Does not include Maricopa County Community College District revenue bonds outstanding in the amount of $18,495,000.

(g) Does not include obligations of the Town outstanding in the following aggregate principal amounts:

Street and Highway User Revenue Bonds	$ 90,000
Excise Tax Revenue Obligations	2,460,000

Source: Individual jurisdictions and miscellaneous other sources.

Overlapping, Superior, General Obligation, Bonded Indebtedness of the District

Pursuant to an election held on August 7, 2001, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $50,000,000 in order to finance, among

other things, the costs of public infrastructure within the District, including incidental costs and the costs of issuing bonds. Additional indebtedness for the District could be authorized by elections in the future.

The District has authority to issue, in accordance with the procedures set forth in the Act, such bonds payable from *ad valorem* property taxes to be levied on property within the District. As noted above, the District is selling $5,000,000* of principal amount of such bonds simultaneously with the Bonds pursuant to a separate offering document in the form of the Series 2004 General Obligation Bonds. Such bonds will be paid from a secondary *ad valorem* property tax levy which is unlimited as to rate or amount but which is expected initially to be $3.00 per $100 of secondary assessed valuation. In addition, it is anticipated that the District will levy an additional secondary *ad valorem* property tax rate of $.30 per $100 of secondary assessed valuation for administrative, operational and maintenance costs of the District. The lien for such taxes would be superior and paramount to that for the Special Assessments with respect to the Bonds. **SEE "RISK FACTORS - Direct and Overlapping Indebtedness."**

Other Additional, Overlapping, Superior, General Obligation, Bonded Indebtedness

As noted hereinabove, the District has no control over the amount of additional debt 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, the County, school districts, or other entities having jurisdiction over all or a portion of the land within the District. To the extent such obligations are payable from general property taxes, such taxes will have a lien on the taxable property within the District superior and paramount to that for the Special Assessments with respect to the Bonds. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. **SEE "RISK FACTORS - Direct and Overlapping Indebtedness."**

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonded debt available for future issuance:

TABLE 2
AUTHORIZED BUT UNISSUED
GENERAL OBLIGATION BONDS

Buckeye Union High School District No. 33	$28,625,000

Source: Individual jurisdictions.

*Subject to change.

Maricopa County Community College District has scheduled a bond election for November 2004, requesting the authorization of an additional $951,359,000 principal amount of bonds.

Other Debt of the District

The District's Assessment District No. 1 Special Assessment Revenue Bonds, Series 2002 (the "Series 2002 Bonds") in aggregate principal amount of $11,300,000 and Assessment District No. 2 Special Assessment Revenue Bonds, Series 2003 (the "Series 2003 Bonds") in aggregate principal amount of $7,175,000 were issued on September 25, 2002, and April 29, 2003, respectively, to finance portions of the public infrastructure for development of land in the District. The area assessed for repayment of the Series 2002 Bonds (the "Series 2002 Assessment Area") and the Series 2003 Bonds (the "Series 2003 Assessment Area") does not overlap the Assessment Area, and the Bond Fund will not secure repayment of the Series 2002 Bonds or the Series 2003 Bonds in any respect. 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 included in other phases of Sundance, each of which would constitute a first lien on the parcel so levied and assessed, subordinate and subject only to general property taxes and prior special assessments, including, if they overlap the Assessment Area, the assessment for the Bonds, or, if they overlap the Series 2002 Assessment Area or the Series 2003 Assessment Area, the assessment for the Series 2002 Bonds or the Series 2003 Bonds, respectively. The overlapping lien of such special assessments, if issued, would be subordinate to the special assessment lien securing the Bonds, the Series 2002 Bonds or the Series 2003 Bonds, respectively. Any such parcel would be offered for sale for nonpayment of such special assessments on such parcel and, if sold, the applicable proceeds thereof applied for payment of assessment bonds. There can be no assurance that additional amounts of such bonds payable from special assessments will not be issued in the future, increasing the amount of liens on property in the District for such purposes. **SEE "RISK FACTORS - Direct and Overlapping Indebtedness."**

SOURCES AND APPLICATIONS OF FUNDS

The sources and application of funds with respect to the Bonds is as follows:

TABLE 3

SOURCES AND APPLICATION OF FUNDS

SOURCES OF FUNDS	
Par Amount of Bonds	
TOTAL SOURCES	
APPLICATIONS OF FUNDS	
Costs of Issuance (including Underwriter's Discount)	
Deposit to Debt Service Reserve Fund	
Deposit to Project Acquisition and Construction Fund	
TOTAL USES	

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from hereinafter described BLMI on behalf of the Owner, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

The Public Infrastructure, composed of certain infrastructure serving the Assessment Area, is described in the following table and shown on the map at page (v), is completed or expected to be completed in accordance with the time schedule set forth in the table below **and is assumed to be in existence for purposes of the Appraisal. SEE "RISK FACTORS."**

TABLE 4

PUBLIC INFRASTRUCTURE

Description	Estimated Cost (a)	Estimated Completion Date (b)
Sewer improvements in Durango Road from Watson Road to Rainbow Road including 5,247 linear feet ("lf") of 12 inch sewer line, 930 lf of 8 inch sewer line, 2-12 inch plugs, 2-8 inch plugs, 15-5 inch manholes, 6-4 inch manholes, 14-4 inch sewer services and related trenching.	$333,798	Completed
Water improvements on Watson from Yuma to Durango including 2,011 lf of 8 inch pipe, 791 lf of 16 inch pipe, 6 inch valves, a pressure reducing valve, 3 fire hydrants and a domestic water system interconnect.	$496,555	Completed
Proportionate share of installing paving for full collector street improvements for South Sundance Parkway from Yuma to Rainbow, approximately 4,500 lf 76 feet wide with a 12 foot striped median and on Durango between Watson and Rainbow, approximately 5,200 lf 76 feet wide.	$914,133	January 2005
TOTAL	$1,744,486	

(a) Costs for uncompleted Public Infrastructure are estimated and, once contracted for, subject to change orders and unforeseen events.

(b) Completion dates for uncompleted public infrastructure are also estimated and, once contracted for, subject to change orders and unforeseen events and other potential delays.

The Public Infrastructure has been or will be publicly bid in compliance with the process required by State law and the District. The Public Infrastructure either will be: (i) constructed and completed by BLMI and then acquired by the District and transferred to the Town upon completion or (ii) constructed and completed by the District and transferred to the Town upon completion. Proceeds of the

sale of the Bonds will be used by the District to acquire and/or fund the construction of the Public Infrastructure.

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from BLMI on behalf of 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.

Introduction

The land within the boundaries of the District was annexed into the Town in 1992. A specific plan for Sundance was adopted by the Town in 1995. The District is the subject of a Community Master Plan ("CMP") adopted by the Town in October 2000. In addition, Sundance is the subject of a development agreement, approved by the Town on October 17, 2000 (the "Land Development Agreement"), which addresses the rights of the District Property Owners 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 three recorded amendments.) 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 certain of the District Property Owners 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, water and sanitation services are provided in the District by the Town. Pursuant to the Land Development Agreement, the District Property Owners are 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 5
DEVELOPMENT BY ACREAGE

Type of Development	Approximate acres within the District
Residential	1367*
Multifamily	39
Commercial	228
Sewer (WWTP)	5
Water (Wells/Tank)	6
Schools	17
Community Center	10
Golf Course	187
Miscellaneous	1
TOTAL	1,860

* Will include approximately 4,800 single family homes upon ultimate development of all acreage and complete build out of all single family homes which is to occur no earlier than 2006. Approximately 1,144 of such homes have been sold to individual, third party homeowners. See Table 6 for projections of sales of certain of the remaining homes.

Development of the property within the District and construction of homes and other infrastructure is subject to obtaining various development and construction approvals and permits. As a condition to the sale of homes in the District, each District Property Owner (or its successor) will be required to obtain building, grading and any additional permits required for the construction and completion of all such homes and other infrastructure.

Specific Matters Relating to the District

Infrastructure Development. Other than the Public Infrastructure, certain infrastructure (collectively, the "Other Infrastructure") has been or is being constructed for the development of Sundance and the construction of homes. Certain portions of the Other Infrastructure which is public in nature has been or will be financed with proceeds of the sale of the Series 2002 Assessment Bonds, the Series 2003 Assessment Bonds or the Series 2004 General Obligation Bonds. The Other Infrastructure which is public in nature but not financed by the above referenced bonds or which is private in nature such as dry utilities, the wastewater treatment plant and on-site improvements has been or will be financed by or on behalf of the Residential District Property Owners. As of June 30, 2004, the Residential District Property Owners spent in excess of $46,300,000 (some of which has been reimbursed from proceeds of the sale of Series 2002 Assessment Bonds and the Series 2003 Assessment Bonds) for the Other In-

frastructure. Such amount does not include amounts spent by certain of the Residential District Property Owners for on-site improvements.

To facilitate the development of Sundance, the Residential District Property Owners entered into a Joint Development Agreement, dated February 16, 2001, as amended (the "JDA"). Pursuant to the JDA, Buckeye Land Management, Inc. ("BLMI") was appointed as the contract administrator to manage the construction of the infrastructure necessary to develop Sundance, including the Public Infrastructure and a portion of the Other Infrastructure. (BLMI is an entity formed for the specific purpose of acting as the contract administrator under the JDA and has minimal assets.) BLMI assigned its right to compensation under the JDA to Meritage Homes in exchange for Meritage Homes' agreement to allow BLMI to use its employees and certain of its resources to assist BLMI in satisfying its responsibilities as Contract Administrator under the JDA. Under the JDA, BLMI (on behalf of the Residential District Property Owners) has retained engineers, consultants, professionals and contractors to assist in the development of Sundance. Certain costs of development of Sundance are incurred by BLMI and paid by the Residential District Property Owners as provided in the cost-sharing provisions of the JDA. The JDA is subject to amendment by the parties thereto.

The Residential District Property Owners allocate all of the expenses paid under the JDA by *pro rata* share. The *pro rata* share of each Residential District Property Owners is calculated as the portion of the residential real property within Sundance owned or controlled by option by the Residential District Property Owner (even if sold to a third-party homebuyer) divided by the total acreage of residential real property within Sundance.

The Residential District Property Owners are solely responsible for completing, but are not required to complete, the development of the real estate within the District (including certain offsite infrastructure for the benefit of the commercial properties provided that such commercial property owners must pay BLMI, for the benefit of the Residential District Property Owners, "buy-in fees" at the time and in the amount required under the JDA). None of the parent companies or other affiliates of the Residential District Property Owners are contractually obligated or committed to provide capital or other financing to the Residential District Property Owners to assist in the completion of development of property in the District.

Residential Development. The residential lots presently planned for property within the District range in size from approximately 4,500 to 43,560 square feet. A portion of the property is presently being developed as an age-restricted community. Final pricing presently is in the range of $90,000 to $170,000 (with some homes to be constructed to be sold for as much as $350,000), but may change depending on the costs to the Residential District Property Owners to provide for costs of development of Sundance and depending on market conditions.

Table 6 reflects the actual number of home sales for 2003 and the projected number of home sales for 2004 and 2005 for each Residential District Property Owner marketing homes in the District, assuming the full exercise of all option rights of Meritage Homes held by Taro, StoneBridge Properties and StoneBridge Progeny. The remaining approximately 1,200 homes to be developed in the District are expected to be sold in 2006 and thereafter.

TABLE 6
HOME SALES

Residential District Property Owner	Calendar Year Ending	Estimated Single-Family Home Sales
Meritage Homes	2003	239
	2004	327
	2005	122
The Owner	2003	256
	2004	391(a)
	2005	300(a)
Pulte	2003	193
	2004	214
	2005	200
Canterra	2003	0
	2004	59
	2005	49
Sundance 1 & 2	2003	0
	2004	39
	2005	40
Hallcraft	2003	0
	2004	0
	2005	30
TOTAL		2,459

(a) Includes homes within the Assessment Area. See Table 7.

The District Property Owners may sell parcels (or portions thereof) to other subsequent owners. There can be no guarantee that the District Property Owners or any subsequent owners will have the financial capabilities to complete development discussed in this section of the Offering Memorandum on any land so acquired. There can also be no assurance that build-out will occur at the rates indicated hereinabove or if in fact any such sales will be consummated. Additionally, Buckeye Land is not a homebuilder or developer and intends

to hold any residential property owned (and not subject to a prior option to Meritage Homes) for future sale. See "THE RESIDENTIAL DISTRICT PROPERTY OWNERS - Buckeye Land." Property owners within Sundance other than the Residential District Property Owners are owners of commercial property, and there can be no assurance given of the funding of development, if any on the commercial property. Moreover, as the ownership of the parcels is subject to change, the development plans may not be continued by the subsequent owner of such parcels; however development by any subsequent owner will be subject to the policies and requirements of the Town. The projections above are also subject to the timely completion of the Other Infrastructure.

Community Amenity Development. In addition to the Public Infrastructure and the Other Infrastructure, a public golf course and golf course clubhouse have been constructed and are now open to the public; a private recreation center has been constructed and is now open for use by owners of homes in the age restricted community within Sundance and several other private community amenities are planned for construction within the District. Although such amenities are currently planned, none of the District Property Owners have provided assurances, financial or otherwise, that any of such amenities will be constructed or, if started as described elsewhere herein, completed within the District.

Commercial Development. Buckeye Land has formed a joint venture entity which intends to develop a portion of the commercial property within Sundance in the manner determined by the joint venture entity. The commercial property has not yet been conveyed to the joint venture entity. No assurance can be given that the commercial development will actually take place, nor can any assurance be given as to the time table of such commercial development.

Compaction Issues. In mid-2003, the sewer trench compaction within various sewer trenches within the off-site and on-site areas at Sundance were found to be insufficient. Pursuant to a settlement agreement with the Town, BLMI and the Residential District Property Owners agreed that (i) an additional layer of pavement will be added to certain finished roadways within the off-site areas of Sundance; and (ii) certain of the Residential District Property Owners would make a cash payment to the Town to enable the Town to make any necessary repairs, within existing subdivisions, resulting from the insufficient sewer trench compaction, with the Town to make any future repairs relating to the sewer trench compaction issues.

Availability of Water. The current water needs of Sundance (and a limited number of nearby property owners) are served by two wells, with a third well expected to be operational on or before November 22, 2004. Such wells are expected to produce water that meets all current water quality standards from the Environmental Protection Agency, the Arizona Department of Environmental Quality and the Maricopa County Environmental Services Department. If the third well is completed and operational at the time expected, then the water produced is expected to be sufficient to service the needs for water of

2,021 homes, most of which are in Sundance, and some of which are in an unrelated subdivision to the south of Sundance. BLMI expects to complete one additional well to serve 1,189 additional homes, beginning about June 2005.

The number of homes served described in the preceding paragraph is based on an assumption (required by the Town) that water usage would be 900 gallons per home, per day. Actual historical usage has been substantially less than expected with the average daily use during peak months of approximately 395 gallons per home per day. Based on the actual historical usage, the first three wells would be sufficient to service the water needs of approximately 4,648 homes (with the fourth well providing the capacity to serve an additional 2,734 homes); provided however that no assurance can be given that past water usage will equal water usage in the future. If such wells are not sufficient for such needs, other sources of potable water would have to be developed to provide for continuing development or other uses of potable water would have to be curtailed to allow development to continue.

The Town is not designated as having an assured water supply pursuant to applicable Arizona law and does not presently serve potable water to the District. 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 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 the ADWR. An "analysis of assured water supply" approved by the ADWR has been obtained. Until such time as ADWR designates the Town as having an assured water supply, the District Property Owners must seek and obtain certificates of assured water supply in accordance with applicable Arizona law as a prerequisite for subdividing and developing property within the District. The Town has agreed to take all reasonable steps to assist the District Property Owners in connection with applications for certificates of assured water supply for portions of the District, including, but not limited to, executing "notices of intent to serve" required by the ADWR in connection with such applications 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 District 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 District Property Owners to plat, construct and sell homes within Sundance.

Wastewater Treatment Plant. Construction of the wastewater treatment plant which serves Sundance (the "WWTP") is to occur in phases. The first phase is complete with a capacity of 1,200,000 gallons per day and has the capacity to serve approximately 3,428 homes presuming an estimated usage of 350 gallons per day per home. Actual

usage has been less than expected, and if the existing level of usage continues, then the WWTP capacity will be updated to show service to a greater number of units.

The Town executed a service agreement for the operation and maintenance of the WWTP by a private operator. Simultaneously with the execution of the Service Agreement, BLMI (on behalf of the Residential District Property Owners) executed a payment shortfall agreement requiring BLMI (on behalf of the Residential District Property Owners), among other things, to pay the Town the difference between the amount paid by WWTP customers and the amount due such operator under the service agreement, anticipated to be as much as $600,000 per year during the first two years of its operation, assuming at least 800 home sales per year in the District. BLMI has been approached by developers of nearby property to expand the capacity of the WWTP to serve such property. BLMI has indicated a willingness to discuss expansion of the WWTP provided the District Property Owners bear no additional fees, costs or expenses (beyond what was originally contemplated) in connection with such expansion and provided such expansion does not cause any delays or have any other adverse effect on the Project or the District Property Owners. No agreement has been signed, and any terms of such an agreement are uncertain at this time.

Electric Utility Service. An electric substation has been constructed within the District to service the electrical needs of Sundance.

Educational Facilities. Areas of the District will be served by several school districts. Presently, no schools have been constructed in the District. The Residential District Property Owners contemplate dedicating property for up to three elementary schools and one high school. If the school districts' applications for funding are approved timely by the Arizona School Facilities Board, the state agency responsible for funding school construction, then the construction of the first two elementary schools are expected to be started in 2004 and 2005. Sites for the third elementary school and the high school site will only be dedicated if necessary to serve the residents of the District, and such schools will only be constructed if the funding for such construction can be obtained from the Arizona School Facilities Board.

Specific Matters Relating to the Assessment Area

Introduction. The Assessment Area is part of the District. The District consists of approximately 1,860 acres, approximately 138 net assessable acres of which are included in the Assessment Area. (Only the Assessment Area, and not the remaining area in the District, represents security for the Bonds.) (See maps at pages (iii), (iv) and (v) for the location of the District and the Assessment Area.)

Final zoning for all property within the Assessment Area has been obtained and is consistent with the Owner's current develop-

ment plans for such lands. Only a portion of the land has been final platted; the remaining land being the subject of preliminary plats.

Residential Development of the Assessment Area. The Owner will be responsible for completing the on-site improvements to its platted lots indicated in Table 7. (The Appraisal assumes only the existence of certain of such on-site improvements as specifically described in the Appraisal.) See Table 7 and the information under the heading "THE OWNER." The actual number of lots will depend upon market conditions and the final plat for each parcel within the District. The Owner may, at any time, change the manner in which it develops lots on parcels in the Assessment Area it owns and could in the future sell such parcels individually or in bulk, platted or unplatted, including on a "rolling option" basis.

The residential lots presently planned for property within the District range in size from approximately 4,500 to 43,580 square feet. Final pricing has not yet been determined, but prices for homes are presently expected to be in the range of $110,000 to $170,000 (with some homes to be constructed by Pulte to be sold for as much as $350,000). (Information on the homes to be sold by the Owner is included under the subheading "THE OWNER - Marketing Strategy and Pricing.") No home sales have taken place in the Assessment Area. Marketing of homes within the Assessment Area has commenced. A limited number of home sales are expected to occur in 2004. For a description of the marketing and sales plan for the Owner, see the information under the subheading "THE OWNER - Marketing Strategy and Pricing."

Commercial Development. None of the land within the Assessment Area is presently zoned for commercial development.

Specifics of Special Assessments. It is currently planned that, upon completion, the Assessment Area will include the following uses described in Table 6, affected by the corresponding Special Assessments:

TABLE 7

SPECIAL ASSESSMENT SPECIFICS

PARCEL(a)	NET ASSESSABLE ACREAGE	ESTIMATED SINGLE FAMILY HOME LOTS(b)	ASSESSMENT PER LOT(c)	TOTAL ASSESSMENT(d)	ESTIMATED WHOLESALE BULK VALUE PER LOT (e)	VALUE TO LIEN*	STATUS OF PLATTING
31	60.37	310	$4,347.37	$1,347,684	$28,500	6.55x	Final
32	34.26	86	4,347.37	373,874	37,093	8.53	Preliminary(f)
33	20.71	52	4,347.37	226,063	24,615	5.66	Preliminary(f)
35	22.34	27	4,347.37	117,379	29,630	6.81	Preliminary(f)
TOTAL	137.68	475		$2,065,000			

(a) Parcels in the Assessment Area are depicted on the map at page (v).
(b) Lots relate to single family, residential, unimproved lots.
(c) The Owner intends to pay down the Assessments Per Lot on Residential Parcels down to $3,700 concurrently with the sale of homes built on such lots to buyers of such homes.
(d) "Total Assessment" represents assessments for the Bonds.
(e) Per Lot figures are derived by dividing the Estimated Single Family Homes Lots by the Estimated Wholesale, Bulk Value as reported in the Appraisal. See Appendix D.
(f) Plats are subject to amendments prior to being finalized.

* Subject to change.

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.

Background

The Owner is an wholly-owned subsidiary of D.R. Horton, a publicly traded company on the New York Stock Exchange. D.R. Horton was incorporated on July 1, 1991 to acquire all of the assets and businesses of 25 predecessor companies, which were residential home construction and development companies owned or controlled by Donald R. Horton. D.R. Horton constructs and sells single-family homes in metropolitan areas of the Mid-Atlantic, Midwest, Southeast, Southwest and West regions of the United States. Its homes are designed principally for first-time and move-up homebuyers. D.R. Horton's homes generally range in size from 1,000 to 5,000 square feet and range in price from $80,000 to $900,000. For the fiscal year ended September 30, 2002, D.R. Horton closed 35,934 homes with an average sales price approximating $231,900. ***D.R. Horton is the parent company of, and controls, the Owner but has no obligations in connection with the JDA or any other agreement or obligation except as otherwise referenced herein.***

D.R. Horton has operating divisions in 20 states and 47 markets as of September 30, 2003. The markets include: Albuquerque, Atlanta, Austin, Baltimore, Bend (Oregon) Birmingham, Charleston, Charlotte, Chicago, Colorado Springs, Columbia, Dallas, Denver, Fort Collins, Fort Myers/Naples, Fort Worth, Greensboro, Greenville, Hawaii, Hilton Head, Houston, Inland Empire (Southern California), Jacksonville, Killeen, Las Vegas, Los Angeles, Maryland-D.C., Miami/West Palm Beach, Minneapolis/St. Paul, Myrtle Beach, New Jersey, Oakland, Orange County, Orlando, Phoenix, Portland, Raleigh/Durham, Sacramento, Salt Lake City, San Antonio, San Diego, San Francisco, Seattle/Tacoma, Tampa, Tucson, Ventura County and Virginia-D.C. D.R. Horton Builds homes under the following names: D.R. Horton, Cambridge, Continental, Dietz Crane, Emerald, Melody, Milburn, Schuler, Stafford, Torrey, Trimark and Western Pacific.

D.R. Horton's financial reporting segments consist of homebuilding and financial services. Its homebuilding operations comprise the most substantial part of its business, with more than 98% of consolidated revenues in fiscal 2001, 2002 and 2003. The homebuilding operations segment generates the majority of its revenues from the sale of completed homes with a lesser amount from the sale of land and

lots. The financial services segment generates its revenues from originating and selling mortgages and collecting fees for title insurance and closing services.

D.R. Horton's consolidated revenues increased 29.5%, to $8,728.1 million in fiscal 2003 (ending September 30, 2003) from $6.738.8 million in 2002, primarily due to increases in both home sales and financial services revenues. Income before income taxes increased 55.7% to $1,008.2 million in 2003 from $647.5 million in 2002. Approximately $498.6 million of the increase in homebuilding revenues was attributable to revenues generated by Schuler Homes, Inc. prior to the February 21, 2003 anniversary date of the acquisition.

The following documents filed by D.R. Horton, Inc. ("D.R. Horton") with the Securities and Exchange Commission (the "SEC") are incorporated herein by reference:

(1) D.R. Horton's Annual Report on Form 10-K for the year ended December 31, 2003; and
(2) D.R. Horton's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

D.R. Horton files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-14122. Copies of the SEC filings (including (1) D.R. Horton's Annual Report on Form 10-K for the year ended December 31, 2003, and (2) D.R. Horton's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, are available (i) over the Internet at the SEC's web site at http://www.sec.gov; (ii) at the SEC's public reference room in Washington D.C.; and (iii) over the Internet at D.R. Horton's web site at http://www.drhorton.com. D.R. Horton is listed on the New York Stock Exchange under the symbol DHI.

Any documents filed by D.R. Horton pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Limited Offering Memorandum and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Limited Offering Memorandum and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Limited Offering Memorandum, shall be deemed to be modified or superseded for purposes of this Limited Offering Memorandum to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Limited Offering Memorandum.

Marketing Strategy and Pricing

The Owner presently expects to construct approximately 1,000 single family residential units within Sundance and 475 units within the Assessment Area. The homes likely will range in size from approximately 1,065 square feet to approximately 2,645 square feet and will likely range in price from approximately $90,000 to approximately $140,000. The Owner likely will adjust its marketing strategy and pricing to address current market conditions.

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS LIMITED OFFERING MEMORANDUM, BEFORE MAKING AN INVESTMENT DECISION.

Concentration of Ownership; Subsequent Transfer

The Owner owns all of the land in the Assessment Area. There can be no assurance that the Owner has the financial capability to continue and complete development. See "LAND DEVELOPMENT." Also, there can be no assurance that the Owner will continue to pay amounts due with respect to the Special Assessments encumbering such land. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Foreclosure." In the event the Owner does not pay the Special Assessments, there could be a default in the payment of the Bonds.

In addition, the Owner may transfer ownership of parcels (or portions thereof) within the District and the Assessment Area to other persons or entities prior to completion of development therein who will then sell to, among others, ultimate homeowners. There can be no assurance that any subsequent owners will have the financial capabilities to complete development on any land so acquired or to pay amounts due with respect to the Special Assessments encumbering such land. Failure of the owners of undeveloped property to pay the Special Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resales of property upon a foreclosure or otherwise. In the event of a failure with respect to the latter, there could be a default in the payment of the Bonds.

Failure or Inability to Complete Proposed Development

The land in the District including in the Assessment Area is under development. Continuing development is contingent upon con-

struction or acquisition of major public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage facilities, telephone and electrical facilities, recreational facilities and street lighting, as well as local on-site improvements, including site grading. If the Owner is unable to complete these additional improvements, the ability of the Owner to sell land would be affected adversely.

The development of each phase of Sundance (including the phase in which the Assessment Area is included) will be staged so that a particular phase will not be developed all at once. The financing for development of Sundance as a whole will be provided by third party lenders, funds provided by the District Property Owners and other sources. The availability of funding for the completion of Sundance will depend upon the demand for residential lots or units within Sundance and local, regional and national market and economic conditions. No assurance is given that funding will be obtained for development of Sundance, or, if obtained, will be in an amount sufficient to complete development of Sundance. If satisfactory funding is unavailable, the District Property Owners may be required to delay or suspend completion of the development of the balance of Sundance.

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."

Proposed development within the District (including the foregoing) may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See "Availability of Utilities" and "Environmental Matters." Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the development of Sundance must come from the Town, over which the District has no control.) Moreover, there are similar, competing master planned communities in the vicinity of Sundance which could affect adversely the market share expected for Sundance, and there can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with Sundance. A slowdown of the development process and the related absorption rate within Sundance because of any or all of the foregoing could affect adversely land values. THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE OWNER AND ANY SUBSEQUENT OWNERS TO PAY THE SPECIAL ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE SPECIAL ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN THE ASSESSMENT AREA IN THE

EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Bonds.

The land in the Assessment Area is partially developed and, if any or all of the foregoing occurs, the undeveloped portion could continue as such. Vacant land provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of the Special Assessments. An inability to develop the remaining land within the Assessment Area will likely reduce the diversity of ownership on land within the Assessment Area.

Growing Smarter

During 1998, the Arizona Legislature promulgated the Growing Smarter Act of 1998 ("Growing Smarter") which created new planning requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Growing Smarter also created the "Growing Smarter Commission" which conducted hearings throughout the State on ways to enhance the law and to address certain other issues. During 2000, the Arizona Legislature adopted additional legislation known as "Growing Smarter Plus" which significantly expands Growing Smarter particularly the planning requirements passed in 1998. Fast-growing communities must now 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 now required. To pay for growth, communities are permitted to establish service area limits, beyond which new growth pays the full cost for services. Growing Smarter allowed citizens to refer general plans passed by local government to the ballot for voter approval. Growing Smarter Plus goes a step farther by requiring fast growing and large cities and Pima and Maricopa Counties to submit their general plans 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 and Growing Smarter Plus will affect development activity in the State and particularly the Town and the District in the future.

Enforcement of Joint Development Agreement; Factors Affecting Owners Relationships

The Residential District Property Owners have entered into the JDA, which, among other things, obligates each of the Residential District Property Owners to provide their pro-rata share of certain infrastructure and landscaping costs associated with the entire District, including the Assessment Area. These obligations are secured by performance deeds of trust recorded against each fee owner's interest in its respective properties (subject to releases of portions of the properties, as agreed on by the Residential District Property Owners). There are, however, no financial assurances that the Residential District Property Owners will be able to complete their obligations as directed under the JDA. If a Residential District Property Owner is unable to satisfy its obligations, the other Residential Dis-

trict Property Owners' recourse may be limited to a foreclosure on the defaulting party's property and/or drawings on any letter of credit or escrowed funds provided by the Residential District Property Owner pursuant to the JDA. The foreclosure and/or drawings on a letter of credit or escrowed funds may or may not result in sufficient funds to complete the improvements as contemplated under the JDA and may be disruptive to the project as a whole. In the event of a default by a Residential District Property Owner the JDA does not require the other Residential District Property Owners to contribute any additional amounts to cover the deficiency from the defaulting Residential District Property Owner.

Management

The management of the Owner could change in the future. Purchasers of the Bonds should not rely on the management experience of the Owner. There are no assurances that the Owner will not sell the subject property or that officers will not resign or be replaced. In such circumstances, new owners or new officers in management positions may not have comparable experience in residential homebuilding.

Amendment of Documents Referenced

The reports, inspections and other documents described in this 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 Assessment Area is in the early phases of development and construction. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Because the existing contracts and agreements are subject to change, the summaries of any contracts or agreements contained hereinabove may not accurately reflect the future conditions relating to the development of the Assessment Area and the District; however, the Owner does not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.

Availability of Utilities

As described above, failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District, including the Assessment Area. See "Failure or Inability to Complete Proposed Development." Certain utilities are to be developed by the Town pursuant to certain development agreements. There can be no assurances that such utilities will be financed and developed.

An assured water supply designation is a necessary condition to the ability of the Owner to plat lots and construct and sell homes within Sundance. An analysis of assured water supply approved by

ADWR has been obtained. The assured water supply designation can be terminated or modified by ADWR should circumstances warrant.

Also, as described above under the subheading "LAND DEVELOPMENT - Availability of Water," certain determinations remain to be made about actual water usage which may affect the need for additional water sources for the Project.

Direct and Overlapping Indebtedness

The ability of an owner of land within the Assessment Area to pay the Special Assessments could be affected by the existence of other taxes and assessments imposed upon the property. The District and other public entities whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS.") The lien created on the property within the District through the levy of ad valorem taxes would be superior and paramount to that for the special assessments securing the Bonds. The imposition of additional superior and paramount liens, or subordinate liens in the case of future special assessments, or for that matter for private financing, may reduce the ability or willingness of the landowners to pay the Special Assessment. In that event, there could be a default in the payment of the Bonds.

Appraised Value

The Appraisal was prepared for the purpose of estimating the "wholesale bulk value" of the fee simple interest in the Assessment Area. As described herein under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Special Assessments and Land Values -- Appraisal Values," the Appraisal utilizes a development cost approach to establish the value of the parcels within the Assessment Area. This approach is premised upon the purchase of each parcel composing the Assessment Area by a single buyer who would then develop the site and subsequently sell the individual parcels to unrelated parties. No assurance can be given that should any parcel become delinquent due to unpaid Special Assessments, and be foreclosed upon and sold for the amount of such delinquency, that any bid would be received or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Assessment or would approximate the appraised value. In addition, the Appraisal did not take into consideration the possibility of the existence of asbestos, PCB transformers, or other toxic, hazardous or contaminated substances and/or underground storage tanks (hazardous materials).

There can be no assurance that the values described in the Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the value de-

termined in the Appraisal is related in any way to future value or the value as of the date of any default under the Bonds.

Non-Payment of Assessments

As discussed below, payments with respect to the Special Assessments could be insufficient to pay the Bonds due to nonpayment of the amounts levied.

In order to pay debt service on the Bonds, it is necessary that the Special Assessments levied against the Assessment Area within the District be paid in a timely manner. Should a Special Assessment not be paid on time, the District has established a Reserve Fund to pay debt service on the Bonds to the extent other funds are not available therefor.

Foreclosure proceedings will be instituted against any property with a delinquent Special Assessment in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Assessment to protect its security interest. See "SECURITY FOR THE BONDS - Foreclosure Process" for provisions which apply if foreclosure is required and which the District is required to follow in the event of delinquency in the payment of a Special Assessment.

If amounts are withdrawn from the Reserve Fund to make payments on the Bonds on account of a default in a Special Assessment on a portion of the Assessment Area, the amount received by the District from the sale of such portion of the Assessment Area, after the deduction of the expenses of sale, will be paid over and credited to the Reserve Fund.

Bankruptcy and Foreclosure Delays

The payment of the Special Assessments and the ability of the District to foreclose the lien of delinquent, unpaid Special Assessments may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Special Assessments to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) and relating to the Indenture will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Assessments to become extinguished, bankruptcy of a property owner

could result in a delay in foreclosure proceedings and could result in the possibility of a delinquent Special Assessment not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal and interest on the Bonds.

Depletion of Reserve Fund

Failure of the owners of assessed property to pay the Special Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resales of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of, and interest on, the Bonds if sufficient amounts are not available in the Reserve Fund.

Completion of the Public Infrastructure and the Other Infrastructure

The construction of the Public Infrastructure and the Other Infrastructure which is necessary for development of the Assessment Area is not yet complete. The cost and time for completion of some of such improvements is uncertain and may be affected by changes in national, regional and local 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; changes in local, regional and national market and economic conditions; 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 Sundance, 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 or its affiliates. If cost overruns result in delay of construction, or if other delays are experienced, the Owners may be unable to complete timely all of such necessary improvements.

General Risks of Real Estate Investment and Development

Investments in developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. Sundance will be subject to the risks generally incident to real estate investments and development. Many factors that may affect Sundance, as well as the operating revenues of the Owner derived from Sundance, are not within the control of the Owner. Such factors include changes in national, regional and local 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; changes in local, regional and national market and economic conditions; 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 Sundance, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (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 Owner or its affiliates.

Sundance, including the phase of the development plan which represents the real estate development in the Assessment Area, cannot be initiated or completed without the Owner obtaining a variety of governmental approvals and permits, most of which have already been obtained. Such permits are necessary to initiate construction of each phase of Sundance and to allow the occupancy of the 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. Matters like those discussed hereinabove under the headings "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. See "LAND DEVELOPMENT - Government Approvals."

Environmental Matters

Sundance, including the phase of the development plan which represents the real estate development in the Assessment Area, will be subject to risks arising out of environmental, archeological, biological considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values in Sundance 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. See "LAND DEVELOPMENT - Environmental Matters."

Cancellation of Contracts

The State, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the

State, its political subdivisions, including the District or any of the departments or agencies of either is, while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. Cancellation of contracts entered into by the District may adversely affect the Bonds.

No Credit Rating

No credit rating for the Bonds has been sought, nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Projections

Included in this Offering Memorandum are various projections for lot and home sales, completion dates, completion costs and other items. The projections for lot and home sales, 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 and home sales, completion dates, completion costs and other items and actual lot and home sales, completion dates, completion costs and other items, because the lot and home sales, completion dates, completion costs and other items frequently do not occur as expected, and those differences may be material. There can be no assurances that the various projections set forth in this Offering Memorandum can be achieved.

LITIGATION

At the time of delivery and payment for the Bonds, the District will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Resolution or the Indenture, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds,

the Resolution, the Indenture, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds will be excluded from gross income for federal income tax purposes and will be exempt from State of Arizona income taxes. The opinion of Bond Counsel will be dated as of the date of delivery of the Bonds. A form of such opinion is included as Appendix B attached hereto.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The opinion of Bond Counsel assumes continuing compliance with such restrictions, conditions and requirements.

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

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

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Bonds, including, without limitation, corporations subject to either the environmental tax or 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.

NO CREDIT RATING

The District has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds. **See "RISK FACTORS."**

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds, and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. (See "TAX EXEMPTION" herein.) Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds in substantially the form of Appendix B hereto. Certain legal matters

will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona; for the Owner by its counsel, Fennemore Craig, P.C., and for BLMI by its counsel, Titus, Brueckner & Berry P.C., Scottsdale, Arizona. **See "RELATIONSHIPS AMONG PARTIES."**

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The Bonds are being purchased by RBC Dain Rauscher Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $_____ (reflecting the aggregate principal amount of the Bonds, less Underwriter's compensation of $_____). The Underwriter will initially offer and sell the Bonds to Qualified Investors. The prices set forth on the cover page hereof may be changed after the initial offering by the Underwriter.

CONTINUING DISCLOSURE

The District and the Owner have each separately covenanted for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the District and development therein, as applicable, by not later than seven months after the end of their respective fiscal years (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notices of Material Events"). The Annual Reports will be filed by the District and the Owner with each Nationally Recognized Municipal Securities Information Repository and with the appropriate State Information Depository, if any. The Notices of Material Events will be filed by the District and the Owner with the same entities as well as the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports or in the Notices of Material Events, and the circumstances under which subsequent landowners of land now owned by Buckeye Land or StoneBridge will enter into an undertaking to provide continuing disclosure, are set forth herein under the caption Appendix E - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and which includes forms of undertakings which will be executed by the District and the Owner with respect to the Bonds. The District has no obligation to enforce the obligations of the Owner (or subsequent landowners of land now owned by the Owner) under their respective Continuing Disclosure Undertaking.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). Should the District or the Owner not comply with such covenants, they have covenanted to provide notice of such fact to each Nationally Recognized Securities Information Repository, the State Information Depository, if any, and the Municipal Securities Rulemaking Board. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District and the Owner have been and are in material compliance with continuing disclosure undertakings previously entered into by them for purposes of the Rule.

RELATIONSHIPS AMONG PARTIES

Gust Rosenfeld P.L.C., Bond Counsel, has acted as counsel to the Underwriter in other transactions underwritten by the Underwriter and as bond counsel in other transactions underwritten by the Underwriter. Greenberg Traurig, LLP, Counsel to the Underwriter, has acted as bond counsel in other transactions underwritten by the Underwriter and by the Financial Consultant. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions. Gust Rosenfeld P.L.C. also serves as general counsel to the Town.

The Underwriter has underwritten bonds issued by the Town and other overlapping political subdivisions. The Underwriter expect to do so in the future.

This Offering Memorandum has been approved, executed and delivered by the District.

SUNDANCE COMMUNITY FACILITIES DISTRICT

By.....
Chairman, District Board

1447879.6-8/27/04

(This page intentionally left blank)

APPENDIX A

INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

The following information is given as background information concerning the Town. THE BONDS ARE NOT AN OBLIGATION OF THE TOWN. The Bonds are secured and payable only as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein. The holders of the Bonds have no right to payment except as described therein.

General

The Town is located approximately 30 miles from downtown Phoenix, Arizona, the original townsite being approximately four miles south of Interstate 10 on State Highway 85. The Town, which was founded in 1889 and incorporated in 1929, encompasses approximately 112 square miles and sits at an elevation 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
2003 Estimate*	13,030	3,396,875	5,629,870
2000 Census	6,537	3,072,149	5,130,632
1990 Census	5,038	2,122,101	3,655,228
1980 Census	3,434	1,509,252	2,718,425
1970 Census	2,599	971,228	1,775,399
1960 Census	2,286	663,510	1,302,161

*Estimate as of July 1, 2003.

Source: Arizona Department of Economic Security, Population Statistics Unit and U.S. Department of Commerce, Bureau of the Census.

Transportation

State Highway 85, connecting the Town with the City of Phoenix, Arizona, traverses the downtown portion of the Town. Interstate 10 also traverses the northern portion of the Town. The Town has a small airport adjacent to Interstate 10 with plans for a future runway extension. Sky Harbor Airport in Phoenix provides passenger air service. Bus lines are available in the Phoenix metropolitan area.

Government

The Town operates under a Council-Manager form of government. The Mayor is elected for two years and six council members are elected at large on a non-partisan ballot for staggered four-year terms. The Town Council appoints a Manager who has full responsibility for carrying out council policies and administering operations. Currently, the Town has an interim manager.

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 supply necessary 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 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

Year	United States	State of Arizona	Maricopa County	Town of Buckeye
2004*	5.6%	5.1%	4.1%	9.6%
2003	6.0	5.6	4.9	11.3
2002	5.8	6.2	5.6	12.8
2001	4.8	4.7	3.9	9.0
2000	4.0	3.9	2.6	6.2
1999	4.2	4.4	3.0	6.9

*June 2004.

Source: Arizona Department of Economic Security, Research Administration.

MAJOR EMPLOYERS
Town of Buckeye and Surrounding Area, Arizona

Employer	Product/Service	Approximate Number of Employees
Palo Verde Nuclear Plant	Energy Plant	2,100
Lewis Prison Complex	Prison	1,100
Wal-Mart Distribution	Retail Warehouse	837
Paradise Waste of Arizona	Waste Management	395
Schult Homes Inc.	Mobile Home Manufacturer	230
Department of Corrections (Juvenile)	Government	263
Rip Griffin's Truck/Travel Center	Commercial Oasis	180
Buckeye Elementary School District	Education	175
Town of Buckeye	Government	128
Buckeye Union High School	Education	120

Source: Economic Development Department, Town of Buckeye, Arizona.

Non-Agricultural Wage and Salary Employment
Maricopa County

Industry	1999	2000	2001	2002
Manufacturing	167,400	162,700	158,500	143,000
Mining	900	1,100	1,200	900
Construction	113,000	115,500	120,400	114,900
Transportation, Communications and Public Utilities	78,800	83,600	83,400	80,900
Trade	359,200	369,400	373,100	376,500
Finance, Insurance and Real Estate	122,600	124,000	122,700	124,000
Services and Miscellaneous	457,000	518,100	507,300	504,900
Government	172,600	178,800	189,900	194,000
Total	1,471,500	1,553,200	1,555,600	1,539,100

	2003
Manufacturing	127,700
Natural Resources and Mining	1,200
Construction	127,300
Trade, Transportation, and Public Utilities	321,500
Information	36,000
Financial Activities	129,400
Professional and Business Services	254,800
Education and Health Services	159,400
Leisure and Hospitality	152,700
Other Services	61,800
Government	197,200
Total	1,569,000

Source: Arizona Department of Economic Security, Research Administration

Town of Buckeye
Sales Tax Collections

Budget Year	Amount
2002-03	$2,776,931
2001-02	1,676,502
2000-01	1,411,865
1999-00	1,445,838
1998-99	1,005,187

Source: Town of Buckeye, Finance Department.

Agriculture

The Town 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)

Year	Total Receipts
2002	$792,307,000
2001	886,169,000
2000	818,160,000
1999	807,701,000
1998	835,808,000
1997	784,759,000

Source: 2002 Arizona Agricultural Statistics Bulletin, July 2003.

Educational Facilities

Elementary and high school education is available through the Buckeye Elementary School District No. 33 and the Buckeye Union 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 with participating banks of the Arizona Bankers Association for Maricopa County on December 31 of each year.

Maricopa County
Bank Deposits
($ in thousands)

Year	Amount
2003	$35,084,759
2002	31,628,767
2001	27,859,411(a)
2000	27,336,883(b)
1999	22,330,881(c)

(a) BNC National Trust, Bank of the Southwest, First Interstate Bank and Trust, Frontier State Bank, Johnson Bank, United Arizona Bank NA, and Washington Mutual did not participate.
(b) First International Bank and Trust did not participate.
(c) Stearns Bank, Bank of the Southwest, Pacific Century Bank, and Norwest did not participate.

Source: Arizona Bankers Association.

Construction

The following tables were compiled from Arizona Construction Report, a publication of the Arizona Real Estate Center, L. William Seidman Research Institute, W.P. Carey School of Business, Arizona State University and information from the Town. The Center obtains its data from County and City divisions which issue such permits. Construction is valued on the basis of estimated cost, not on market price or the value of construction at the time the permit is issued. The date at which the permit is issued is not to be construed as the date of construction.

Town of Buckeye
Value of Building Permits

Year	Residential	Commercial & Industrial	Other	Total
2004(a)	$52,961,000	N/A	N/A	$52,961,000(c)
2003	68,411,000	N/A	N/A	68,411,000(c)
2002	20,849,777	N/A	N/A	20,849,777(c)
2001	19,287,101	N/A	N/A	19,287,101(c)
2000	8,282,083	$53,062,000(b)	$ 699,425	62,043,508
1999	9,036,146	3,124,015	1,154,795	13,314,956

(a) Through the first quarter of 2004.

(b) Commercial & Industrial classification includes an approximately $52 million amount relating to Wal-Mart retail warehouse.

(c) Includes amounts for Residential classification only.

Source: Arizona Real Estate Center, L. William Seidman Research Institute, W.P. Carey School of Business, Arizona State University, 2003 and Town of Buckeye.

Town of Buckeye
New Housing Starts

Year	Housing Permits
2004(a)	409
2003	570
2002	209
2001	71
2000	137

(a) Through the first quarter of 2004.

Source: Arizona Real Estate Center, L. William Seidman Research Institute, W.P. Carey School of Business, Arizona State University, 2003 and Town of Buckeye.

(This page intentionally left blank)

APPENDIX B

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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

District Board
Sundance Community Facilities District

Re: Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $2,065,000* aggregate principal amount of Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004, dated the date hereof (the "Bonds"), issued by the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "District") initiated under Resolution of Intention No. 09-04 (Sundance).

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 12-04 (Sundance), passed and adopted by the District Board on August 3, 2004 (the "Bond 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 Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Bond Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable

*Subject to change.

against the District, and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid obligation payable by the District, from the Bond Fund provided for that purpose.

4. The Bonds are payable at the office of the Trustee, Wells Fargo Bank, National Association. The Bonds are payable solely from the funds pledged pursuant to the Indenture and from payments of the unpaid assessments upon the real property within the boundaries of the District assessed for the improvement, which assessments may be subject to reduction to the extent the improvement is not completed and the land assessed does not receive benefits commensurate with the amount assessed.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and the Indenture and to collection of

assessments may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and to the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By.....
Scott W. Ruby
Bond Counsel

(This page intentionally left blank)

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

SUNDANCE COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in the case the bonds are held by a securities depository, not less than $25,000 aggregate principal amount of the captioned bonds (hereinafter referred to as the "Bonds"), such Bond 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 an intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of _____ 1, 2004 (the "Indenture"), from the captioned District (hereinafter referred to as the "Issuer") to the captioned Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "Trustee") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor (as defined below), purchase not less than $25,000 aggregate principal amount of the Bonds and must sign a letter in the form of this letter.

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

(i) a "qualified institutional buyer", as such term is defined in Rule 144A, of the Securities Act of 1933, as amended (the "Securities Act"); or

(ii) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission; or

(iii) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i) 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 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 Qualified Investor 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 Qualified Investor 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 Qualified Investor acknowledges that it is experienced, knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The Qualified Investor is not relying on the Issuer or the Town of Buckeye, Arizona (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 Qualified Investor 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 Qualified Investor acknowledges that the Qualified Investor has either been supplied with or has had access to the information, including the preliminary limited offering memorandum, the financial statements, the appraisal and other financial information received from the respective developers of the assessed land. The Qualified Investor 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 Qualified Investor requested, any other

information, or to as certain the accuracy or completeness of the appraisal and any other information that may have been furnished by the developer or any other third party.

.....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

(This page intentionally left blank)

APPENDIX C-2

FORM OF INVESTOR LETTER (SMMP)

.....

SUNDANCE COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

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 ....., 2004, 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 connec-

tion 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

APPRAISAL

(This page intentionally left blank)

AN

APPRAISAL OF

FOUR RESIDENTIAL

PARCELS WITHIN

SUNDANCE

A MASTER PLANNED

COMMUNITY IN

BUCKEYE, ARIZONA

AN APPRAISAL OF

Four Residential Parcels Within Sundance, A Master Planned Community
In Buckeye, Arizona

The Four Subject Parcels Are To Be Included In
The Sundance Community Facilities District 3rd Special Assessment

DATE OF VALUATION

June 18, 2004

DATE OF REPORT

June 21, 2004

PREPARED FOR

Town of Buckeye/Sundance Community Facilities District
Attn: Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona

PREPARED BY

Frank R. Kleinman, MAI, CRE
and
Stephen E. Niebling
BURKE HANSEN, LLC
2700 North Central Avenue, 9th Floor
Phoenix, Arizona 85004

Burke
Hansen,
LLC
REAL ESTATE APPRAISERS
& CONSULTANTS

June 21, 2004

Town of Buckeye/Sundance Community Facilities District
Attn: Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona

Subject: Market Value Appraisal of **FOUR PARCELS WITHIN SUNDANCE, A MASTER-PLANNED COMMUNITY** In Buckeye, Arizona (Burke Hansen File No. 4009N)

Dear Mr. Ruby:

At your request, we have inspected the above-captioned properties in connection with preparing the attached complete appraisal, the purpose of which is to form an opinion of the wholesale (bulk) value of each of the four ground parcels referenced above which are specifically identified below.

PARCEL SUMMARY

Parcel	Gross Acreage	Net Acreage	Lot Count	Gross Density
31	62.54	60.37	310	4.96
32	37.07	34.26	86	2.32
33	21.75	20.71	52	2.39
35	23.71	22.34	27	1.14
Total	145.08	137.68	475	3.27

The wholesale or bulk value of each of the four subject properties reflects the assumption each of the parcels is a residential "super pad" of platted and engineered residential lots or a residential subdivision of finished residential lots. The term "super pad" as used in this report refers to a specifically designated parcel, in this instance parcels for which all supporting backbone infrastructure has been completed. The supporting infrastructure includes paved access to each parcel along with the utilities to support the residential development designated for each of the five subject parcels. The supporting utilities include water, sewer, electricity, telephone and cable.

Upon the final inspection, all of the on-site infrastructure had been installed in Parcel 31; however the on-site infrastructure was not complete for the other parcels. Of the three

2700 North Central Avenue ♦ 9th Floor ♦ Phoenix, Arizona 85004 ♦ Tel. (602) 257-1451 ♦ 800-966-2186 ♦ FAX (602) 253-4862

uncompleted parcels, Parcel 32 is nearest to completion. It appears that installation of curbs, gutters and asphalt paving are the only remaining on-sites that are not complete. Based upon information furnished by the developer, the remaining on-site construction of Parcel 32 will be completed prior to the issuance of bonds for Special Assessment Area No. 3. Given this fact, the value of Parcel 32 is based upon its anticipated finished lot condition. Because Parcel 32 is not a finished lot subdivision at the date of valuation, it is necessary to note this hypothetical condition. Parcels 33 and 35 are being valued as residential as platted and engineered "super pads."

The value estimates for each parcel reflect a wholesale (bulk) value of either platted or finished lots within each parcel. The wholesale value assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

In this instance, the wholesale values of each of the four subject parcels have been estimated using the Sales Comparison Approach, i.e., comparing the subject parcel to the sale of other parcels, similarly platted and engineered, to a single purchaser.

The appraisal has been prepared at the request of Sundance Community Facilities District on behalf of the Town of Buckeye, Arizona, Attn: Mr. Scott W. Ruby, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

The definition of Market Value adopted for purposes of this report is as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The property rights addressed in this report represent the Fee Simple Estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation."

The subject property was inspected on numerous occasions in 2003 and 2004 with the most recent occurring June 18, 2004. The wholesale value estimate, of each parcel, as of June 18, 2004, subject to the hypothetical conditions stated in the attached report, is summarized as follows:

PARCEL 31
EIGHT MILLION EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS
($8,835,000)

PARCEL 32 ("AS IF COMPLETE")
THREE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS
($3,190,000)

PARCEL 33
ONE MILLION TWO HUNDRED EIGHTY THOUSAND DOLLARS
($1,280,000)

PARCEL 35
EIGHT HUNDRED THOUSAND DOLLARS
($800,000)

Disclosure of the contents of this appraisal report is governed by the By-laws and Regulations of the Appraisal Institute. Neither all, nor any part, of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm of Burke Hansen, LLC, nor any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, or any other public means of communication, without prior written consent and approval of the undersigned.

We appreciate this opportunity to serve you and request you contact us if there are any questions.

Respectfully submitted,

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/04

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/05

CERTIFICATION

We certify to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of The Appraisal Foundation, and with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- Frank Kleinman and Stephen Niebling have made personal inspections of the property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Frank Kleinman has not completed the requirements of the continuing education program of the Appraisal Institute.
- No one provided significant professional assistance to the person(s) signing this report.

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/04

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/05

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated, and all improvements (if any) are assumed to lie within property boundaries.

2. The property is appraised assuming responsible ownership and competent management.

3. Information furnished by others, upon which all or portions of this appraisal are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.

4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors.

5. The property is appraised assuming it to be in full compliance with all applicable federal, state, and local zoning, use, occupancy, environmental and similar regulations and laws, unless otherwise stated. The typical due diligence expected of an appraiser was performed in this assignment, but a comprehensive examination of laws and regulations affecting the subject property was not undertaken.

6. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns regarding these items since the appraisers have not made a comprehensive examination of laws and regulations affecting the subject property.

7. The appraisers have made no survey of the property and no responsibility is assumed in connection with such matters. Maps, plats and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purposes, nor should they be removed from, reproduced, or used apart from this report. Where site and improvement areas are shown, they represent the best information available.

8. Generally, no consideration has been given in this appraisal as to the value of any personal property located on the premises, or the cost of moving or relocating such personal property.

9. The allocation, if any, of the total valuation in this appraisal between land, buildings, and other classifications applies only under the stated program of utilization. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

10. Neither Burke Hansen, LLC nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements therefore have been made a reasonable time in advance.

11. One (or more) of the signatories of this appraisal report is either a designated member or associate member of the Appraisal Institute. The Bylaws and Regulations of the Appraisal Institute require each designated and associate member to control the use and distribution of each appraisal report signed by such designated or associate member. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising, media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.

12. It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact our office.

13. Neither all, nor any part of the content of this report, or copy thereof (including conclusions as to value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected), shall be used for any purposes by anyone other than the intended users identified in the report, and no other parties shall have any right to use or rely upon this appraisal for any purpose without the previous written consent of the signatories of this appraisal report.

14. All opinions of value are based on the appraisers' analyses and conclusions as of the effective date of value. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that may take place subsequent to the effective date of value.

15. The appraiser has personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report. However, no

responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes can be assumed without provision of specific professional or governmental inspections. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report. If concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

16. We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we are aware of any problems of this nature, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. No chemical or scientific tests were performed by the appraisers on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report. It is imperative for the client to retain the services of a qualified, independent engineer to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof.

17. The reader should note that the subject property may be subject to the requirements of the Americans With Disabilities ACT (ADA), a federal law codified at 42 USC Section 12101 et seq. Among other requirements of the ADA that could apply to this property, Title III of the ADA requires owners and tenants of "public accommodations" to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons by January 26, 1992 (the regulations under Title III of the ADA are codified at 28 CFR Part 36). The reader should note that the appraisers have not made a specific compliance survey and analysis of this property to determine if it is in conformity with the requirements of the ADA. Non-compliance could have a negative effect upon the value of the property.

18. Any prospective value opinion (if applicable) is considered to be an extraordinary assumption and will be predicated upon market conditions forecast to exist as of corresponding prospective date of value. As such, the appraiser cannot be held responsible for unforeseeable events that alter market conditions subsequent to the effective date of the appraisal.

EXECUTIVE SUMMARY

Description of the Property: Four residentially designated parcels within Sundance, a master planned community in Buckeye, Arizona

Location: Southeast corner of Interstate 10 and Watson Road, Buckeye, Arizona

Property Size: 145± acres

Parcels range from 21.75 to 62.54 acres

475 platted and engineered residential lots

Overall density is 3.27 lots per acre

PARCEL SUMMARY

Parcel	Gross Acreage	Net Acreage	Lot Count	Gross Density
31	62.54	60.37	310	4.96
32	37.07	34.26	86	2.32
33	21.75	20.71	52	2.39
35	23.71	22.34	27	1.14
Total	145.08	137.68	475	3.27

Property Rights Appraised: Fee Simple Estate

Highest and Best Use: Development with residential subdivisions within a master planned community

Date of Valuation: June 18, 2004 (Final date of property inspection)

Date of Appraisal: June 21, 2004

Value Conclusions:

Parcel 31	$8,835,000	$28,500/lot
Parcel 32 ("As If Complete")	$3,190,000	$37,093/lot
Parcel 33	$1,280,000	$24,615/lot
Parcel 35	$800,000	$29,630/lot

TABLE OF CONTENTS

INTRODUCTION AND PURPOSE OF THIS APPRAISAL ***1***
IDENTIFICATION OF THE SUBJECT PROPERTY 1
PURPOSE OF THIS APPRAISAL 1
INTENDED USER AND USE OF THE APPRAISAL 4
DATE OF THE REPORT 4
DATE OF VALUATION 4
DEFINITION OF MARKET VALUE 4
PROPERTY RIGHTS APPRAISED 5
SCOPE OF THIS APPRAISAL 5
EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS 6
Extraordinary Assumptions 6
Hypothetical Conditions 6
OWNERSHIP – OWNERSHIP HISTORY 8
LEGAL DESCRIPTION OF THE 4 SUBJECT PARCELS 8

AREA DATA AND GENERAL DISCUSSION OF THE REAL ESTATE MARKET IN METRO PHOENIX ***9***
METROPOLITAN PHOENIX 12
METROPOLITAN PHOENIX RESIDENTIAL MARKET 14
METROPOLITAN PHOENIX OFFICE MARKET 16
METROPOLITAN PHOENIX RETAIL REVIEW 16
METROPOLITAN PHOENIX INDUSTRIAL REVIEW 17
METROPOLITAN PHOENIX MULTI-FAMILY REVIEW 18
CITY DATA CONCLUSION 19

GENERAL AREA AND NEIGHBORHOOD DESCRIPTION ***19***
GENERAL AREA DESCRIPTION 19
RESIDENTIAL DEVELOPMENT 20
COMMERCIAL DEVELOPMENT 30
GENERAL AREA CONCLUSION 31

NEIGHBORHOOD DESCRIPTION ***31***
RESIDENTIAL DEVELOPMENT 32
COMMERCIAL DEVELOPMENT 34
EMPLOYMENT 34
COMMUNITY SERVICES 35
INFRASTRUCTURE 35
WATER AND SEWER 35
ACCESS 35
CONCLUSION OF NEIGHBORHOOD DESCRIPTION 36

DESCRIPTION OF THE SUBJECT PROPERTIES ***36***
GENERAL DESCRIPTIVE DATA 50
Topography 50
Soil 50
Utilities 50
Floodplain and Drainage 50
Easements and Restrictions 50
Environmental Hazards and Concerns 51

HIGHEST AND BEST USE – MARKET ANALYSIS ***51***
LEGALLY PERMISSIBLE 52

PHYSICALLY POSSIBLE 52
FINANCIALLY FEASIBLE 52
MAXIMALLY PRODUCTIVE 53
HIGHEST AND BEST USE CONCLUSION 53

THE VALUATION DISCUSSION 54
ESTIMATED WHOLESALE (BULK) VALUE OF SUBJECT'S SUPER PAD PARCELS (PARCELS 33 AND 35) . 55
DISCUSSION OF COMPARABLE SALES 66
CONCLUSION OF ANALYSIS OF COMPARABLES SALES 68
ESTIMATED WHOLESALE (BULK) VALUE OF SUBJECT'S FINISHED LOT SUBDIVISIONS (PARCELS 31 AND 32) 70

SUMMARY OF VALUE ESTIMATES 73

EXHIBITS

EXHIBIT NO. 1 2
Location Map
EXHIBIT NO. 2 3
Sundance Master Plan Map
EXHIBIT NO. 3 10
Western Maricopa County Map
EXHIBIT NO. 4 11
Landiscor Aerial
EXHIBIT NO. 5 21
Metropolitan Phoenix Map
EXHIBIT NO. 6 25
Palm Valley, PebbleCreek Landiscor Aerial (January 2004)
EXHIBIT NO. 7 27
Estrella Proximity Map
EXHIBIT NO. 8 29
Master Planned Community Map
EXHIBIT NO. 9 56
Comparable Sales Map

ADDENDA

APPRAISERS' QUALIFICATIONS

(This page intentionally left blank)

INTRODUCTION AND PURPOSE OF THIS APPRAISAL

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this Complete, Self Contained appraisal is four residentially designated parcels within Sundance, a master-planned community within the boundaries of the Town of Buckeye, about 30 miles west of downtown Phoenix, Arizona. Sundance is generally defined by Miller Road on the west, Dean Road on the east, Interstate 10 on the north and Durango Road on the south. Its location in relation to "downtown" Buckeye and Interstate 10 is illustrated on Exhibit 1.

PURPOSE OF THIS APPRAISAL

The purpose of this appraisal is to form an opinion of the wholesale (bulk) value of each of the four parcels, which are more specifically identified in Table 1.

TABLE NO. 1

PARCEL SUMMARY

Parcel	Gross Acreage	Net Acreage	Lot Count	Gross Density
31	62.54	60.37	310	4.96
32	37.07	34.26	86	2.32
33	21.75	20.71	52	2.39
35	23.71	22.34	27	1.14
Total	145.08	137.68	475	3.27

As indicated in Table 1, all four subject parcels have been designated for residential use. The location of the four parcels listed in Table 1 within the Sundance Community is illustrated on Exhibit 2.

EXHIBIT NO. 1
Location Map

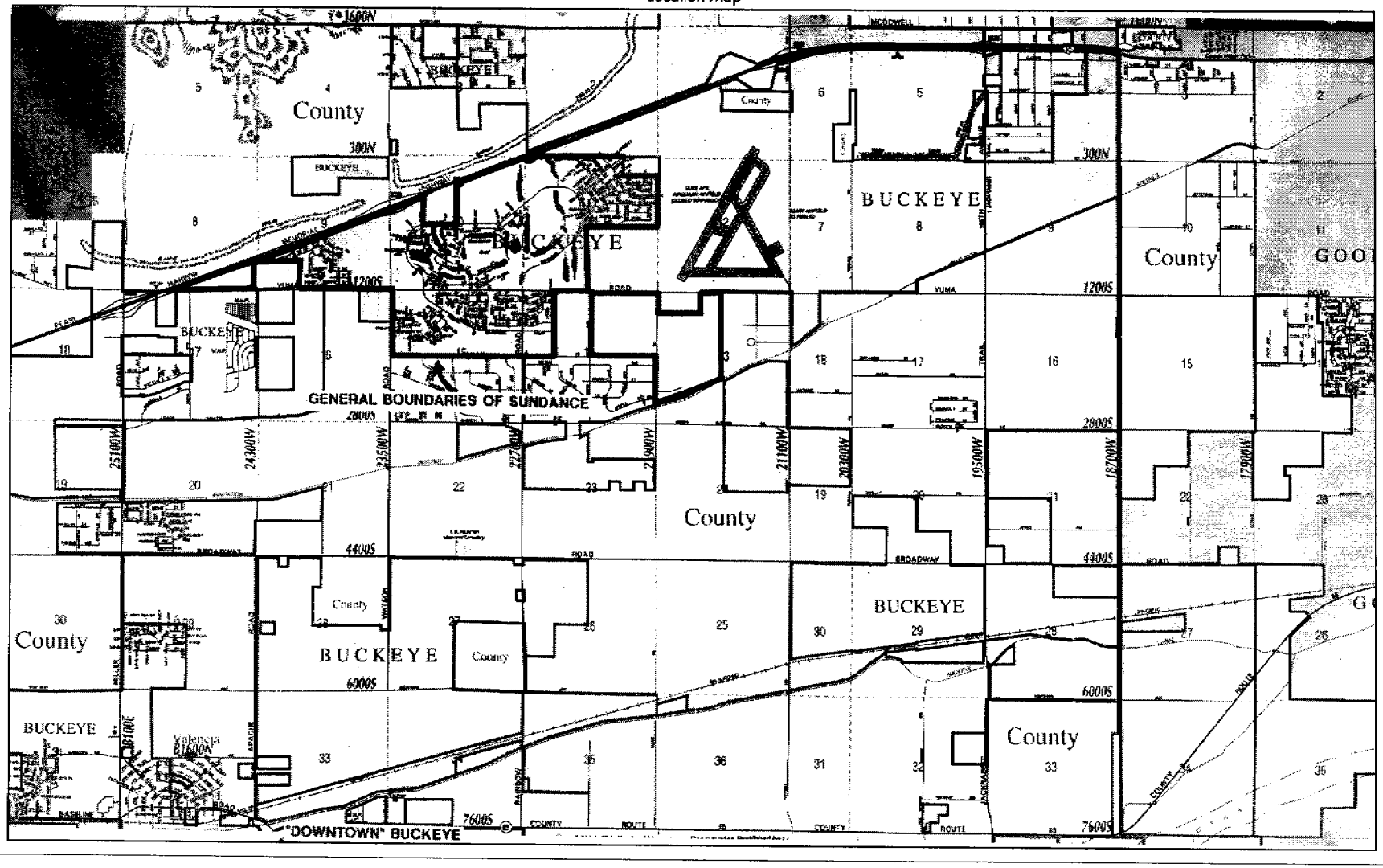
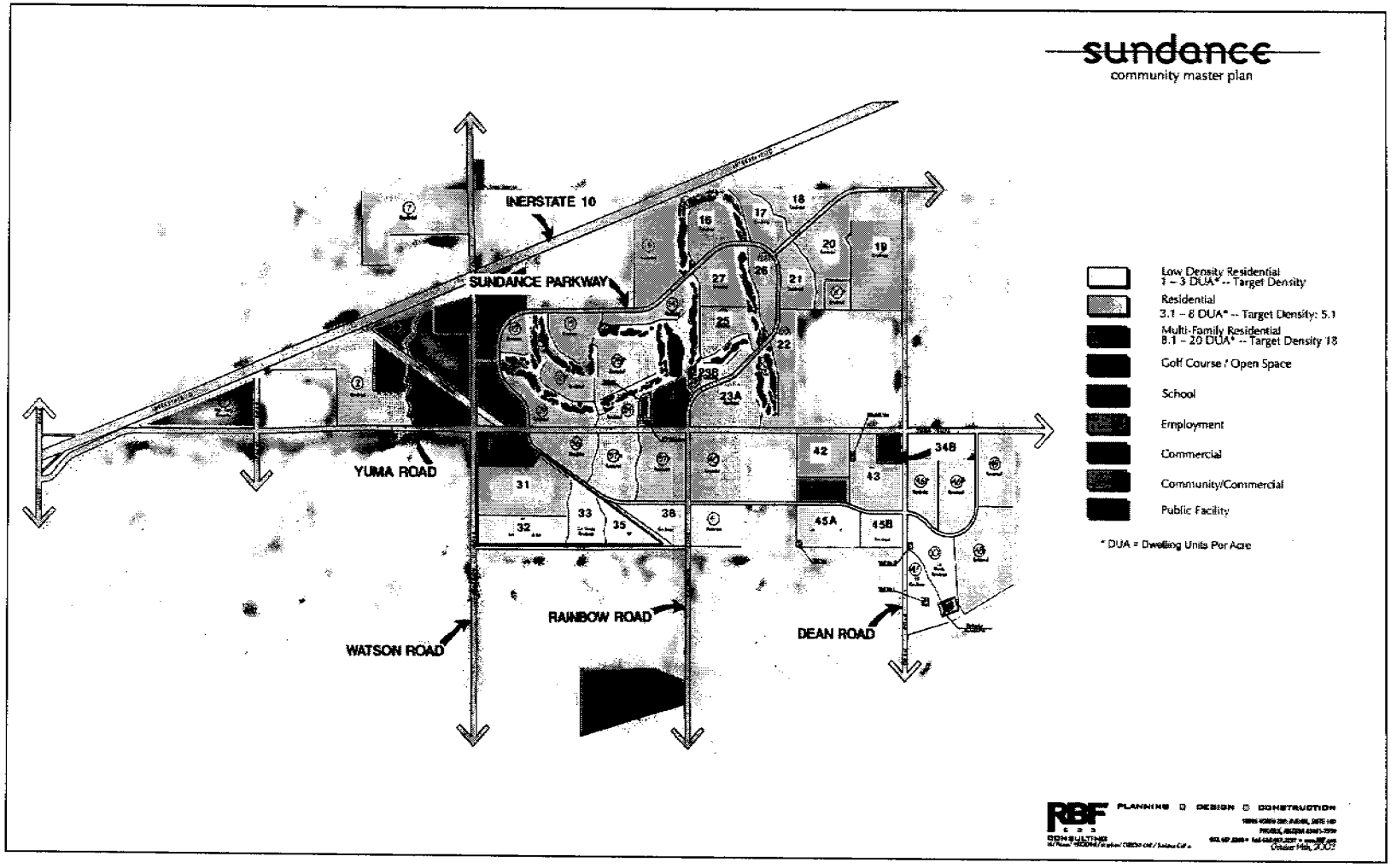


EXHIBIT NO. 2
Sundance Master Plan Map



INTENDED USER AND USE OF THE APPRAISAL

The appraisal has been prepared at the request of Sundance Communities Facilities District on behalf of the town of Buckeye, Arizona, Attn: Mr. Scott W. Ruby, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

It is understood the intended use of the report will also be disseminated as part of a financing package for Sundance Communities Facilities District (Town of Buckeye, Arizona).

DATE OF THE REPORT

The report was prepared during May and June 2004 and was completed on June 21, 2004.

DATE OF VALUATION

The opinions of market value addressed in this report for the four subject parcels are as of June 18, 2004, i.e., the latest date of property inspection.

DEFINITION OF MARKET VALUE

The definition of market value used in this report, is taken from the Uniform Standards of Professional Appraisal Practice, effective January 1, 2004 and is quoted as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
> 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The four subject parcels are being appraised as either platted or engineered super pads or finish cut subdivisions, and the value estimates for each parcel reflects a wholesale (bulk) value of the platted or finished lots within each parcel. The wholesale value assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

In this instance, the wholesale values of each of the four subject parcels have been estimated using the Sales Comparison Approach, i.e., comparing the subject parcel to the sale of other parcels to a single purchaser.

PROPERTY RIGHTS APPRAISED

The property rights addressed in this report represent the fee simple estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government."

SCOPE OF THIS APPRAISAL

The scope of this appraisal is to accurately collect, confirm, report and analyze sufficient market data to allow the reader to readily follow the logic of the appraisers in reaching their conclusion regarding the estimated wholesale values reported for the four subject parcels.

Work completed in connection with this engagement includes the following:

- On-site inspections of the property and surrounding neighborhood were conducted on various occasions with the most recent in June 2004.

- Information regarding the subject parcels and the use designated for each was provided by Buckeye Land Management, Inc., 8501 East Princess Drive, Suite 200, Scottsdale, Arizona (developer). This data had been accepted as being correct and no effort has been made to confirm it with a second source.

- Additional data for the subject parcels were obtained from the Town of Buckeye zoning ordinances, Maricopa County Assessor's and Treasurer's offices and flood maps provided by the Federal Emergency Management Agency (FEMA).

- Research of historical and projected employment, population and household growth trends was conducted using demographic data provided by the Arizona Department of Economic Security, Maricopa County, Town of Buckeye, Arizona Real Estate Center,

College of Business, Arizona State University as well as information supplied by local newspapers, etc.

- In estimating the retail potential of the subject parcels, appraised one at a time, consideration was given to current asking prices and other developments within Maricopa County. Of the three traditional approaches (Cost, Income and Sales Comparison) only the Sales Comparison Approach has meaningful application in estimating the retail potential of each subject parcel.

- While the report makes reference to various retail value estimates; only the wholesale value estimate has meaningful application for valuation purposes.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

These two factors are defined and/or explained as follows:

Extraordinary Assumptions: An assumption, directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions; i.e., extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis; i.e., hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

Extraordinary Assumptions

No environmental hazards were noted during the inspection of the property and it is assumed none exist. After acknowledging the lack of any indication of an environmental problem, it is specifically noted should the client have concern about the existence of such substances on the property, the appraiser considers it imperative for the client to retain the services of a qualified, independent engineer or contract to determine the existence and extent of any hazardous material, as well as the costs associated with any required or desirable treatment and/or removal thereof.

Hypothetical Conditions

Some of the infrastructure required to support the development of the four subject parcels listed in Table 1 has been completed as of the date of valuation; however, considerable additional work will be completed after the date of valuation with the proceeds of the proposed bond offering for Special Assessment No. 3.

The supporting infrastructure required to market the four subject parcels includes streets and underground utilities; i.e., sewer, water, telephone, cable. The infrastructure work that has been completed or is assumed to be completed, along with an estimate of its cost, is summarized in Table 2. A total of $2,000,000 is forecast for the 3rd Special Assessment. Direct construction costs have been estimated at $1,744,485. The majority of the work to be financed by the special assessment district has been completed or is nearing completion.

TABLE NO. 2

SUNDANCE FEASIBILITY STUDY BOND COST ESTIMATE

Water Distribution:		$496,555
Watson-Yuma to Durango (Contract & CO's)	261,839	
Durango-Watson to Rainbow (Contract)	234,716	
Sanitary sewer and related appurtenances:		333,798
Durango-Watson to Rainbow (Contract & CO)	333,798	
Collector Roads (w/landscaping):		914,132
SDP South-Yuma to Rainbow (1)	120,915	
SDP South-Rainbow to Outparcel between P40 & 41		
Durango-Watson to Rainbow	793,217	
Subtotal Construction Assessment No. 3		1,744,485
Bond Issuance & General Incidentals Cost		255,514
Estimated Total Assessment No. 3 Amount		$2,000,000

Although three of the four subject parcels have only preliminary plats, considerable time and expense has been incurred with respect to the platting and engineering of all four subject parcels. While final plats are not in place, the time and expense to take these parcels from preliminary to final plat is neither too long nor very costly. Table 3 summarizes the current platting status of the subject properties.

TABLE NO. 3

Parcel No.	Plat Status
31	Final Plat
32	Preliminary Plat
33	Preliminary Plat
35	Preliminary Plat

Upon the final inspection, all of the on-site infrastructure had been installed in Parcel 31; however the on-site infrastructure was not complete for the other parcels. Of the three uncompleted parcels, Parcel 32 is nearest to completion. It appears that installation of curbs, gutters and asphalt paving are the only remaining on-sites that are not complete. Based upon information furnished by the developer, the remaining on-site construction of Parcel 32 will be completed prior to the issuance of bonds for Special Assessment Area No. 3. Given this fact, the value of Parcel 32 is based upon its anticipated finished lot condition. Because Parcel 32 is not a finished lot subdivision at the date of valuation, it is necessary to note this hypothetical condition. Parcels 33 and 35 are being valued as residential as platted and engineered "super pads."

OWNERSHIP – OWNERSHIP HISTORY

In February 2001, Buckeye Land, LLC, purchased Sundance (2,005± acres) from Shaver Trust for $20,250,200.

On the same date, a simultaneous close of escrow occurred with the sale of various parts of Sundance to four other builders; i.e.:

Dietz-Crane acquired 287.67 acres
Sivage-Thomas acquired 159.28 acres
Patlin, LLC acquired 150.29 acres
Hancock-MTH Builders Inc. acquired 576.27 acres

From the information researched as well as that furnished, it appears these are the only meaningful transactions affecting title to the subject property recorded during the past three years.

LEGAL DESCRIPTION OF THE 4 SUBJECT PARCELS

The four subject parcels are all within Section 15, Township 1 North, Range 3 West, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. Their general location within Sections 14 and 15 is more specifically identified as follows:

TABLE NO. 4

Parcel 31:	a portion of the northwest quarter of Section 15
Parcel 32:	a portion of the northwest quarter of Section 15
Parcel 33:	a portion of the north half of Section 15
Parcel 35:	a portion of the north half of Section 15

Legal descriptions for each parcel are included as part of each subdivision plat (final and/or preliminary), copies of which are included later in the report.

AREA DATA AND GENERAL DISCUSSION OF THE REAL ESTATE MARKET IN METRO PHOENIX

As noted, the four subject parcels are all within the southern portion of Sundance, a master-planned residential community in the town of Buckeye, about 30 miles west of downtown Phoenix. This relationship and its proximity to other communities and major developments comprising this part of West Maricopa County are illustrated on Exhibit 3.

With the exception of the Goodyear/Avondale/Litchfield Park communities (about nine miles east of subject), the dominant use characteristic of this general area of West Maricopa County has historically been agricultural or undisturbed desert; this is no longer the case. Subsequent to the completion of Interstate 10, adjacent north of subject, the pace of residential development in West Maricopa County increased significantly. The extent of current development in this area of far west metropolitan Phoenix is partially shown on Exhibit 4, an aerial photograph taken in January 2004.

The more prominent developments in this West Maricopa County area, measured in terms of size, in addition to Sundance include Verrado, Canyon Trails, Estrella Mountain Ranch, Palm Valley, PebbleCreek and Rancho Santa Fe. Verrado is in Buckeye; Canyon Trails, Estrella Mountain Ranch, Palm Valley and PebbleCreek are within the city of Goodyear; Rancho Santa Fe is in Avondale.

Included in the summary of developments in the paragraph above is Verrado, an 8,000 acre community that had its grand opening in January 2004. Verrado is approximately one mile northeast of the northeast corner of Sundance. The development characteristics of this master-planned community are discussed later in the report.

EXHIBIT NO. 3
Western Maricopa County Map

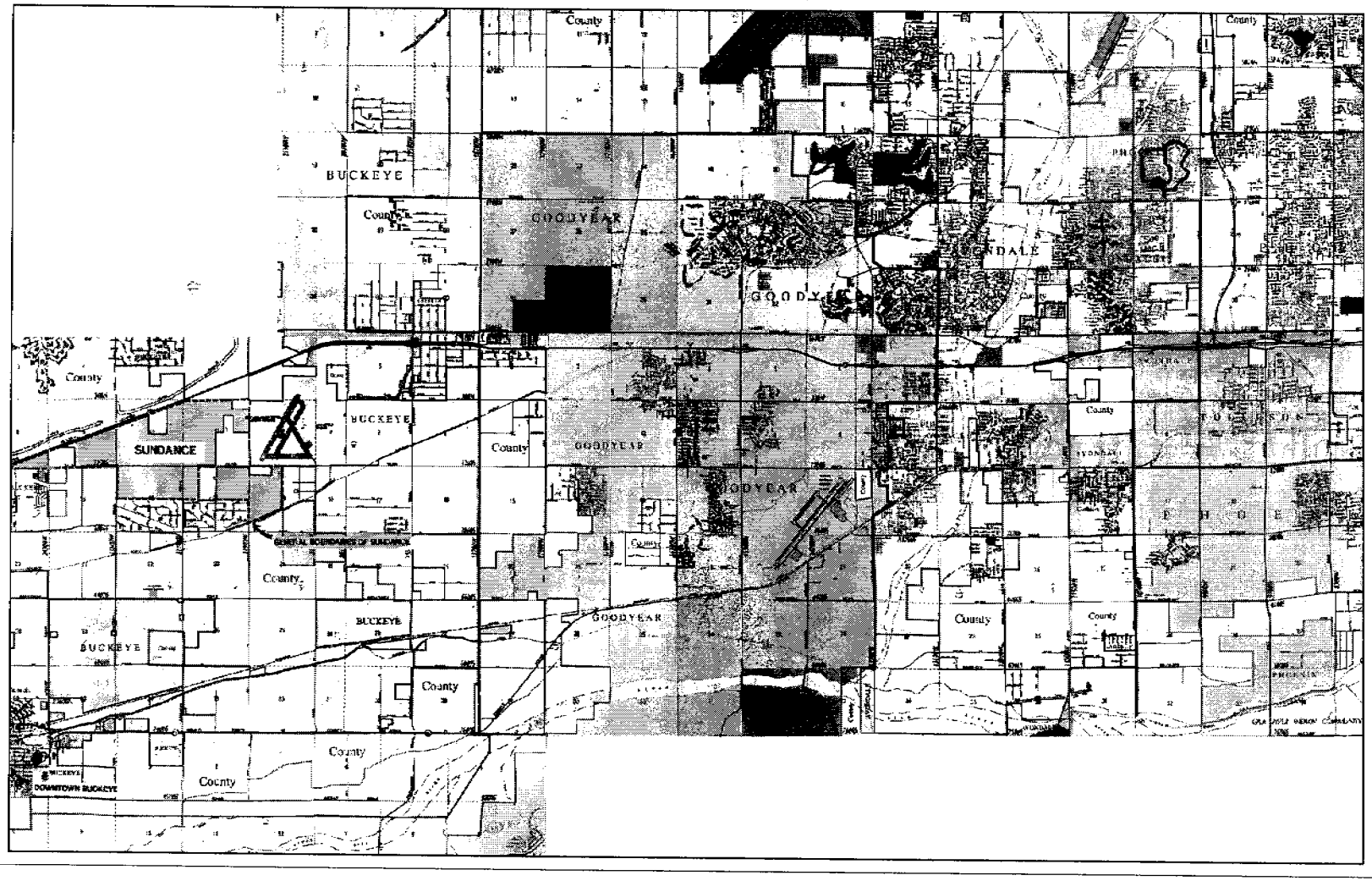
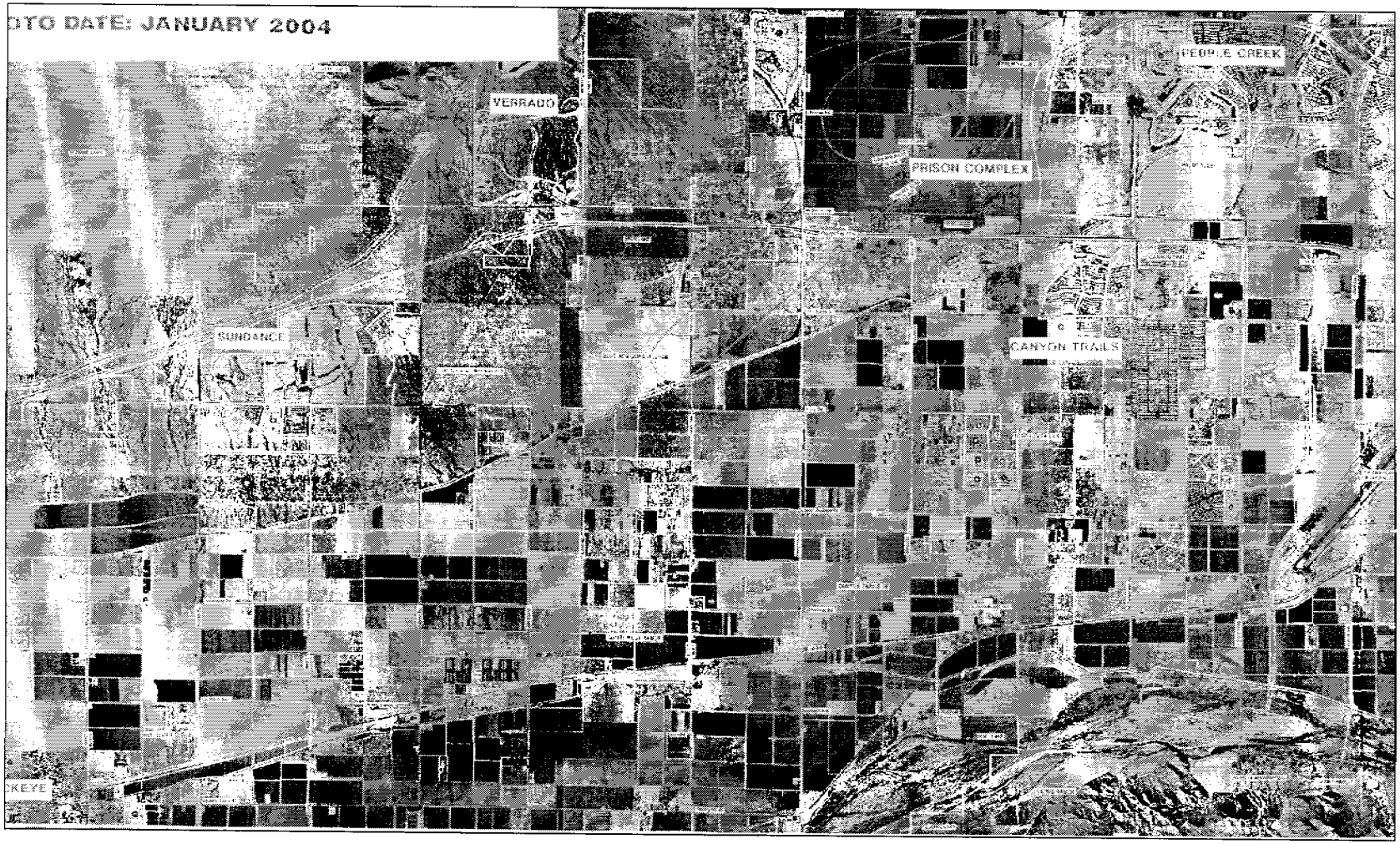


EXHIBIT NO. 4
Landiscor Aerial



Buckeye was founded nearly 115 years ago as a small rural-agricultural community. Today, it encompasses almost 500 square miles of planning area and a population of only 13,000 people. Residential developers are moving toward Buckeye because of the significant amounts of vacant land, scenic vistas of several nearby mountains and an abundant source of water (Buckeye sits upon one of the richest aquifers in the State of Arizona).

The overall economic condition of the town of Buckeye, along with all of metropolitan Phoenix, is generally considered good measured in terms of employment, population growth, retail sales, etc. The real estate sector of the economy has been experiencing almost steady growth since the first quarter of 1993, after a 4 to 5 year real estate depression. The following discussion addresses metropolitan Phoenix, which includes the town of Buckeye. The economic well-being of Buckeye is tied directly to the economic fortunes of metropolitan Phoenix.

METROPOLITAN PHOENIX

Metropolitan Phoenix has experienced dramatic growth during the past few years as illustrated by the population statistics summarized below. Metropolitan Phoenix comprises 22 incorporated communities, which vary in population from 3,150 (Carefree) to 1,387,670 (Phoenix). The population of Scottsdale is 217,555 people. Table 5 is a list of the 15 communities having populations in excess of 10,000 people as of July 1, 2003.

TABLE NO. 5

City	2003 Population
Avondale	53,925
Buckeye	13,030
Chandler	208,450
El Mirage	25,330
Fountain Hills	22,105
Gilbert	151,290
Glendale	230,610
Goodyear	30,290
Mesa	434,215
Paradise Valley	14,250
Peoria	126,410
Phoenix	1,387,670
Scottsdale	217,555
Surprise	51,585
Tempe	159,615

There have been significant increases in both population and employment within most of the communities comprising Metropolitan Phoenix during the past decade. The Metropolitan Phoenix population increased by 77,775 in 2000, by 200,875 in 2001 and by 104,125 in 2002. As illustrated in Table 1, the population of the City of Phoenix is significant at more than 1.38 million people. In fact, the population of Phoenix is 3 times larger than the next largest city, Mesa, with over 400,000 people. Table 6 summarizes the population growth of the largest communities in Metropolitan Phoenix since 1995.

TABLE NO. 6

City	1995	1996	1997	1998	1999	2000	2001	2002	2003
Chandler	128,035	141,735	151,370	160,165	169,000	176,970	186,875	194,390	208,450
*Growth	11.2%	10.7%	6.8%	5.8%	5.5%	4.7%	5.6%	4.0%	7.2%
Gilbert	54,935	67,440	79,310	91,290	100,850	108,745	122,360	133,640	151,290
*Growth	13.3%	22.8%	17.6%	15.1%	10.4%	7.8%	12.5%	9.2%	13.2%
Glendale	172,155	186,695	191,105	196,820	208,095	211,555	224,970	227,495	230,610
*Growth	4.4%	8.4%	2.4%	3.0%	5.7%	1.7%	6.3%	1.1%	1.4%
Mesa	328,735	343,710	350,555	361,895	374,560	388,185	414,075	427,550	434,215
*Growth	3.1%	4.6%	2.0%	3.2%	3.5%	3.6%	6.7%	3.3%	1.6%
Peoria	69,970	78,310	83,505	89,930	101,235	108,295	117,200	122,655	126,410
*Growth	6.8%	12.0%	6.6%	7.7%	12.6%	7.0%	8.2%	4.7%	3.1%
Phoenix	1,082,610	1,180,740	1,205,285	1,220,710	1,240,775	1,249,450	1,344,775	1,365,675	1,387,670
*Growth	3.0%	9.1%	2.1%	1.3%	1.6%	0.7%	7.6%	1.6%	1.6%
Scottsdale	163,700	178,525	186,610	195,495	204,660	207,145	209,960	214,090	217,555
*Growth	6.2%	9.1%	4.5%	4.8%	4.7%	1.2%	1.4%	2.0%	1.6%
Tempe	155,610	156,000	158,135	159,220	161,995	162,000	159,435	159,425	159,615
*Growth	3.3%	0.3%	1.4%	1.0%	1.7%	0.00003%	-1.6%	0.0%	0.1%
Other	298,772	301,480	314,700	330,575	350,306	378,905	412,475	451,330	481,060
*Growth	4.2%	1.0%	4.4%	5.0%	6.0%	8.2%	8.9%	9.4%	6.6%
Maricopa Co.	2,454,525	2,634,625	2,720,575	2,806,100	2,913,475	2,991,250	3,192,125	3,296,250	3,396,875
	4.2%	7.3%	3.3%	3.1%	3.8%	2.7%	6.7%	3.3%	

Source: Arizona Department of Economic Security/Percentages represent the growth rate from the previous year.

Though employment growth has been slow the past few years, approximately 1.6 million people are employed in Metropolitan Phoenix. Table 7 provides an employment summary for the past 10 years.

TABLE NO. 7

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Manufacturing	137,800	153,200	153,700	154,000	169,300	167,100	169,000	161,300	145,700	130,200
Mining	4,500	5,100	6,700	7,100	5,900	900	3,000	2,500	2,300	2,300
Construction	71,300	79,000	91,500	89,900	103,500	115,800	117,900	121,200	117,100	128,700
TCPU*	56,200	61,900	66,900	67,600	76,300	81,000	86,600	84,500	81,800	87,700
Trade	267,400	287,300	319,300	331,900	356,300	376,300	377,100	380,800	384,100	328,000
FIRE**	82,300	91,300	95,900	99,600	117,700	125,900	122,500	123,200	124,800	130,300
Services	323,100	353,800	405,500	414,200	465,400	473,200	525,500	515,900	513,200	576,000
Government	146,800	165,700	162,900	172,400	187,800	181,400	187,500	203,300	209,900	214,200
Total	1,089,400	1,199,295	1,302,400	1,338,697	1,482,200	1,521,600	1,598,100	1,592,700	1,578,900	1,597,400
Job Growth	101,300	107,900	105,100	137,405	145,500	39,400	67,500	-5,400	-13,800	18,500
% Job Growth	10.25%	10%	8.8%	10.28%	10.89%	2.66%	4.44%	-0.34%	-0.86%	1.17%

*TCPU = Transportation, Communication, and Public Utilities
**FIRE = Finance, Insurance, and Real Estate

Although the overall economy has slowed as a result of the latest national recession, the Phoenix real estate market continues to demonstrate its resiliency, particularly within the residential and retail sectors.

METROPOLITAN PHOENIX RESIDENTIAL MARKET

The latest period of growth in the residential housing market began in 1993. In each of the last 5 years, the residential market has reported more than 30,000 new housing permits. Table 8 on the next page provides a summary of the residential permit activity in Metropolitan Phoenix since 1990 with particular attention given to the past 7 years.

The housing sector has been, by far, the strongest real estate sector for the past decade. As other real estate sectors began to slip in the second half of 2001, the residential market posted one of its strongest years. Since 2001, approximately 130,000 residential permits have been issued. The following excerpt taken from the February 1, 2004 *Arizona Republic* illustrates the current performance of the residential market:

> *It is no surprise that home building across Greater Phoenix reached a record last year. What's causing jaws to drop is how much the market shattered 2002's record.*
>
> *Permits for new homes reached 47,720, a jump of more than 22 percent from 2002's record pace of 38,914, according to housing analyst R.L. Brown. That's the biggest annual increase in the past decade.*
>
> *Resales, which make up two-thirds of the market, also set a record last year with 87,109 existing homes changing hands, compared with 75,982 in 2002. Closings for new homes hit 39,489 last year, another record.*
>
> *Brown's numbers include the Valley's newest suburbs in rapidly growing Pinal County. Until a few years ago, the area's housing market was confined to Maricopa County.*
>
> *Greg Burger, a principal in Brown's consulting firm, said that the hottest new-home submarket last year was comprised of Mesa, Tempe, Chandler, Gilbert and Queen Creek. He expects that to change as growth shifts to the West Valley.*
>
> *Burger expects metro Phoenix housing starts to increase slightly this year, fall off that pace for 2005 to 2007 and rebound to 48,000 or more in 2008. Fueling the market: population growth, low mortgage rates and affordable land.*
>
> *The breakneck pace of home sales and starts isn't unique to Greater Phoenix. Home building nationally hit its highest level in 25 years last year, according to the U.S. Commerce Department.*

TABLE NO. 8

RESIDENTIAL BUILDING PERMITS
Metropolitan Phoenix
1990 – 1Q2004

	Single-Family		Townhouse		Multi-Family		Residential	
Year	Total	Percent	Total	Percent	Total	Percent	Total	% Change
1990	10,633	81.9%	449	3.5%	1,891	14.6%	12,973	-4.1%*
1991	13,510	91.9%	485	3.3%	710	4.8%	14,705	13.4%*
1992	18,329	91.1%	566	2.8%	1,234	6.1%	20,153	36.9%*
1993	21,896	90.1%	607	2.5%	1,799	7.4%	24,302	20.7%*
1994	26,614	78.7%	1,212	3.6%	6,015	17.8%	33,853	39.3%*
1995	26,824	73.7%	1,599	4.4%	7,991	21.9%	36,414	7.6%*
1996	28,157	73.8%	1,456	3.8%	8,533	22.4%	38,146	4.8%*
1997	29,124	74.5%	2,174	5.6%	7,799	19.9%	39,097	2.5%*
1998-Q1	8,144	79.4%	415	3.5%	1,652	17.1%	10,211	4.6%*
1998-Q2	9,651	79.0%	226	2.0%	2,272	19.0%	12,149	40.2%*
1998-Q3	8,650	75.3%	392	3.4%	2,439	21.2%	11,481	5.2%*
1998-Q4	7,366	78.6%	492	5.2%	1,514	16.2%	9,372	-4.0%*
1998	33,811	78.2%	1,525	3.5%	7,877	18.2%	43,213	10.5%*
1999-Q1	8,873	79.1%	566	5.0%	1,773	15.9%	11,212	9.8%*
1999-Q2	9,300	79.5%	246	2.1%	2,149	18.4%	11,695	-3.7%*
1999-Q3	8,224	81.6%	270	2.7%	1,590	15.7%	10,084	-12.2%*
1999-Q4	6,855	72.4%	372	3.9%	2,247	23.7%	9,474	1.1%*
1999	33,252	78.3%	1,454	3.4%	7,759	18.3%	42,465	-1.7%*
2000-Q1	8,164	71.8%	673	5.9%	2,535	22.3%	11,372	1.4%*
2000-Q2	9,605	78.4%	398	3.2%	2,254	18.4%	12,257	4.8%*
2000-Q3	8,331	77.5%	705	6.6%	1,711	15.9%	10,747	6.6%*
2000-Q4	6,394	76.5%	458	5.5%	1,509	18.0%	8,361	-11.7%*
2000	32,494	76.1%	2,234	5.2%	8,009	18.7%	42,737	1.0%*
2001-Q1	8,783	69.1%	696	5.5%	3,227	25.4%	12,706	11.7%*
2001-Q2	9,393	83.7%	302	2.7%	1,531	13.6%	11,226	-8.4%*
2001-Q3	8,385	76.9%	548	5.0%	1,966	18.1%	10,899	1.4%*
2001-Q4	6,306	89.6%	255	3.6%	477	6.8%	7,038	-15.8%*
2001	32,867	78.5%	1,801	4.3%	7,201	17.2%	41,869	1.3%*
2002-Q1	7,682	86.1%	299	3.3%	950	10.6%	8,931	-29.7%*
2002-Q2	9,667	82.8%	566	4.8%	1,439	12.4%	11,672	4.0%*
2002-Q3	8,690	76.6%	324	2.9%	2,337	20.5%	11,351	4.1%*
2002 Q4	8,273	87.8%	278	3.6%	881	9.3%	9,432	34.0%*
2002	34,309	82.9%	1,467	3.5%	5,607	13.6%	41,386	-1.2%*
2003 Q1	8,030	90.3%	343	3.8%	521	5.9%	8,894	-0.4%*
2003 Q2	10,612	83.8%	441	3.5%	1,612	12.7%	12,665	8.5%*
2003 Q3	11,192	90.1%	561	4.5%	670	5.4%	12,423	9.4%*
2003 Q4	9,818	79.2%	549	4.4%	2,033	16.4%	12,400	31.5%*
2003	39,652	85.5%	1,894	4.1%	4,836	10.4%	46,382	12.1%*
2004 Q1	10,046	85.1%	667	5.7%	1,089	9.2%	11,802	32.7%*

* Percentage change is from the same quarter previous year

Source: Arizona Real Estate Center, ASU; Phoenix Metropolitan Housing Study Committee; Data provided through the cooperation of 26 permit issuing agencies.

Contrary to the weak economy, the outlook for the residential sector remains strong due in large part to historically low interest rates.

METROPOLITAN PHOENIX OFFICE MARKET

The following discussion regarding the Metropolitan Phoenix office market is based upon information supplied by CB Richard Ellis for the first quarter 2004. The survey covers multi-tenant office buildings over 10,000 square feet in each of Metropolitan Phoenix's 24 geographical submarkets.

In the first quarter 2004, a total of 41,429 square feet of multi-tenant space was added to the market bring the total office inventory to 60,311,978 square feet. Currently, 1,037,515 square feet of office space are under construction with the majority projects to be delivered in 2004 or early 2005. The two Scottsdale submarkets represent 67% of the new construction. Additionally, approximately 3,544,780 square feet of new construction are currently pending.

Overall office vacancy improved slightly in the first quarter of 2004. At the end of first quarter 2004, vacancy stood at 17.6%, compared with 18.3% at the end of 2003. This is the fourth consecutive quarterly decrease in the vacancy rate.

The result of improved occupancy will be upward pressure on rental rates. North Scottsdale and Scottsdale Airpark will see the most pressure, while other submarkets including Downtown Phoenix, Downtown Tempe, Camelback Corridor and Deer Valley will begin to see some upward movement in rents.

Net absorption in the first quarter was 379,281 square feet compared to 302,195 square feet for the same period in 2003. Class "A" properties accounted for 451,971 square feet of absorption, Class "B" properties had 4,407 square feet of absorption, and Class "C" properties had negative absorption of 77,097 square feet in the quarter.

METROPOLITAN PHOENIX RETAIL REVIEW

The Metropolitan Phoenix retail market continued its expansion during the first quarter of 2004. Population growth and new housing continue to drive the market. With a growing base of approximately 111 million square feet in 864 centers (including regional malls), the overall

vacancy rate is 7.21%, down from the 7.38% rate at year-end 2003. Net absorption in the first quarter was 1,553,697 square feet compared to 1,609,447 square feet for the same period one year ago. In the first quarter, 1,445,809 square feet of new retail space was completed, while 3,709,061 square feet of new retail space is under construction and planned projects total 24,299,985 square feet in the area.

The average rental rate in Metropolitan Phoenix remained above $14.00 per square foot triple net with rents for new space in the range of $20.00 to $26.00, while second generation space leased at rates between $10.00 and $20.00 per square foot.

Metropolitan Phoenix attracts national tenants looking for expansion in the Southwest. These range from electronics to home improvement to department stores. Grocery and drug stores continually rise up in the area.

Besides the new Kohl's store openings at the end of 2003, numerous grocery-anchored neighborhood centers have been constructed within the past 12 months. In total, just under 2 million square feet of retail space was completed throughout the metropolitan area in 2003.

METROPOLITAN PHOENIX INDUSTRIAL REVIEW

During the past few years, the industrial market has experienced tremendous expansion. The fundamentals of the real estate market were healthy throughout most of 2001, however increasing pressure from the local and national economies began to stress the industrial sector in 2002. Overall vacancy in 2002 went above 10% and remained at just over 10% for most of 2003. During the fourth quarter 2003, vacancy decreased to 9.71%, a direct result of two consecutive quarters of strong net absorption. During the first quarter 2004, vacancy improved to 8.95%.

The improvement in overall vacancy was the result of 2,94,737 square feet of positive net absorption during the first quarter. This was the third consecutive quarter with absorption above 2 million square feet. By comparison, net absorption for the first quarter 2003 was 101,136 square feet.

New development is also returning to the market. During the quarter, there were 767,282 square feet of building completions. Of this figure, 77% was speculative projects. Completions for the same period a year ago were 614,565 square feet. Approximately 3.4 million square feet were under construction at the end of the quarter, as opposed to 2.0 million square feet the prior year. Speculative projects account for 57% of the new space. More than 6.25 million square feet are planned throughout the Metropolitan Phoenix area.

METROPOLITAN PHOENIX MULTI-FAMILY REVIEW

Multi-family residential building permits for the past 7 years are summarized in Table 9.

TABLE NO. 9

Year	Multi-Family Permits	Year	Multi-Family Permits
1997-Q1	2,250	2001-Q1	3,227
1997-Q2	778	2001-Q2	1,531
1997-Q3	1,810	2001-Q3	1,966
1997-Q4	2,961	2001 Total	6,724
1997 Total	7,799		
1998-Q1	1,652	2002-Q1	950
1998-Q2	2,272	2002-Q2	1,439
1998-Q3	2,439	2002-Q3	2,337
1998-Q4	1,514	2002-Q4	881
1998 Total	7,877	2002 Total	5,607
1999-Q1	1,773	2003-Q1	521
1999-Q2	2,149	2003-Q2	1,612
1999-Q3	1,590	2003-Q3	670
1999-Q4	2,247	2003-Q4	2,033
1999 Total	7,759	2003 Total	4,836
2000-Q1	2,535	2004-Q1	1,089
2000-Q2	2,254		
2000-Q3	1,711		
2000-Q4	1,509		
2000 Total	8,009		

Although permits in the first quarter 2004 were greater than the first quarter the past two years, the number of new permits is at the low end of the range for the past seven years. Development of new apartment projects have been limited due to significant overbuilding in a number of submarkets. Additionally, the apartment market has been struggling with an exodus of residents

being lured by home ownership. The limited new construction will bolster both occupancy and rental rates for existing projects.

The following comments have been extracted from a mid-year 2004 report issued by Marcus & Millichap, a national real estate brokerage firm active in the Phoenix apartment market.

> *The sun will shine brighter on the Phoenix apartment market in 2004. Lingering weakness from 2003 will persist during the first half of the year, but by year end, apartment market fundamentals are expected to show improvement. The encouraging employment market, coupled with a reduction in completions, will help drive own the metro-area vacancy rate. As a result, apartment operators are likely to report higher net operating incomes by year end and investment activity is expected to remain robust..*

CITY DATA CONCLUSION

Metropolitan Phoenix population growth was one of the highest in the country over a 10-year period (1994-2003), with an increase of more than 1 million people. The market added over 600,000 new jobs during the same period. As a result, Metropolitan Phoenix has become one of the fastest growing metropolitan areas in the country.

Although the Metropolitan Phoenix market has been affected by the recent recession, it appears its economy, as well as the national economy, began to return to a growth pattern in late 2003. With the exception of the residential sector, which almost ignored the recession, recovery of the local real estate market will continue to be a drawn-out process, particularly for overbuilt sectors such as professional office and multi-family.

GENERAL AREA AND NEIGHBORHOOD DESCRIPTION

This section of the report is organized under two major headings; "The General Area" and "The Immediate Neighborhood" i.e., Sundance. The first heading includes a description of other developments within the town of Buckeye and West Maricopa County judged to have some impact on subject's immediate neighborhood or the adjacent area.

GENERAL AREA DESCRIPTION

The general area includes the incorporated areas of Buckeye, Goodyear, Litchfield Park, Avondale and parts of Glendale, Phoenix and Tolleson. Its boundaries are not clearly defined and for purposes of this discussion, they are identified as follows:

North:	Camelback Road
East:	El Mirage Road
South:	Beloat Road
West:	Miller Road

Subject's location within this 150 square mile section of western metropolitan Phoenix and its location to the various communities within the area is illustrated on Exhibit 5.

The west part of this general area is best described as "being on the fringe" of residential development in west Phoenix. This is changing and will continue to do so as the rate of residential development in the West Valley continues to increase.

RESIDENTIAL DEVELOPMENT

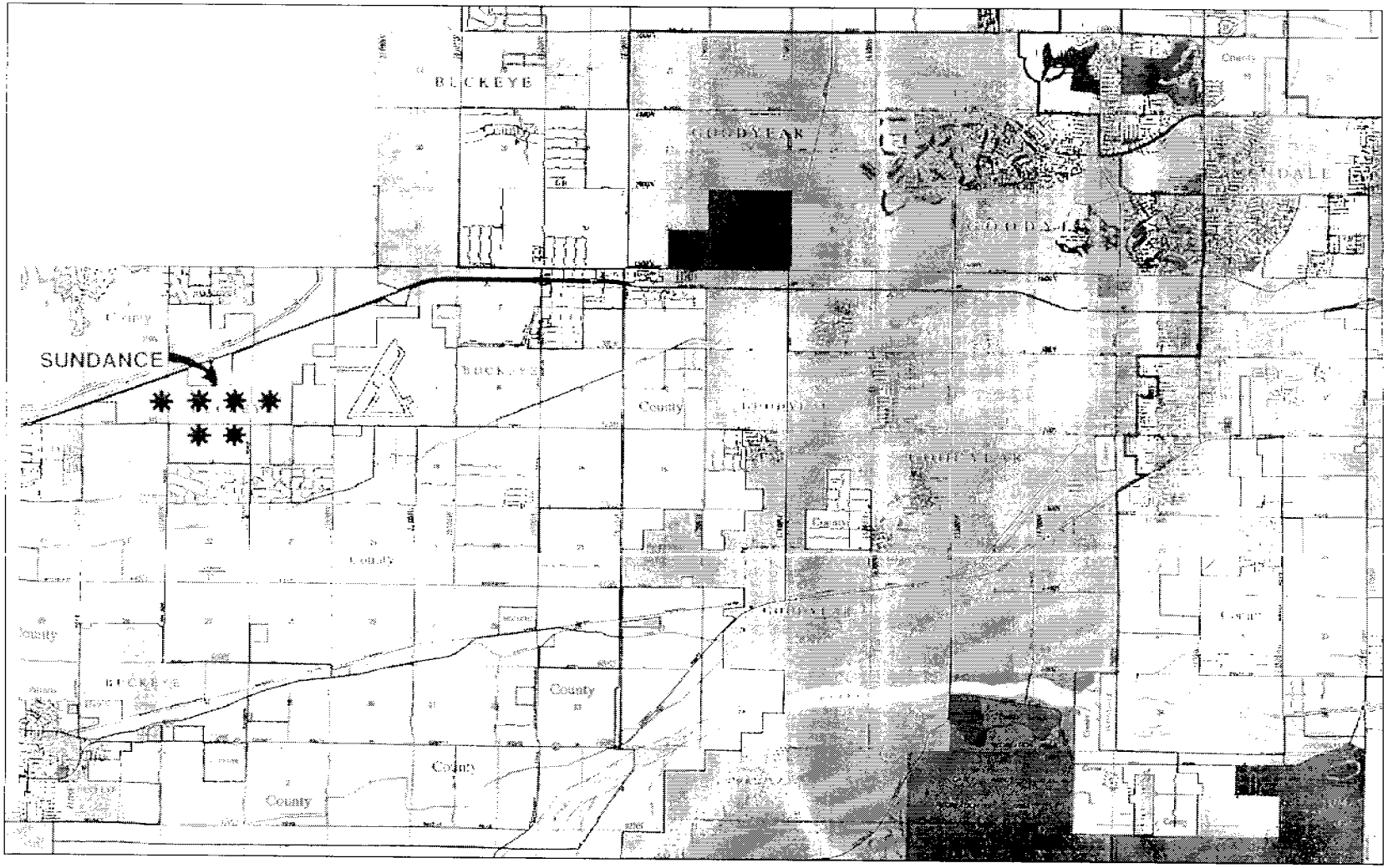
The west side of metropolitan Phoenix and particularly the southwest section has garnered considerable attention from residential developers in the past 12 to 24 months. The dwindling supply of available land in the eastern half of metropolitan Phoenix has shifted the focus of residential development to the west side. For example, the Town of Buckeye approved seven master planned communities in 2000, which includes roughly 160,000 housing units. A few of the more sizable projects approved by the town include:

- *Verrado* is an approximate 8,800-acre master-planned community located generally west of Tuthill Road, between Interstate 10 and Northern Avenue. The community has an approved general land use plan with the Town of Buckeye that allows up to 14,080 homes with 325 acres of parks, the possibility of 1,000 resort or hotel rooms and up to four million square feet of commercial space.

  The neighborhoods within Verrado are divided further by amenities. The "Town Neighborhoods" will consist of higher-density housing types, providing a unique style in the West Valley. Residents will be only a few blocks away from shopping, services, dining, community activities and recreation. The street pattern will be grid-like, based on the early neighborhoods of Phoenix, with a slightly more urbane character due to the intimate scale, authentic architecture and housing forms. Many of the product types are alley-loaded in order to maximize the architectural expression on the street.

  The "Park Neighborhoods" provide a supportive setting for traditional family living. They will be designed around community parks with planned elementary and middle schools easily reached by an extensive trailway system. The pattern of these neighborhoods is based on the historic neighborhoods of "old" Phoenix such as Encanto and Palmcroft. Housing types will be medium to low density with variable setbacks and architectural style to create help create a diverse neighborhood design.

EXHIBIT NO. 5
Metropolitan Phoenix Map



The "Golf and Foothills Neighborhoods" will have dramatic views of the White Tank Mountains as well as the proposed 18-hole championship golf course. Streets are connected, generally without cul-de-sacs, to support neighborhood cohesion. Housing types will range from attached golf villas to custom home sites. All homes in these neighborhoods will have the expected premium amenities associated with a golf course setting.

The developer of Verrado is striving to create a small town atmosphere. There will be a main street corridor with dining, shopping, business, and entertainment opportunities; all connected by tree lined streets and a park/trailway system. Phase I of Verrado is 1,145 acres in size, planned for approximately 2,040 homes in distinct neighborhoods. The grand opening occurred in early 2004.

- *Douglas Ranch* is an approximate 36,000-acre master planned community located north and west of subject in the town of Buckeye. The bordering roads are Jomax Road to the north, Cactus Road to the south, 319th Avenue to the East and 355th Avenue to the west. Long held by a series of institutional pension funds, the Douglas Ranch property is being purchased by a development team including Jerry Colangelo and partner David Eaton. While still in the planning stages, preliminary land uses include: 20 golf courses, nearly 80,000 residential units, 8,000,000 square feet of commercial development, 845 acres of parks, 27 elementary schools, and six high schools. Total build-out is expected to take 40 years and at that time population is estimated to be more than 210,000.

- *Sundance (subject)* is a master-planned community is just over 2,000 acres in size. Current land use plans show that there will be 6,777 residential units accompanied by 250 open space acres, which includes an 18-hole championship golf course. Commercial sites add up to 225 acres of land with uses ranging from retail services, civil facilities, community centers, a resort and employment opportunities. School sites are planned throughout the community on 92 acres set aside for elementary and high school buildings. The developer of Sundance is Buckeye Land and residential development is currently underway by several builders.

- *Sun Valley* master-planned community is generally located west and south of Northern Sun Valley Parkway. It occupies 13,282 acres of land and is planned for 34,200 residential units along with 1,800 commercial acres that include retail, industrial and a business park for employment. Open space will occupy 3,760 acres including golf, washes, mountain slopes and the Hassayampa area. Educational buildings have been planned on 510 acres but no mention of the exact breakdown of buildings was given. Development timing is currently unknown.

- *Sun Valley South*, master-planned community has 11,193 acres included and is located adjacent south of Sun Valley. Current planning for Sun Valley South shows 29,220 residential units, 277 acres of commercial use and 3,200 acres of open space. Open space acres include golf courses, neighborhood and community parks, and trailway system. Additionally, 276 acres are planned for school sites: (10) elementary, (4) middle, and (2) high schools. Development timing is currently unknown.

- *Tartesso* master-planned community is approximately 9,000 acres and located on both sides of Sun Valley Parkway, just north of Interstate 10. Development plans include more than 9,500 housing units and approximately five million square feet of commercial space. Amenities include neighborhood and community parks, trailway system, recreational center and sports park. Stardust is the developer of this community and product delivery is expected in late 2004.

- *Festival Ranch* master-planned community contains 10,105 acres of land and is located north of Sun Valley Parkway, generally west of 259th Avenue. Currently 24,180 residential units and more than seven million square feet of commercial development are planned for the area. Amenities include up to 14 championship golf courses, open space, neighborhood and commercial parks and trailway system along the Hassayampa River. The developer is the Lyle Anderson Company. Reportedly, approximately 3,100 acres of Festival Ranch is in escrow with Del Webb as the buyer for a retirement community. No information on the timing of development is available.

The projects detailed above account for over 95,000 residential units. Although all of these projects have received approval from the Town of Buckeye, the development timeline for a few of the projects is uncertain. If development in this area follows that of the other metropolitan Phoenix communities, development will begin within those projects having proximity to the interstate.

To date, most of the residential development has been located to the east of Buckeye in Goodyear – Avondale – Litchfield Park area. The significant developments in this area include:

- *Litchfield Park* – This community is at the northeast corner of Litchfield and Indian School Roads. It was started as a company town by Goodyear Tire & Rubber Company in 1916 who had acquired 16,000 acres which were converted to cotton fields. Today, it is a community of over 4,300 residents with the focal point of the development being the Wigwam Resort and Country Club, a five-star resort with three championship golf courses. Residential development around the resort and golf course fairways has resulted in a high-quality residential community with support facilities within a tightly controlled architectural setting. The quality of the development within Litchfield Park has a favorable impact on the adjacent and surrounding area.

- *Goodyear* – The City of Goodyear also originated in 1916 when Goodyear Tire & Rubber Company purchased and leased land in the Salt River Valley to produce Egyptian cotton. By 1920, the small farms had been merged into a large, corporate farming operation which resulted in the development of the cities of Litchfield Park and Goodyear. Goodyear's growth began during World War II with the Litchfield Naval Air Facility and the adjoining Goodyear Aircraft Facility which is now the Loral Aerospace Corporation. In July 1999, its population was estimated at about 17,000 people. The more recent population growth is attributable to the expansion of Palm Valley,

PebbleCreek, Estrella Mountain Ranch and other residential subdivisions in the area west of Litchfield Road and south of Interstate 10. It is anticipated the population of Goodyear will increase significantly during the next five years.

- *Palm Valley* – In December 1986, SunCor Development Company purchased 11,400 acres adjacent to Litchfield Park including the Wigwam Resort and Country Club. Approximately 9,000 acres were included within a multi-phase, master planned community known as Palm Valley. Phase I of Palm Valley, a 640-acre, golf-oriented, residential community at the northeast corner of McDowell and Litchfield Roads opened for sale to builders in early 1994. Together there were 12 parcels within the Phase I development designed to provide about 1,040 lots with densities varying from about 3 units to 5.9 units per acre. The extent to which Phase I has been developed is illustrated in an October 2003 aerial photograph included as Exhibit 6. The development of Phase II at the northwest corner of Litchfield and McDowell Roads began in 1999.

- *PebbleCreek* – PebbleCreek is a 2,200-acre, multi-phase, age-restricted, master planned community at the southwest corner of Bullard Avenue and Indian School Road, one mile west of Palm Valley, construction of the 5,500-lot active adult community began in 1992 with the initial phase of development encompassing approximately 760 acres and 340 lots. The master plan calls for three golf courses (two regulation and one executive) and a 30,000 square foot clubhouse which is being constructed. Current development within PebbleCreek is illustrated in the September 2002 aerial photograph included as Exhibit 6.

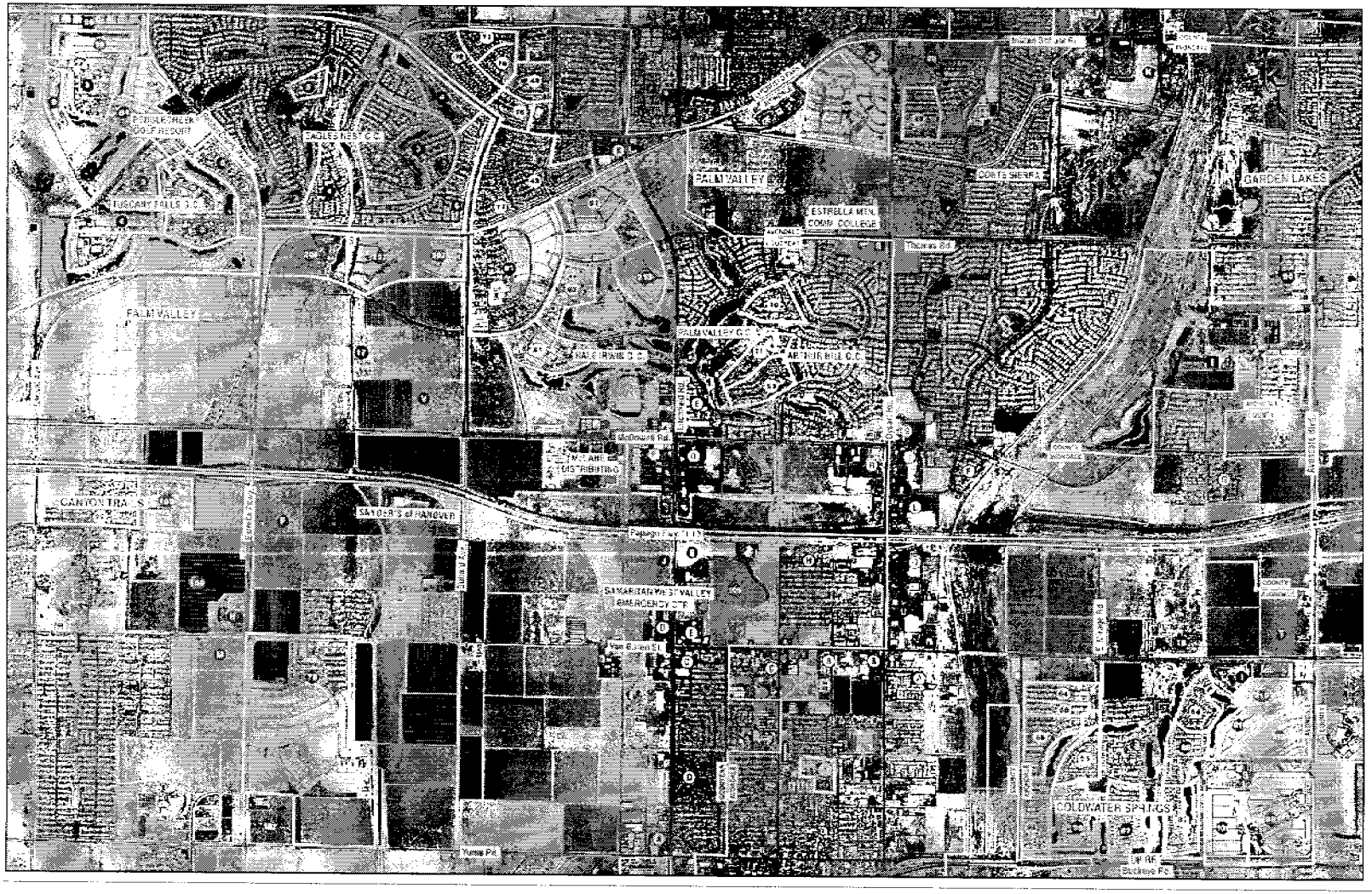
- *Estrella Mountain Ranch* is a 20,000-acre master planned community generally located at Estrella Parkway and Elliot Road. The project was originally planned by American Continental and acquired by Sunchase from the RTC in 1994. The community is oriented around a couple of man-made lakes and a championship golf course designed by Nicklaus Design in 1999. This community is about 7.75 miles south of Interstate 10 and because of its location, measured in terms of travel time, is comparable to that of Sundance; it is discussed in some additional detail later in the report.

- *Rancho Santa Fe* – Rancho Santa Fe is a planned area development by Continental Homes on the east side of Dysart Road, south of Thomas; adjacent west of the defined area. There are four district neighborhoods within the community offering lot sizes ranging from 45-foot wide lots to 70-foot wide lots with home prices ranging from approximately $90,000 to $170,000. Rancho Santa Fe opened for sales in early 1995 and has been very successful.

- *Estrella Vista* – This 320-acre master planned community was originally developed by American Continental at the southwest corner of Estrella Parkway and Yuma Road. The first development phase included about 263 lots, which is built-out. Currently a 106-lot subdivision is being developed by Beazer Homes. Canyon Trails, a 300-unit apartment project is proposed at the northwest corner of Estrella Parkway and Lower Buckeye Road; this parcel is adjacent west of the Phase I development.

EXHIBIT NO. 6

Palm Valley, PebbleCreek Landiscor Aerial (January 2004)



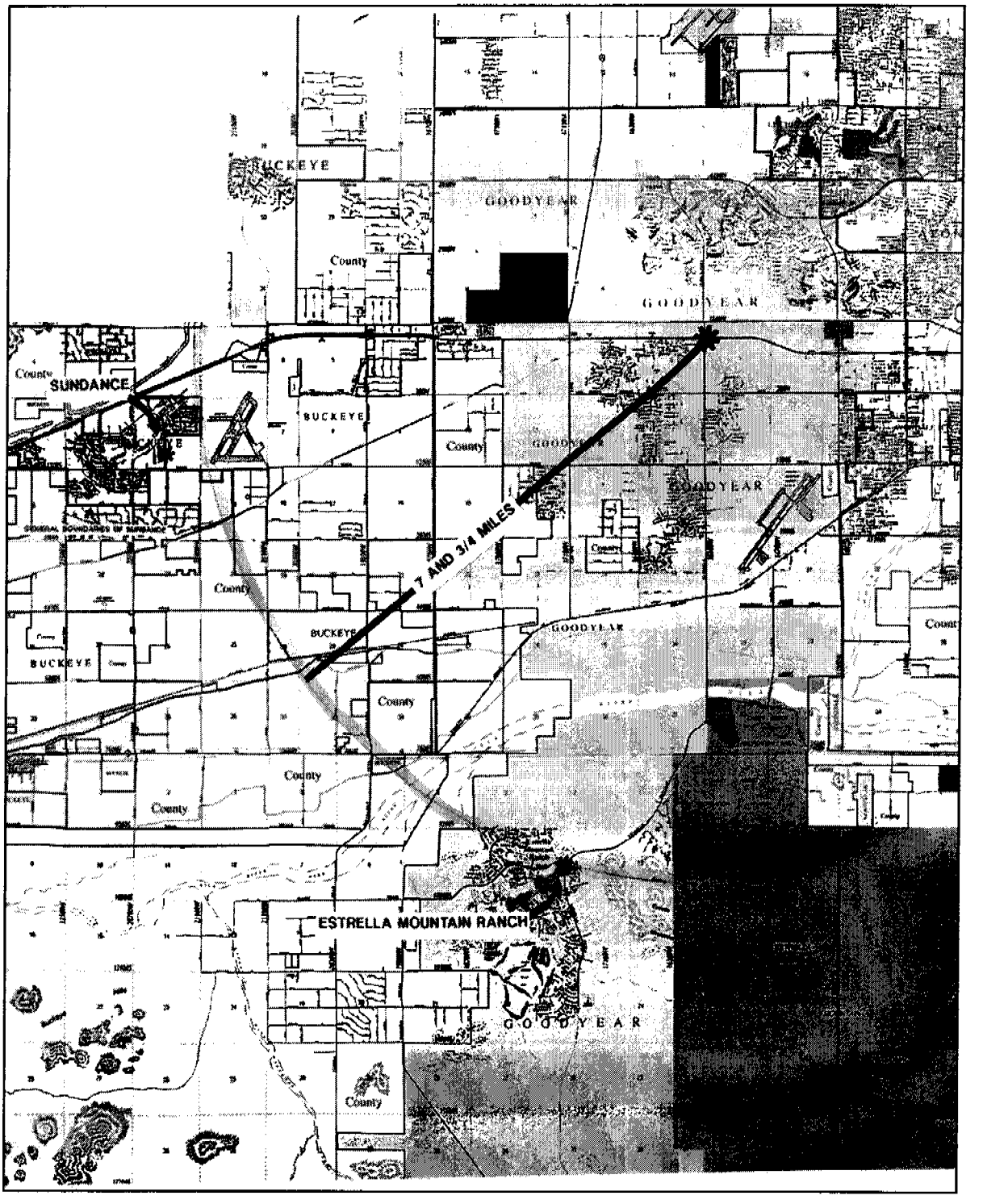
- *Pueblo Verde* – This is a proposed 160-acre residential development at the southeast corner of Yuma Road and Sarival Avenue. The developer is Recorp and current information indicates the 160 acres will be developed with 480 lots.
- *Sarival Village* – This 320-acre development is at the northeast and southeast corners of Sarival Avenue and Lower Buckeye Road; it is adjacent south of Pueblo Verde and west of Estrella Vista. Currently, a 111-lot subdivision is being developed by Ryland Homes.
- *Canyon Trails* – This is a proposed 2,000± acre planned community adjacent south of Interstate 10, west of Sarival Avenue. The developer is Continental Homes and preliminary information indicates there will be a total of 7,000 to 9,000 lots. Grading within the section adjacent south of Interstate 10 has started.
- *Wildflower Ranch* – This is a 380± acre planned community at the northeast corner of Sarival Avenue and Yuma Road. The first phase included about 900 lots of which about 788 have been sold. The second phase will include three subdivisions by Beazer Homes which include 299 lots.

Of the various active master planned communities in west Phoenix, Estrella Mountain Ranch is judged to be one of the more comparable developments in terms of its distance from downtown Phoenix compared to Sundance. As illustrated on Exhibit 7, Estrella Mountain Ranch is about 7.75 miles south and a little west of the Interstate 10-Estrella Parkway interchange. Golf Village which is currently the most active developing area within Estrella Mountain Ranch is about two miles south of this point. In comparison, the eastern boundary of Sundance is about 7.75 miles west of the same interchange; measured in terms of travel time, Sundance is closer to downtown Phoenix than Estrella.

Subject's relationship to the more developed areas of metropolitan Phoenix, in comparison to other active master planned communities is a factor requiring some additional discussion. The market's perception of subject's location has changed over the past few years and will change more significantly during the next few years; i.e., its location is more acceptable expressed in terms of commuting time than it has been at any other time in the past. The marketing success experienced by various builders within Estrella Mountain Ranch supports the suggestion the market will continue to view subject's location as being within an acceptable commute time.

One of the reasons for this is because the market is adjusting to the fact that most new master planned communities have or will have a location relationship to downtown Phoenix similar to that of Sundance.

EXHIBIT NO. 7
Estrella Proximity Map



It is relevant to note that a number of the most successful master planned communities (measured in terms of new home starts) have locations near or outside of the 36-mile radius circle illustrated on Exhibit 8. The ten top master planned communities (measured in new home starts) for the past four years are summarized in Table 10; (some are illustrated on Exhibit 8).

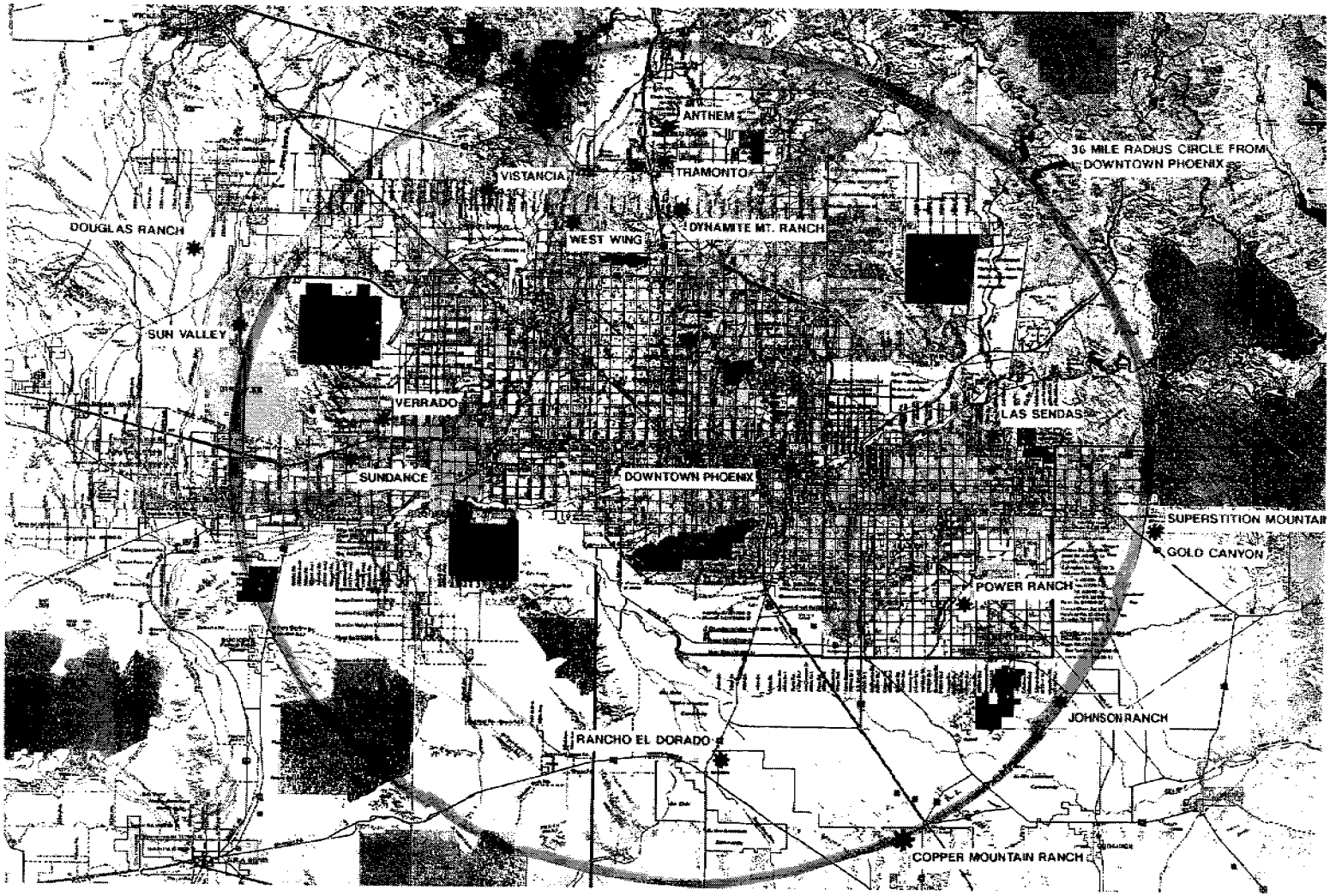
TABLE NO. 10

MPC	12 M Ending 4Q00	MPC	12 M Ending 4Q01
Sun City Grand	1,146	Anthem	820
Anthem	1,083	Sun City Grand	813
Dove Valley Ranch - West	666	San Tan Ranch	606
Augusta Ranch	567	Power Ranch	603
Parkwood Ranch	529	Johnson Ranch	476
Mountain Vista Ranch	474	Augusta Ranch	391
Fletcher Heights	386	Fletcher Heights	379
Grayhawk	377	Las Sendas	368
Terramar	373	Terramar	356
Santa Rita Ranch	370	Mountain Vista Ranch	337
Totals	5,971	Totals	5,149
MPC	**12 M Ending 4Q02**	**MPC**	**12 M Ending 3Q03**
Dreaming Summit	1,079	Anthem	1,053
Sun City Grand	713	Sun City Grand	980
Johnson Ranch	570	Dreaming Summit	739
Coldwater Springs	500	Estrella Mountain Ranch	463
Anthem	417	Westwing Mountain	456
Canyon Trails	382	Coldwater Springs	407
Power Ranch	352	Tramonto	401
Pebblecreek Golf Resort	345	Canyon Trails	377
Springfield Lakes	319	Surprise Farms	339
Fletcher Heights	300	Springfield Lakes	333
Totals	4,977		5,548

Reflecting in part the reasoning outlined above, it is concluded that assuming there is no major change in the metropolitan Phoenix economy, the overall acceptability of subject's location will continue to be reflected in a successful marketing program on the part of four or more builders who are currently active in Sundance.

The projects described above illustrate the high level of residential development in the western half of metropolitan Phoenix (nine of the ten top sellers in 2003 were in the western half of metropolitan Phoenix). This area of metropolitan Phoenix should continue to experience strong residential growth given its abundant supply of available land.

EXHIBIT NO. 8
Master Planned Community Map



COMMERCIAL DEVELOPMENT

To this point, commercial development has been concentrated in the eastern half of the "General Area," i.e., Goodyear, Litchfield Park and Avondale. The following is brief description of the commercial development in the area:

- *Goodyear Village Center* – At the northwest corner of Van Buren Street and Litchfield Road, this 115,000 square foot neighborhood center was constructed in 1989. Anchor tenants include Fry's, Radio Shack, and Auto Checker Parts.
- *Albertson's Center* - At the northeast corner of Van Buren Street and Litchfield Road, this 89,245 square foot neighborhood center was constructed in 1997. Anchor tenants include Albertson's grocery store and Hollywood Video.
- *Avondale Plaza* - This 93,375 square foot neighborhood center is at the southwest corner of Van Buren and Dysart Roads. Constructed in 1987, current anchor tenants include ABCO, Walgreen's, and Payless Shoe Source; ABCO recently closed their store and will be replaced.
- *Southwest Goodyear Center* - At the northwest corner of Yuma and Litchfield Roads, this 77,000 square foot neighborhood center was constructed in 1979. The anchor tenants include Southwest Supermarkets and Factory 2U.
- *Palm Valley Pavillions West* – This facility was completed in 1994 as an outlet center containing about 135,000 square feet. It was re-developed in 2002 as a 260,000 square foot community center.
- *Palm Valley Market Center* - An 110,000 square foot neighborhood center at the southwest corner of Litchfield and Indian School Roads, anchored by Safeway.
- *Palm Valley Pavilions* – This 255,500 square foot center was developed in 1999 at the southeast corner of McDowell and Litchfield Roads; the major tenant is Target.
- *Wal-Mart* – A 101,000 square foot Wal-Mart store was developed in 1998 at the northeast corner of Dysart Road and Interstate 10.
- *Palmilla* – This 161,000 square foot Fry's anchored center was developed in 1998 at the southeast corner of Dysart and McDowell Roads.

None of these centers have meaningful proximity to subject as that term is typically used. The fact five of the ten centers have been developed during the past 4± years in response to the more recent growth is reflective of the type of ongoing commercial development that will occur as the area matures residentially.

In addition to the existing commercial development summarized above, there are a number of additional centers planned for the general area discussed in this section of the report; they include:

- Safeway Center – A planned Safeway Market at the northwest corner of Van Buren Street and Estrella Parkway
- Palm Valley Tower Center – A planned 395,800 square foot Costco Center at the southwest corner of Litchfield Road and Interstate 10
- Galloway/Engle Center – A proposed 300,000 square foot development at the southwest corner of Interstate 10 and Estrella Parkway
- Sam's Club – A proposed Sam's Club at the northeast corner of Van Buren Street and Dysart Road

GENERAL AREA CONCLUSION

The general area referenced above incorporates a 150-square mile section of west metropolitan Phoenix included within a larger area generally referred to as the "West Valley." Historically, the West Valley has not been considered a growth area when compared to northeast Phoenix, north Scottsdale and the Southeast Valley. Although that perception has not always been accurate, it is nevertheless true that the West Valley has not been viewed with the same degree of enthusiasm when compared to several other areas of metropolitan Phoenix.

This is changing, a fact that will be more generally recognized as development of some of the major communities noted previously continues; e.g., Verrado, Canyon Trails, Sundance, etc.

As illustrated in some of the exhibits referenced previously, Exhibit 4 for example, there is a large amount of vacant land available for development; some is under cultivation and some is pristine desert. The continued growth of metropolitan Phoenix is judged a certainty and it is anticipated the West Valley will account for a substantial part of this future growth.

NEIGHBORHOOD DESCRIPTION

As noted previously, subject is part of the larger Sundance master planned community. Sundance is a mixed-use, predominantly residential community of approximately 2,000± acres in Buckeye, Arizona. It is on the south side of Interstate 10 between Dean Road on the east and Miller Road on the west.

Even though the Town of Buckeye is only 30 miles west of downtown Phoenix, it has historically been a farming and ranching community. However, Metropolitan Phoenix development is now beginning to bring this area into its growth boundary. In the past five years, residential growth in

Metropolitan Phoenix has shifted from its eastern half to its western half. With large amounts of land available for development in western Maricopa County, this area will continue to attract the lion's share of the growth.

RESIDENTIAL DEVELOPMENT

Since 2000, the Town of Buckeye has approved seven master planned communities with more than 160,000 housing units. A few of the more notable approved projects include:

- *Verrado* is an approximate 8,800-acre master-planned community located generally west of Tuthill Road, between Interstate 10 and Northern Avenue. The community has an approved general land use plan with the Town of Buckeye that allows up to 14,080 homes with 325 acres of parks, the possibility of 1,000 resort or hotel rooms and up to four million square feet of commercial space.

  The developer of Verrado is striving to create a small town atmosphere. There will be a main street corridor with dining, shopping, business, and entertainment opportunities; all connected by tree lined streets and a park/trailway system. Phase I of Verrado is 1,145 acres in size, planned for approximately 2,040 homes in distinct neighborhoods. The grand opening is scheduled for the fall of 2003.

- *Roston Companies* of California have a 1,060-acre project just south of Interstate 10 on the east and west sides of Rooks Road. The project is approved for 3,235 homes and 195 acres of commercial development.

- *Douglas Ranch* is an approximate 36,000-acre master planned community located north and west of subject in the town of Buckeye. The bordering roads are Jomax Road to the north, Cactus Road to the south, 319th Avenue to the East and 355th Avenue to the west. Long held by a series of institutional pension funds, the Douglas Ranch property is being purchased by a development team including Jerry Colangelo and partner David Eaton. While still in the planning stages, preliminary land uses include: 20 golf courses, nearly 80,000 residential units, 8,000,000 square feet of commercial development, 845 acres of parks, 27 elementary schools, and six high schools. Total build-out is expected to take 40 years and at that time population is estimated to be more than 210,000.

- *Sundance (subject)* is a master-planned community is just over 2,000 acres in size. Current land use plans show that there will be 6,777 residential units accompanied by 250 open space acres, which includes an 18-hole championship golf course. Commercial sites add up to 225 acres of land with uses ranging from retail services, civil facilities, community centers, a resort and employment opportunities. School sites are planned throughout the community on 92 acres set aside for elementary and high school buildings. The developer of Sundance is Buckeye Land and residential development is currently underway by several builders.

- *Sun Valley* master-planned community is generally located west and south of Northern Sun Valley Parkway. It occupies 13,282 acres of land and is planned for 34,200

residential units along with 1,800 commercial acres that include retail, industrial and a business park for employment. Open space will occupy 3,760 acres including golf, washes, mountain slopes and the Hassayampa area. Educational buildings have been planned on 510 acres but no mention of the exact breakdown of buildings was given. Development timing is currently unknown.

- *Sun Valley South*, master-planned community has 11,193 acres included and is located adjacent south of Sun Valley. Current planning for Sun Valley South shows 29,220 residential units, 277 acres of commercial use and 3,200 acres of open space. Open space acres include golf courses, neighborhood and community parks, and trailway system. Additionally, 276 acres are planned for school sites: (10) elementary, (4) middle, and (2) high schools. Development timing is currently unknown.

- *Tartesso* master-planned community is approximately 9,000 acres and located on both sides of Sun Valley Parkway, just north of Interstate 10. Development plans include more than 9,500 housing units and approximately five million square feet of commercial space. Amenities include neighborhood and community parks, trailway system, recreational center and sports park. Stardust is the developer of this community and product delivery is expected in 2004.

- *Festival Ranch* master-planned community contains 10,105 acres of land and is located north of Sun Valley Parkway, generally west of 259th Avenue. Currently 24,180 residential units and more than seven million square feet of commercial development are planned for the area. Amenities include up to 14 championship golf courses, open space, neighborhood and commercial parks and trailway system along the Hassayampa River. The developer is the Lyle Anderson Company. Reportedly, approximately 3,100 acres of Festival Ranch is in escrow with Del Webb as the buyer for a retirement community. No information on the timing of development is available.

Although all of these projects have received approval from the Town of Buckeye, the development timeline for a few of the projects is uncertain. Of the projects noted above, Sundance and Verrado are the two projects furthest along the development timeline. If development in this area follows that of the other metropolitan Phoenix communities, development will begin within those projects having proximity to the interstate.

Subject's Sundance community was the first large scale (almost 2,000 acres) master planned community to be developed in Buckeye. Development of the community began in October 2000 with the approval of the Community Master Plan and Land Development Agreement with the Town of Buckeye. Development of the community began in 2001 with substantial completion of the major infrastructure in 2002. In the summer of 2002, the first model homes were completed, quickly followed by the first sales in the community. The first full year of operation for the

community was 2003. As of December 31, 2003, a total of 1,012 permits were pulled by Hancock Communities (division of Meritage), Pulte Homes (formerly Sivage Thomas), Dietz Crane (division of D.R. Horton), Marlor Homes, and Canterra Homes. During 2003 a total of 1,001 homes were sold at an average price of $124,500. The five active builders through May 2004 sold a total of 678 (135 homes per month).

COMMERCIAL DEVELOPMENT

At present there is no significant commercial development in the subject immediate area. This is projected to change with the continued development of the community and the surrounding area. In terms of the subject property, the most significant of the proposed commercial developments is the retail center within the Sundance community at the northwest corner of Watson and Yuma Roads. The initial phase of development of this center is projected to occur within the next 24 months. A proposed Fry's center will also be constructed at the southwest corner of Watson and Yuma Roads.

EMPLOYMENT

The largest employer in the Buckeye area is the Palo Verde Nuclear Generation Station with 2,500 employees. Other large employers include Schultz Homes, Wal-Mart and a number of transportation related businesses. Table 11 summarizes a number of significant employers in the area.

TABLE NO. 11

MAJOR BUCKEYE AREA EMPLOYERS

Company Name	Employees	Industry
Palo Verde Nuclear (APS)	2,500	Utilities
Schultz Homes	375	Manufactured housing
Wal-Mart	250	Distribution warehouse
Rip Griffin Travel Center	180	Truck stop
Southern Pacific Transportation	130	Inspection and service facility
Wadsworth Golf Construction	125	Golf course construction
Love's Country Store	50	Truck and travel services
Indian Rehabilitation Inc.	45	Rehabilitation services
Wingfield Livestock Transportation	45	Animal transportation services
Rainbow Valley Dairy	40	Milk production

COMMUNITY SERVICES

The area is served by an elementary, middle and high school. Additionally, the town has both local fire and police departments. Medical services are provided by two clinics. The closest hospital facility is just north of Interstate 10 at Litchfield Road in Goodyear. Other community facilities include two libraries, a museum, community center and numerous parks throughout he community. Buckeye Hills Regional Park is approximately 5 miles west of Buckeye and the White Tanks Regional Park is 15 miles northeast.

INFRASTRUCTURE

Because much of the area continues to be used for agricultural purposes, the infrastructure of the community is limited and concentrated near the downtown area. Arizona Public Service provides electrical service and Southwest Gas provides gas. Qwest is the local telephone service provider. The fiber optic infrastructure is not currently in place to provide digital telecommunications services.

WATER AND SEWER

The Town of Buckeye is the provider of water services for some areas of the community; however, much of the area is served by private wells. As new communities are developed the infrastructure of the town will increase. The current condition of the sewer system is similar to that of water. Sewer systems for most existing developments is septic. The development of a sewer system will follow the path of new development. Many of the larger master planned communities will be required to develop water and sewer plants to support their communities.

ACCESS

The most significant traffic artery in the Buckeye area is Interstate 10, which connects Buckeye with other areas of metropolitan Phoenix. As previously indicated, the communities of Goodyear and Avondale are 14 miles east and downtown Phoenix is 30 miles east. State Route 85 is also a major traffic artery in Buckeye. State Route 85 originates in Avondale and terminates in Gila Bend. Another section of State Route 85 along Oglesby Road connects with Interstate 10 two miles west of downtown Buckeye.

Within Buckeye there are a number of significant section line arterials. Oglesby Road, Miller Road, Watson Road and Jackrabbit Road are north/south section line arterials, which have

interchanges with Interstate 10. East/west arterials include Yuma Road, Lower Buckeye Road and Baseline Road (this is also a section of State Route 85). All of the roads with the exception State Route 85 provide one lane of traffic in each direction. The opposing lanes are undivided and have little or no curbs or gutters.

CONCLUSION OF NEIGHBORHOOD DESCRIPTION

From either a historical or relatively recent perspective, Buckeye has been outside the "circle of ongoing development." However, this circle is rapidly expanding to the west. The abundance of available land coupled with relatively low land values in relation to other communities in metropolitan Phoenix is drawing developers to the Buckeye area. Most notably, developers are looking to Buckeye as an area to develop large master planned communities, a concept that has been extremely successful over the past few decades. The development of master planned communities requires a significant amount of contiguous acreage, something that is becoming scarcer in other parts of the metropolitan area.

DESCRIPTION OF THE SUBJECT PROPERTIES

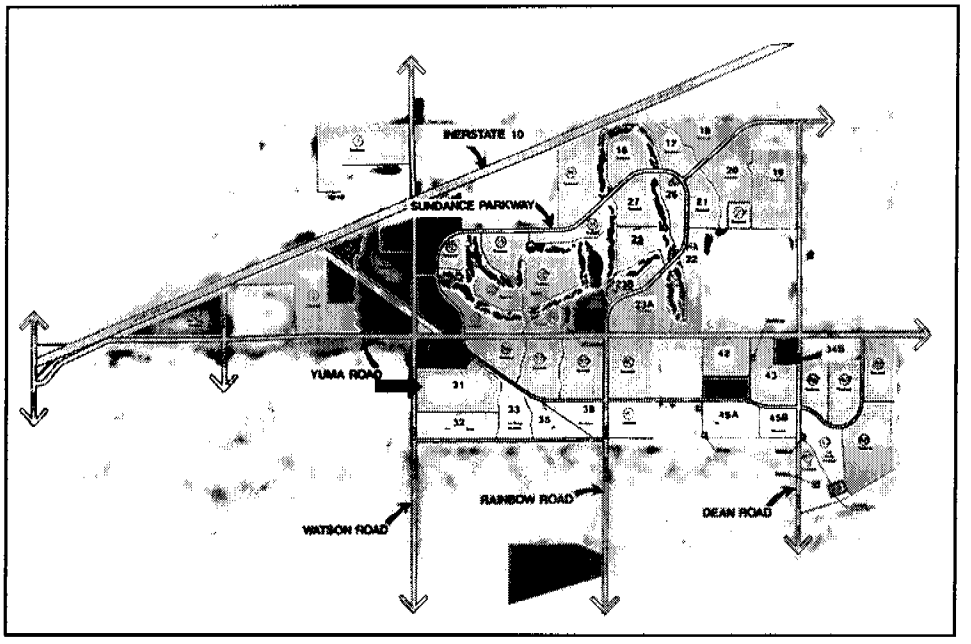
As noted on Page 1, the subject of this report includes four separately identified parcels comprising a part of Sundance, a multi-phased, master planned community on the south side of Interstate 10 extending east and west of Watson Road in Buckeye, Arizona.

All four subject parcels have been designated for residential use with greatly varying densities (1.14 to 4.96 units per acre). The overall average density for the four subject parcels is 3.27 lots per acre. All four of the subject parcels are located south of Yuma Road and therefore do not have any golf course frontage, however, Parcels 32, 33, and 35 include a number of large 1-acre lots. These are located along the southern boundary of the Sundance community. They were provided as a buffer to the neighboring community to the south.

The four subject parcels are listed in Table 12 along with a brief description including the land area and the number of residential lots designated for the each parcel. In addition to the information summarized in Table 12, individual data sheets have been prepared for each of the four subject parcels and are included on the following pages along with a copy of the subdivision plat and some photographs.

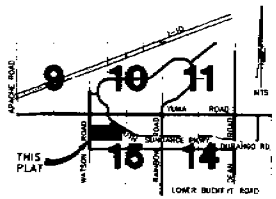
TABLE NO. 12

Parcel No.	Description	Size and Number of Lots
31	This parcel has a fairly rectangular shape with frontage along the east side of Watson Road. It lies just south of Parcels 30 and 30A, which are designated for commercial development. The lots in this subdivision are a mix of 40 x 110, 45 x 110 and 50 x 110. The overall density of this parcel is 4.96 unit per acre.	62.54 gross acres 60.37 net acres 310 lots
32	This 37.07-acre parcel is on the east side of Watson Road south of Yuma Road. It has a rectangular shape with approximately 700 feet of frontage along Watson Road. The 86 lots are 70 x 120 or 8,400 square feet. The overall density of this parcel is 2.32 units per acre..	37.07 gross acres 34.26 net acres 86 lots
33	This 21.75-acre parcel is on the south side of Sundance Parkway South. It is also located just south of the overhead power lines, which diagonally bisect the Sundance community from the southeast to the northwest. The lots in the subdivision are 70 x 115 with the exception of a few lots along the southern property line, which are each just over an acre in size. These larger lots were provided as a buffer to the neighborhood to the south.	21.75 gross acres 20.71 net acres 52 lots
35	This 23.71-acre parcel has a triangular shape. It lies to the south of Sundance Parkway South and is preliminarily platted for development with 27 single-family lots. It has a density of 1.14 unit per acre. The lots are 70 x 115 with the exception of five lots along the southern property line which each are in excess of 1 acre.	23.71 gross acres 22.34 net acres 27 lots



Subject Parcel:	31
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	62.54 gross acres 60.37 net acres
Total Number of Lots:	310
Lot Size:	40 x 110 45 x 110 50 x 110
Premium Lots:	None
Average Density Per Acre:	4.96 lots per gross acre
Comments:	This parcel has been final platted and on-site development is nearing completion.

A FINAL PLAT OF
"SUNDANCE PARCEL 31"
A PORTION OF THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.



VICINITY MAP
N.T.S.

LEGAL DESCRIPTION

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 15;

THENCE NORTH 00°01'14" WEST ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 705.32 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 1124.98 FEET;

THENCE NORTH 89°57'15" EAST, A DISTANCE OF 1410.89 FEET;

THENCE NORTH 32°28'58" EAST, A DISTANCE OF 381.53 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 877.67 FEET;

THENCE SOUTH 34°22'23" EAST, A DISTANCE OF 5.24 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°47'37" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 38°22'02", AN ARC DISTANCE OF 66.96 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 01°09'38" WEST, A DISTANCE OF 72.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 85°50'21" EAST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 15°09'48", AN ARC DISTANCE OF 26.47 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 11°00'10" EAST, A DISTANCE OF 104.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 78°59'50" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 27°13'05", AN ARC DISTANCE OF 38.78 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 16°12'55" WEST, A DISTANCE OF 155.78 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 73°47'05" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°00'29", AN ARC DISTANCE OF 15.71 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 46°46'36" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 20°40'07", AN ARC DISTANCE OF 10.82 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 20°33'22" WEST, A DISTANCE OF 161.34 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 69°26'38" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 26°59'13", AN ARC DISTANCE OF 23.55 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 06°25'51" EAST, A DISTANCE OF 115.81 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 83°34'09" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 28°17'07", AN ARC DISTANCE OF 14.81 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°17'07" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 37°09'56", AN ARC DISTANCE OF 16.84 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 02°33'02" EAST, A DISTANCE OF 173.90 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 2321.00 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 2,736,320 SQUARE FEET OR 62.8173 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS OF WAY, RESTRICTIONS AND RESERVATION OF RECORD, IF ANY, AND SUBJECT TO ANY DEDICATIONS DESCRIBED ON THE SUNDANCE PHASE 1 MAP OF DEDICATION RECORDED AT BOOK 590 OF MAPS, PAGE 38, MARICOPA COUNTY RECORDER'S OFFICE.

629.38

TRACT AREA TABLE

TRACT	SQUARE FEET	ACREAGE	USE
A	7,927	0.1812	LANDSCAPE/P.U.E.
B	229,561	5.2700	LANDSCAPE/RETENTION/DRAINAGE/MULTI-USE TRAIL/WASH/N.O.S.A.
C	2,082	0.0478	LANDSCAPE/P.U.E.
D	15,909	0.3652	LANDSCAPE/MULTI-USE TRAIL/WASH/N.O.S.A.
E	74,985	1.7213	LANDSCAPE/RETENTION/DRAINAGE/P.U.E.
F	77,110	1.7702	LANDSCAPE/RETENTION/DRAINAGE/MULTI-USE TRAIL/WASH/N.O.S.A./P.U.E.
G	123,319	2.8310	LANDSCAPE/RETENTION/DRAINAGE/MULTI-USE TRAIL/WASH/N.O.S.A.
H	28,812	0.6588	LANDSCAPE/RETENTION/DRAINAGE/MULTI-USE TRAIL/WASH/N.O.S.A.
J	694	0.0159	LANDSCAPE
K	1,722	0.0395	LANDSCAPE
L	10,633	0.2441	LANDSCAPE/P.U.E.
M	2,900	0.0666	LANDSCAPE/P.U.E.
TOTAL	586,777	13.4590	

BASIS OF BEARING

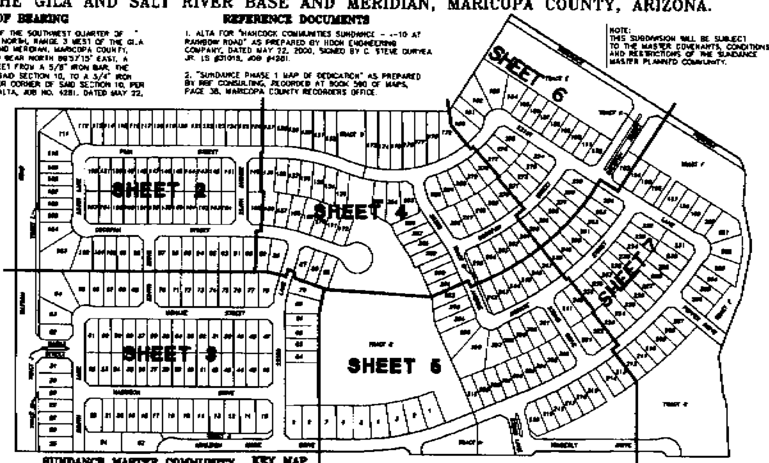
BEING THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SECTION 10, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, CONSIDERED TO BEAR NORTH 89°57'15" EAST, A DISTANCE OF 2643.23 FEET FROM A 5/8" IRON BAR, THE SOUTHWEST CORNER OF SAID SECTION 10, TO A 3/4" IRON PIPE, THE SOUTH QUARTER CORNER OF SAID SECTION 10, PER HOOK ENGINEERING INC. ALTA, JOB NO. 4281, DATED MAY 22, 2000

REFERENCE DOCUMENTS

1. ALTA FOR "HANCOCK COMMUNITIES SUNDANCE - I-10 AT RAINBOW ROAD" AS PREPARED BY HOOK ENGINEERING COMPANY, DATED MAY 22, 2000, SIGNED BY C. STEVE DURYEA JR. LS #31018, JOB #4281.

2. "SUNDANCE PHASE 1 MAP OF DEDICATION" AS PREPARED BY RBF CONSULTING, RECORDED AT BOOK 590 OF MAPS, PAGE 38, MARICOPA COUNTY RECORDERS OFFICE.

NOTE:
THIS SUBDIVISION WILL BE SUBJECT TO THE MASTER COVENANTS, CONDITIONS, AND RESTRICTIONS OF THE SUNDANCE MASTER PLANNED COMMUNITY.



KEY MAP
NOT TO SCALE

SUNDANCE MASTER COMMUNITY ASSOCIATION RATIFICATION

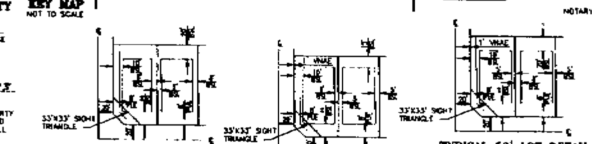
BY THIS RATIFICATION, ________________ DULY DESIGNATED DIRECTOR OF THE "SUNDANCE MASTER COMMUNITY ASSOCIATION, INC., AN ARIZONA CORPORATION", ACKNOWLEDGES THE RESPONSIBILITIES DEDICATED HEREIN.

NAME ________ DATE 4/3/03

NOTE: AN ASSOCIATION, INCLUDING ALL PROPERTY OWNERS IN THE DEVELOPMENT, WILL BE FORMED AND HAVE RESPONSIBILITY FOR MAINTAINING ALL COMMON AREAS NOTED AS "TRACTS" OR "EASEMENTS" INCLUDING PRIVATE STREETS, LANDSCAPED AREAS, AND DRAINAGE FACILITIES IN ACCORDANCE WITH APPROVED PLANS.

NOTES

1. EXCEPT FOR CONSTRUCTION AND IMPROVEMENTS BY GOVERNMENTAL ENTITIES AND CERTIFIED PUBLIC UTILITIES, CONSTRUCTION AND IMPROVEMENTS WITH UTILITY EASEMENTS SHALL BE LIMITED TO ONLY THE FOLLOWING:
   A.) WOOD, WIRE, OR REMOVABLE SECTION TYPE FENCING.
   B.) CONSTRUCTION, STRUCTURES, OR BUILDINGS EXPRESSLY APPROVED IN WRITING BY THE TOWN OF BUCKEYE AND ALL PUBLIC UTILITIES WHICH USE OR MAY USE THE UTILITY EASEMENT.
2. ALL UTILITIES SHALL BE INSTALLED UNDERGROUND.
3. NO STRUCTURE OF ANY KIND MAY BE CONSTRUCTED, NOR ANY VEGETATION BE PLANTED OR ALLOWED TO GROW WITHIN A DRAINAGE TRACT, WHICH WOULD IMPEDE THE FLOW OF WATER OVER, UNDER, OR THROUGH THE DRAINAGE TRACT.
4. A HOMEOWNERS ASSOCIATION INCLUDING ALL LOT OWNERS SHALL BE FORMED AND HAVE THE RESPONSIBILITY OF MAINTAINING ALL COMMON AREAS NOTED AS TRACTS, LANDSCAPED AREAS, AND DRAINAGE FACILITIES IN ACCORDANCE WITH THE APPROVED PLANS. THIS RESPONSIBILITY INCLUDES ALL ADJACENT RIGHTS-OF-WAY.
5. THE TOWN OF BUCKEYE IS NOT DESIGNATED AS AN ASSURED WATER PROVIDER PURSUANT TO ARS 45-576.
6. THE PERMITTEE SHALL ENSURE THE REMAINING SECTION 404 JURISDICTIONAL AREAS ARE AVOIDED AND MAINTAINED AS NATURAL OPEN SPACE AREAS. THE PERMITTEE SHALL ACHIEVE THIS BY PLACING THE AVOIDED WASHES WITHIN A 30'-50' WASH CORRIDORS. THESE AREAS SHALL BE MAINTAINED IN AN UNDISTURBED CONDITION FOR THE LIFE OF THE PROJECT. THE PERMITTEE SHALL ENSURE THAT THE AVOIDED SECTION 404 JURISDICTIONAL AREAS ARE IDENTIFIED ON THE FINAL DEVELOPMENT PLAT FOR THE PROPOSED SUNDANCE MASTER-PLANNED COMMUNITY. THE PERMITTEE SHALL MAKE THIS CONDITION KNOWN IN ALL SALES AGREEMENTS.



TYPICAL 56' LOT DETAIL
* 12' LIVING AREA
18' GARAGE
10' SIDE ENTRY GARAGE

NOTE
1. ALL SETBACKS ARE MEASURED FROM PROPERTY LINE
2. STAGGER FRONT YARD SETBACKS BY 3' WITH NO MORE THAN 2 HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK

TYPICAL 40' LOT DETAIL
* 12' LIVING AREA
18' GARAGE
10' SIDE ENTRY GARAGE

NOTE
1. ALL SETBACKS ARE MEASURED FROM PROPERTY LINE
2. STAGGER FRONT YARD SETBACKS BY 3' WITH NO MORE THAN 2 HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK

TYPICAL 50' LOT DETAIL
** 12' LIVING AREA
18' GARAGE
10' SIDE ENTRY GARAGE

NOTE
1. ALL SETBACKS ARE MEASURED FROM PROPERTY LINE
2. STAGGER FRONT YARD SETBACKS BY 3' WITH NO MORE THAN 2 HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK

ASSURED WATER SUPPLY

CERTIFICATE OF ASSURED WATER SUPPLY NO 27-400806, ISSUED FOR SUNDANCE PARCEL 31 BY THE ARIZONA DEPARTMENT OF WATER RESOURCES ON MARCH 25 2003

SITE AREA

GROSS: 2,724,438 SQUARE FEET OR 62.5445 ACRES

LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY

THE LOTS AND PARCELS CREATED, DEFINED, OR DEPICTED ON THIS PLAT ARE SUBJECT TO A LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY. NO PERSON MAY OCCUPY A BUILDING OR STRUCTURE ERECTED ON ANY LOT OR PARCEL CREATED, DEFINED OR DEPICTED ON THIS PLAT UNTIL THE TOWN OF BUCKEYE HAS ISSUED A CERTIFICATE OF OCCUPANCY. THE TOWN WILL NOT ISSUE A CERTIFICATE OF OCCUPANCY UNTIL STREET, UTILITY, DRAINAGE AND OTHER IMPROVEMENTS RELATING TO THIS PLAT AS REQUIRED BY THE TOWN'S SUBDIVISION ORDINANCE ARE COMPLETED TO THE TOWN OF BUCKEYE STANDARDS. THIS LIMITATION MAY BE RELEASED IN PHASES. A PROSPECTIVE BUYER OF A LOT OR PARCEL CREATED, DEFINED, OR DEPICTED ON THIS PLAT SHOULD REQUIRE THE SELLER TO PRODUCE A RECORDED RELEASE OF THIS LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY SIGNED BY THE TOWN OF BUCKEYE BEFORE PURCHASING AND/OR CLOSING ESCROW ON THAT LOT OR PARCEL. FAILURE TO OBTAIN SUCH A RELEASE OF THIS LIMITATION MAY RESULT IN THE BUYER BEING PROHIBITED FROM OCCUPYING A HOUSE OR OTHER STRUCTURE BUILT ON THE LOT OR PARCEL. THIS LIMITATION IS SUBJECT TO THE REASONABLE DISCRETION BY THE TOWN AS TO THE COMPLETION STATUS OF OTHER IMPROVEMENTS SUCH AS LANDSCAPING AND PUNCH LIST ITEMS THAT ARE IN PROCESS, OPERATIONAL AND SUBSTANTIALLY COMPLETE. THE HOME BUILDER SHALL BE REQUIRED TO DISCLOSE THIS STATEMENT OF LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY TO A PROSPECTIVE BUYER PRIOR TO THE PURCHASING AND CLOSING ESCROW ON ANY BUILDING OR STRUCTURE ON ANY LOT OR PARCEL.

RBF
PLANNING ■ DESIGN ■ CONSTRUCTION
16605 NORTH 28th AVENUE SUITE 100
PHOENIX, ARIZONA 85053-7550

SURVEYOR

DAVID M. SCHUEF, RLS
RBF CONSULTING
16605 N. 28TH AVENUE, SUITE 100
PHOENIX, AZ 85053-7550
PHONE (602) 467-2200
FAX (602) 467-2201

OWNER/DEVELOPER

CONTACT: HARRY RENCH
DIETZ-CRANE HOMES
8135 N. 23 AVE. (SUITE 100)
PHOENIX, AZ. 85021
PHONE (602) 973-6832
FAX (602) 973-6284

BOOK 629 PAGE 38
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER
HELEN PURCELL
2003-0420717

DEDICATION

STATE OF ARIZONA
COUNTY OF MARICOPA } SS

KNOW ALL MEN BY THESE PRESENTS:
THAT D.R. HORTON INC.-DIETZ-CRANE, A DELAWARE CORPORATION AND BUCKEYE LAND LLC, A LIMITED LIABILITY COMPANY, HAVE SUBDIVIDED UNDER THE NAME OF "SUNDANCE PARCEL 31", A PORTION OF THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, AS SHOWN PLATTED HEREON, AND HEREBY PUBLISHES THIS PLAT FOR SAID "SUNDANCE PARCEL 31", A SUBDIVISION, AND HEREBY DECLARES THAT SAID PLAT SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF THE LOTS, TRACTS, STREETS AND EASEMENT CONSTITUTING SAME, AND THAT EACH LOT, TRACT AND STREET SHALL BE KNOWN BY THE NUMBER, LETTER OR NAME GIVEN EACH, RESPECTIVELY, ON SAID PLAT AND THAT D.R. HORTON INC.-DIETZ-CRANE, A DELAWARE CORPORATION, AND BUCKEYE LAND LLC, A LIMITED LIABILITY COMPANY, DEDICATES TO THE TOWN OF BUCKEYE, FOR USE AS SUCH, THE STREETS AND PUBLIC UTILITY EASEMENTS AS SHOWN ON SAID PLAT AND INCLUDED IN THE ABOVE DESCRIBED PREMISES. THE EASEMENTS ARE HEREBY DEDICATES AS SHOWN HEREON. TRACTS A, B, C, D, E, F, G, H, J, K, M, AND L ARE HEREBY DEDICATED FOR THE PURPOSE OF LANDSCAPING. TRACTS B, E, F, G, AND H ARE HEREBY DEDICATED FOR THE PURPOSE OF RETENTION. TRACTS B, E, F, G AND H ARE HEREBY DEDICATED FOR THE PURPOSE OF DRAINAGE. A PUBLIC UTILITY EASEMENT IS HEREBY DEDICATED OVER A PORTION OF TRACTS A, C, E, F, L AND M. TRACTS B, D, F, G AND H ARE HEREBY DEDICATED FOR THE PURPOSE OF A WASH. TRACTS B, D, F, G AND H ARE HEREBY DEDICATED FOR THE PURPOSE OF A MULTI-USE TRAIL. PORTIONS OF TRACTS B, D, F, G AND H ARE HEREBY DEDICATED FOR THE PURPOSE OF NATURAL OPEN SPACE AREA.

TRACTS A, B, C, D, E, F, G, H, J, K, L AND M ARE TO BE OWNED AND MAINTAINED BY THE SUNDANCE MASTER COMMUNITY ASSOCIATION, INC.

IN WITNESS WHEREOF: D.R. HORTON INC.-DIETZ-CRANE, A DELAWARE CORPORATION AS TO 33.6830 ACRES, AS OWNER, HAS CAUSED ITS NAME TO BE AFFIXED AND THE SAME TO BE ATTESTED BY THE SIGNATURE OF THE UNDERSIGNED, DULY AUTHORIZED THIS 24 DAY OF January 2003

BY: ________ PHILIP J. POLICH
TITLE: DIVISION PRESIDENT

IN WITNESS WHEREOF: BUCKEYE LAND L.L.C., AN ARIZONA LIABILITY COMPANY AS TO 28.8606 ACRES, AS OWNER, HAS CAUSED ITS NAME TO BE AFFIXED AND THE SAME TO BE ATTESTED BY THE SIGNATURE OF THE UNDERSIGNED DULY AUTHORIZED THIS 31st DAY OF January, 2003

BY: ________

ACKNOWLEDGMENT

STATE OF ARIZONA
COUNTY OF MARICOPA } SS

ON THIS, THE 24 DAY OF January 2003, BEFORE ME THE UNDERSIGNED NOTARY, PERSONALLY APPEARED PHILIP J. POLICH WHO ACKNOWLEDGED HIMSELF TO BE THE DIVISION PRESIDENT OF D.R. HORTON, INC.-DIETZ-CRANE, A DELAWARE CORPORATION, AS OWNER, AND ACKNOWLEDGED THAT HE AS SUCH DIVISION PRESIDENT, BEING AUTHORIZED TO DO SO, EXECUTED THE FOREGOING INSTRUMENT ON BEHALF OF THE CORPORATION, FOR THE PURPOSES HEREIN CONTAINED.

IN WITNESS WHEREOF: I HEREUNTO SET MY HAND AND OFFICIAL SEAL.

NOTARY PUBLIC ________

ACKNOWLEDGMENT

STATE OF ARIZONA
COUNTY OF MARICOPA } SS

ON THIS, THE 31 DAY OF JANUARY 2003, BEFORE ME THE UNDERSIGNED NOTARY PUBLIC, PERSONALLY APPEARED ________ WHO ACKNOWLEDGED HIMSELF TO BE THE ________ OF BUCKEYE LAND LLC, AN ARIZONA LIMITED LIABILITY COMPANY, AS OWNER, AND ACKNOWLEDGED THAT HE, AS SUCH OFFICER, BEING AUTHORIZED TO DO SO, EXECUTED THE FOREGOING INSTRUMENT ON BEHALF OF ________ FOR THE PURPOSES THEREIN CONTAINED.

IN WITNESS WHEREOF: I HEREUNTO SET MY HAND AND OFFICIAL SEAL.

NOTARY PUBLIC ________

CERTIFICATIONS

THIS PLAT REVIEWED AND APPROVED BY THE TOWN ENGINEER OF BUCKEYE, ARIZONA THIS 4th DAY OF APRIL 2003.

BY: ________
TOWN ENGINEER

THIS PLAT APPROVED BY THE TOWN ADMINISTRATOR OF BUCKEYE, ARIZONA THIS THE ____ DAY OF MARCH 2003.

BY: ________
TOWN ADMINISTRATOR

THIS PLAT APPROVED BY THE TOWN COUNCIL OF BUCKEYE, ARIZONA THIS THE ____ DAY OF March 2003.

BY: ________ MAYOR ATTEST: ________ TOWN CLERK

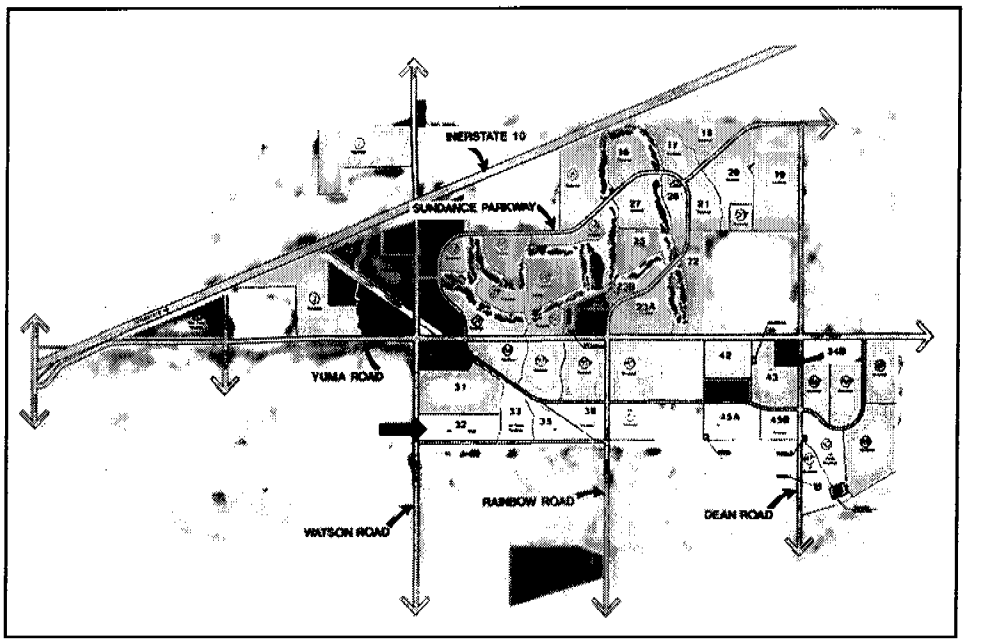
CERTIFICATE

THIS IS TO CERTIFY THAT THE SURVEY AND SUBDIVISION OF THE PREMISES DESCRIBED AND PLATTED HEREON WAS MADE UNDER MY DIRECTION DURING THE MONTH OF MAY 2002, AND THAT THE PLAT IS CORRECT AND ACCURATE, AND THE MONUMENTS DESCRIBED IN IT HAVE BEEN LOCATED OR WILL BE LOCATED AS SHOWN HEREON.

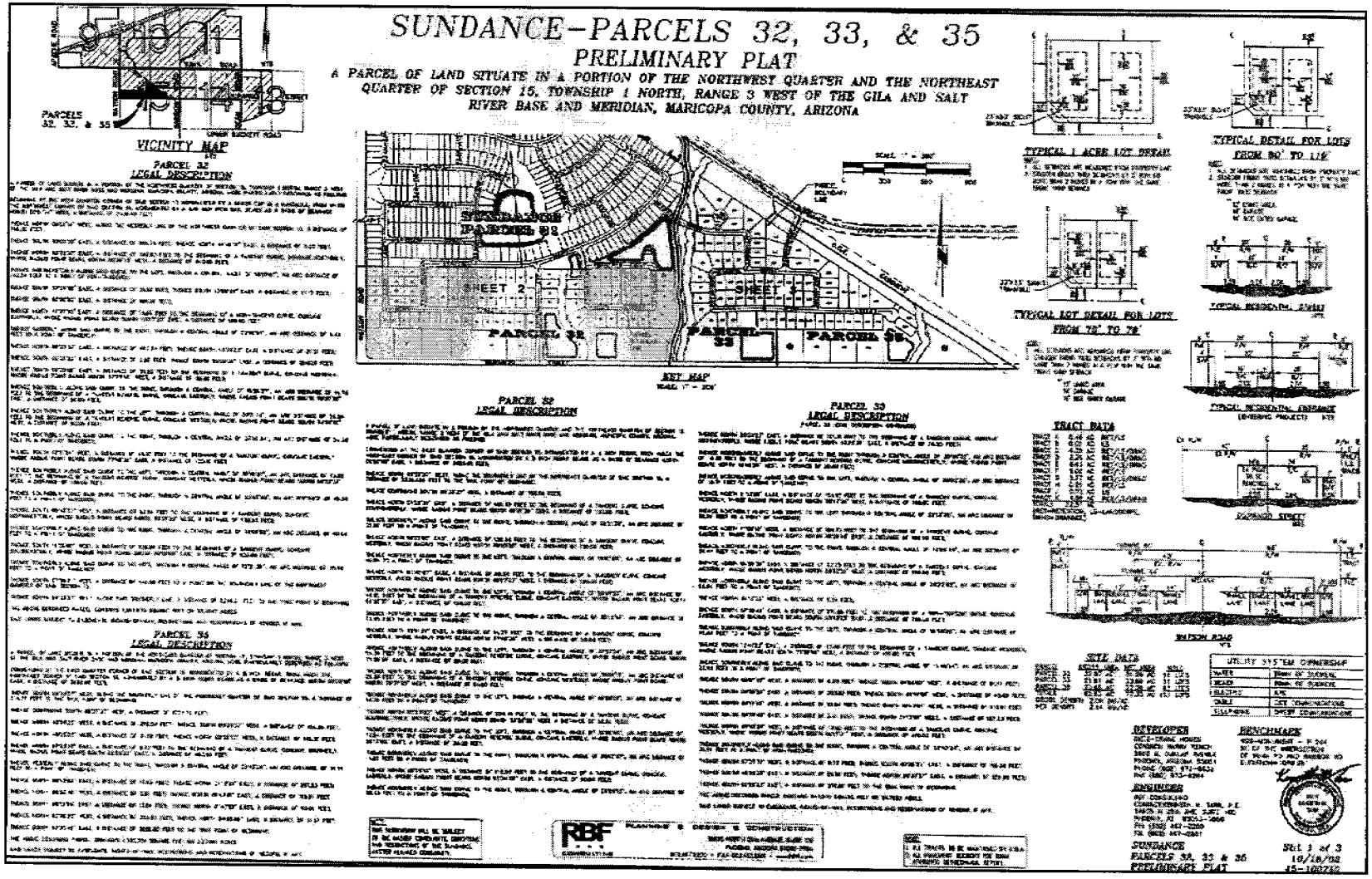
________ 1-23-03
DAVID M. SCHUEF R.L.S. 31034 DATE

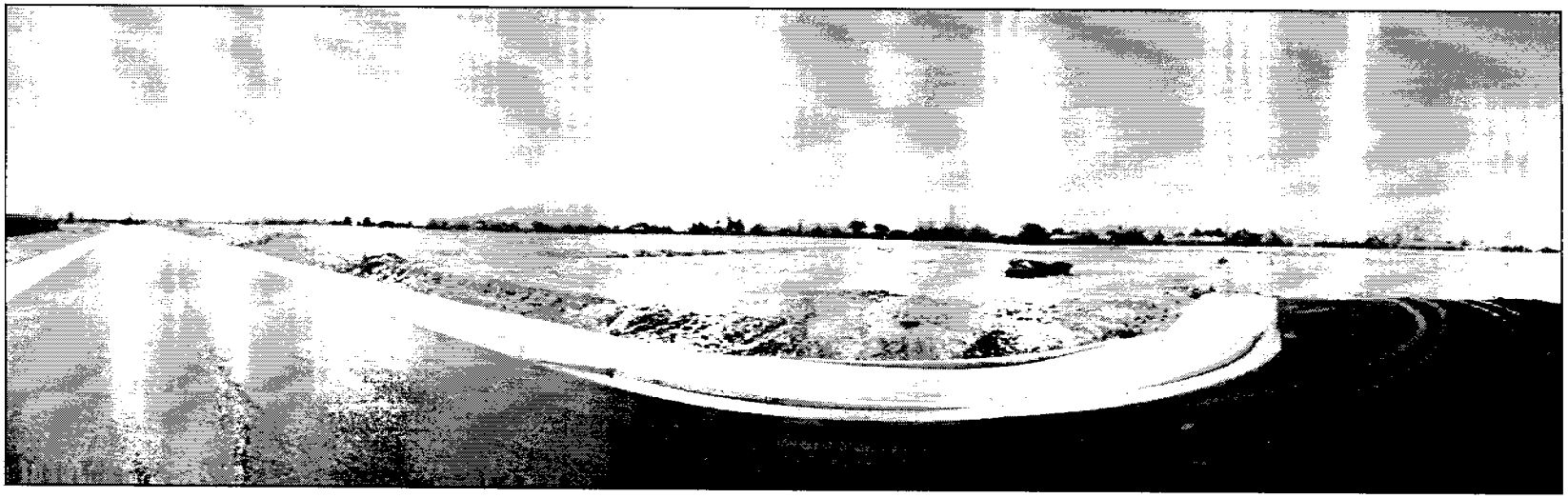
SUNDANCE PARCEL 31
RBF # 45-101219 DATE: 01/23/2003

LOOKING SOUTHEASTERLY ACROSS PARCEL 31

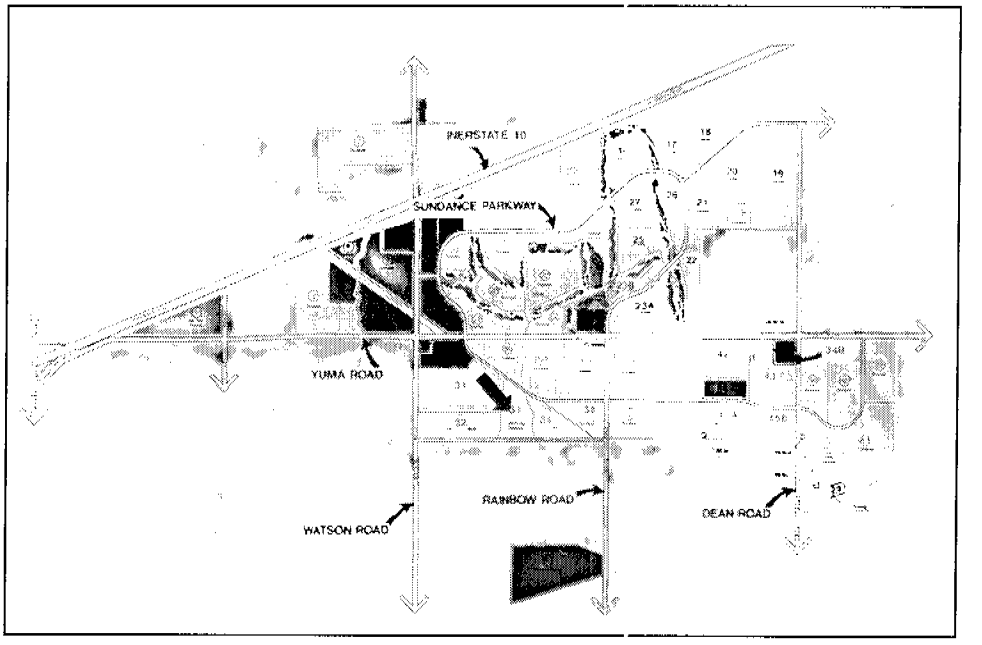


Subject Parcel:	32
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	37.07 gross acres 34.26 net acres
Total Number of Lots:	86
Lot Size:	70 x 120
Premium Lots:	6 - 1-acre lots 7 - open space lots
Average Density Per Acre:	2.32 lots per gross acre
Comments:	This parcel has a preliminary plat. Six of the 86 lots are 1.00 acre or more. These lots were established as a concession with the adjacent neighborhood.

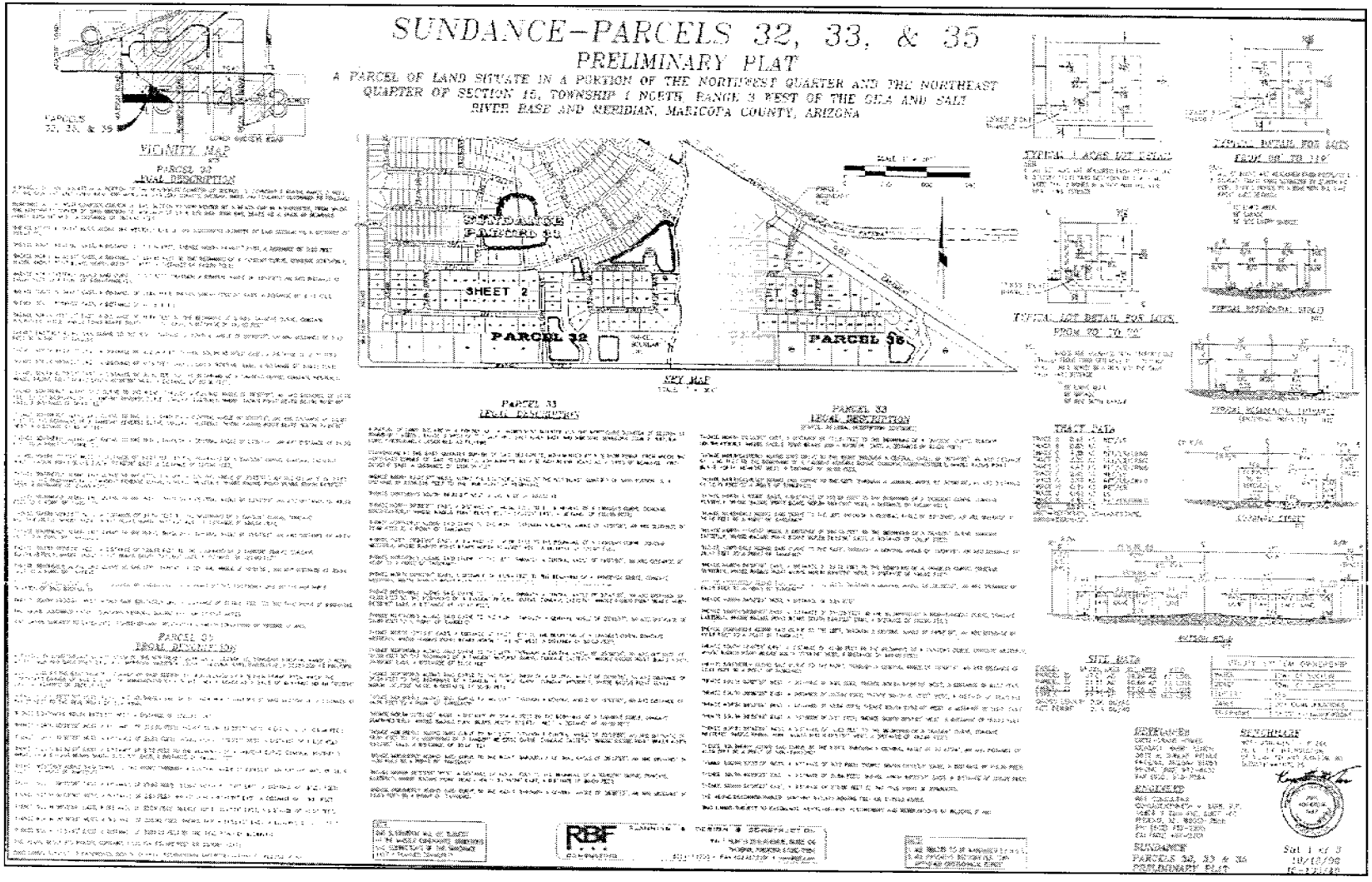

SUNDANCE–PARCELS 32, 33, & 35
PRELIMINARY PLAT
A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA
VICINITY MAP
PARCEL 32 LEGAL DESCRIPTION
PARCEL 33 LEGAL DESCRIPTION
PARCEL 35 LEGAL DESCRIPTION
KEY MAP
TYPICAL 1 ACRE LOT DETAIL
TYPICAL DETAIL FOR LOTS FROM 80' TO 119'
TYPICAL LOT DETAIL FOR LOTS FROM 72' TO 79'
TYPICAL RESIDENTIAL STREET
TYPICAL RESIDENTIAL ENTRANCE
TRACT DATA
SITE DATA
UTILITY SYSTEM OWNERSHIP
DEVELOPER
BENCHMARK
ENGINEER
SUNDANCE
PARCELS 32, 33 & 35
PRELIMINARY PLAT
Sht 1 of 3
10/16/02
RBF



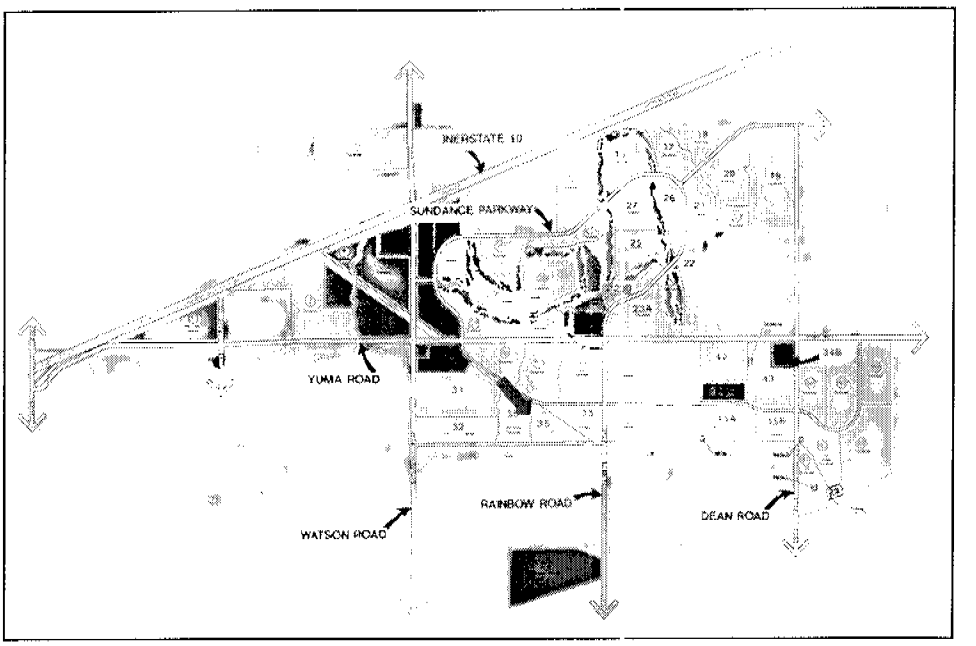
LOOKING SOUTHEASTERLY ACROSS PARCEL 32 FROM PARCEL 31



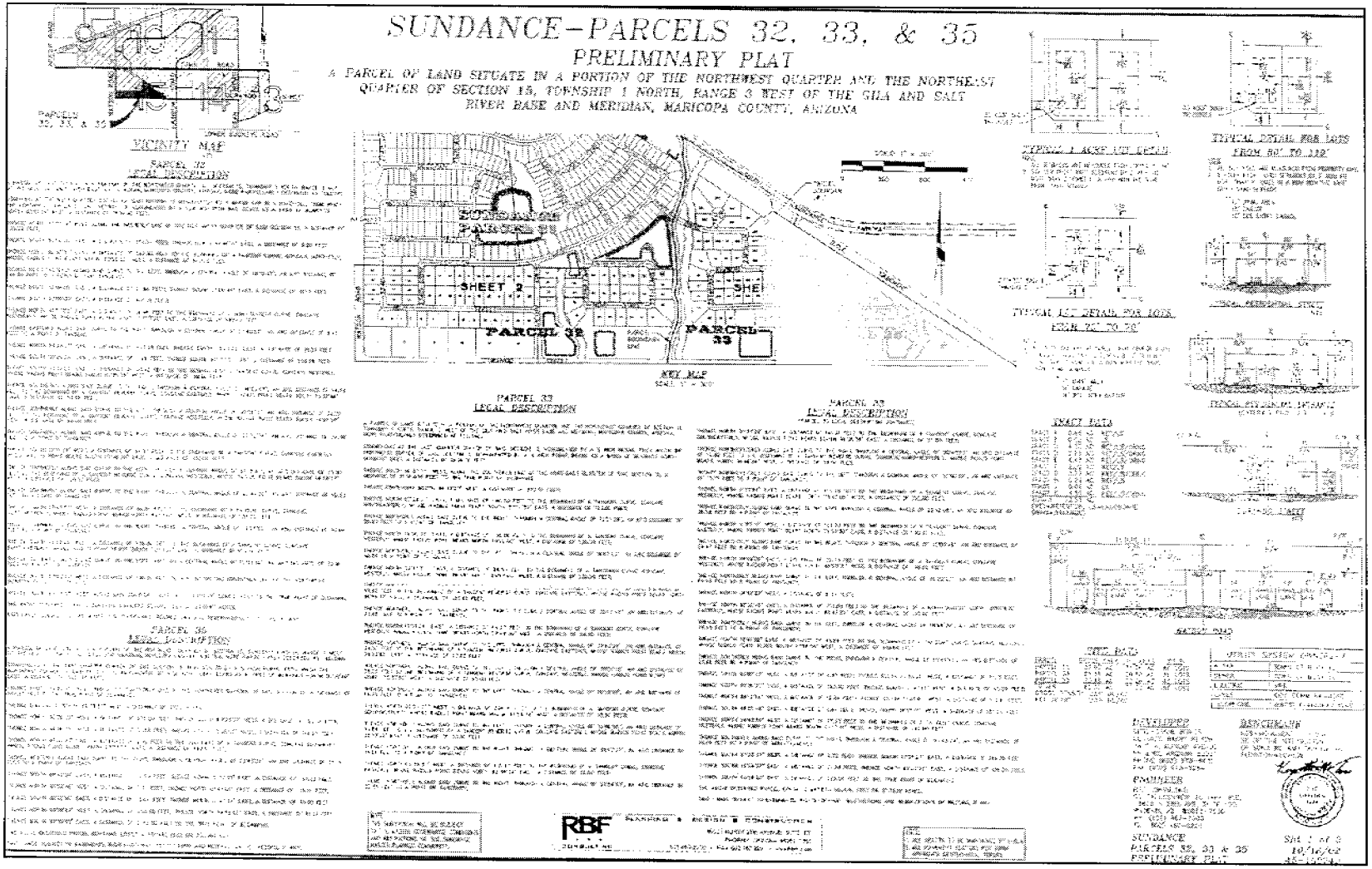
Subject Parcel:	33
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	21.75 gross acres 20.71 net acres
Total Number of Lots:	52
Lot Size:	70 X 115
Premium Lots:	5 – open space lots
Average Density Per Acre:	2.39 lots per acre
Comments:	This parcel has a preliminary plat for 52 lots. The majority of the retention for the parcel has been placed at the southern end as a buffer to the neighborhood to the south.


SUNDANCE–PARCELS 32, 33, & 35
PRELIMINARY PLAT
A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA
VICINITY MAP
PARCEL 32
LEGAL DESCRIPTION
SHEET 2
PARCEL 32
PARCEL 35
KEY MAP
PARCEL 33
LEGAL DESCRIPTION
TRACT DATA
SITE DATA
SUNDANCE
PARCELS 32, 33 & 35
PRELIMINARY PLAT

LOOKING SOUTH ACROSS PARCEL 33



Subject Parcel:	35
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	23.71 gross acres 22.34 net acres
Total Number of Lots:	27
Lot Size:	70 X 115
Average Density Per Acre:	1.14 lots per acre
Premium Lots:	5 – 1-acre lots 2 – open space lots
Comments:	This parcel is on the south side of Sundance Parkway South. It is a triangular shaped parcel that most likely will be developed in conjunction with Parcel 33. Five of the 27 lots are located along the southern property line and contain 1-acre or more of land area.


SUNDANCE–PARCELS 32, 33, & 35
PRELIMINARY PLAT
A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA
VICINITY MAP
PARCEL 32
LEGAL DESCRIPTION
PARCEL 33
LEGAL DESCRIPTION
PARCEL 35
LEGAL DESCRIPTION
SHEET 2
PARCEL 32
PARCEL 33
KEY MAP
TYPICAL 1 ACRE LOT DETAIL
TYPICAL DETAIL FOR LOTS FROM 80' TO 110'
TYPICAL LOT DETAIL FOR LOTS FROM 70' TO 70'
TYPICAL PERIMETER STREET
TYPICAL PERIMETER DETAILS
SHEET DATA
SITE DATA
RBF
SUNDANCE
PARCELS 32, 33 & 35
PRELIMINARY PLAT

LOOKING SOUTHEASTERLY TOWARD PARCEL 35

GENERAL DESCRIPTIVE DATA

The following subsections provide additional details regarding the four subject properties collectively.

Topography

The terrain of the 145± acres comprising the four subject parcels is level as partially illustrated in various photographs (all taken in June 2004) included in this report. While there are cost advantages in developing level land when compared to the costs connected with developing a similarly sized parcel with varying topography, the level land project does not provide the opportunity to develop lot premiums typically associated with a project with varying topography.

Soil

A soil report was not provided in connection with this assignment; however, soils testing has been completed as part of the engineering and design work. Based on this work it is assumed there are no soil conditions, which would limit, in a meaningful way, either physically or economically, the development of the four subject parcels as discussed in this report.

Utilities

All utilities will be placed underground within dedicated public utility easements. The utilities will be provided by:

Electricity -	Arizona Public Service
Natural Gas -	None
Sewer -	Town of Buckeye
Water -	Town of Buckeye
Telephone -	Qwest

Floodplain and Drainage

The subject parcels are part of a larger area that does not require flood insurance. The four subject parcels have been engineered to provide both for drainage and required retention. The location of the retention areas within each parcel is shown on the individual subdivision plats.

Easements and Restrictions

A title report was not furnished in connection with this assignment and it is assumed there are no easements or restrictions, which would limit, in a meaningful way, the development of each parcel to the uses discussed in this report. Having stated that, there are or will be covenants, conditions and restrictions (CC&R's) which will be recorded as development of the community

proceeds which will have some impact on the subject parcels. The overall impact of CC&R's will have on the community as well as the four subject parcels is positive; i.e., they will ensure the long-term maintenance of common areas and as a consequence enhance the long-term street appeal of the community.

Environmental Hazards and Concerns

A Phase I Study has been completed but was not reviewed in connection with the preparation of this appraisal. It is reported there are no environmental concerns, i.e., hazards anywhere on or immediately adjacent to the four subject parcels.

HIGHEST AND BEST USE

Subject's zoning, physical and location characteristics most relevant to a discussion of its highest and best use have been outlined in some detail previously in this report.

The four subject parcels are part of a larger 2,000± acre master planned community known as Sundance. Under the town's planned residential zoning, various land uses have been approved within the boundaries of Sundance, these include: single-family residential use with densities varying from 1.00 to 8.00 dwelling units per acre; multi-family residential with densities varying from 8.00 to 20.00 units per acre; golf course/open space; school; employment; commercial; community and public facility.

The developer describes the overall planning concept embodied in the Sundance community master plan is to:

> *"...create a community organized around an open space and trails network that links a mix of neighborhoods to schools, community facilities, parks, employment and shopping and that heightens resident and visitor opportunities for social activity, recreation and visual enjoyment of the White Tank Mountains and other scenic resources. The design of Sundance also seeks to provide the Town with new gateways and desert landscape streetscapes highlighted with details making symbolic connections to the area's rural heritage and sense of community."*

Under the town's zoning, all of the land included within the four subject parcels falls under a single-family residential use category with varying densities.

As addressed previously, all four subject parcels, encompassing about 145 gross acres have been designated for residential use and have been approved for a total of 475 lots. The overall density of the four subject parcels equates to 3.27 lots per acre.

In addressing the highest and best use of the four subject parcels, consideration has been given to the following four factors:

- Is the proposed use legally permissible;
- Is the proposed use physically possible;
- Is the proposed use economically and financially feasible; and
- Does the proposed use represent the most profitable among the alternative uses that legally permissible, physically possible and economically feasible.

LEGALLY PERMISSIBLE

The single-family use described above for the four subject properties reflect the zoning currently in place and is consistent with the Buckeye General Development Plan and the 1995 Brookridge Specific Plan. The residential development of the four subject parcels, to the densities outlined above, represents a legally conforming use under their current zoning.

PHYSICALLY POSSIBLE

The boundaries of the four subject parcels have been established within a larger property containing 2,000± acres. The size of each, while probably reflecting some physical constraints tied to existing roadways and easements, are more accurately the results of a general layout design to maximize the physical layout and net efficiency of each parcel. The number of lots, their width and depth, have been a consideration and if the parcel did not work, from a physical standpoint, the design would have been altered to make them work. Preliminary or final plats have been prepared for all four subject parcels. It is concluded the residential use designated for the four subject parcels is physically possible.

FINANCIALLY FEASIBLE

Given the current success of the community, it is difficult to dispute the financial feasibility of the four subject parcels, which are a continuation of the community. A critical factor in discussing the financial feasibility of a proposed project is a determination of the absorption of units. During 2003, a total of 1,001 homes were sold, which equates to more than 80 home sales per month.

In addition to favorable market conditions, i.e., stable economy and historically low interest rates, the Sundance community offers some of the most affordable single family housing in metropolitan Phoenix. Base pricing ranges from a low of $92,990 to a high of $171,900 with the majority of the home pricing falling within a range of $100,000 to $140,000. The average sales price for the 1,001 sales in 2003 was $124,500. The five active builders through May 2004 sold a total of 678 homes (135 homes per month).

Because of escalating land prices for available properties with closer proximity to central Phoenix, affordable housing opportunities have been pushed further toward the fringes of the metropolitan area in such areas as Buckeye, Maricopa, and Queen Creek. Because of its proximity to Interstate 10 and employment opportunities in the west Valley, Sundance is a strong competitor in the market for more affordable single-family housing. As long as the pricing of finished product remains competitive in the entry-level market segment, Sundance will continue to thrive.

MAXIMALLY PRODUCTIVE

Is there a use to which the four subject properties could be put that would result in a higher return than that to be realized from their residential development? In answering this, consideration is given to the following:

- Size -- the four residential parcels vary in size from 21.75 to 62.54 acres.
- Location within Sundance, a mixed-use master planned community.
- Success of the first and second phases of Sundance, i.e., more than 80 home sales per month during 2003 and 135 homes per month during the first five months of 2004.

Based on the characteristics summarized above, it is concluded that without a significant change in one of these characteristics, which is unlikely, the maximally productive use of the four subject residential parcels is for residential development.

HIGHEST AND BEST USE CONCLUSION

Reflecting the facts and reasoning outlined above, it is concluded the highest and best use of the four subject parcels is single-family development to densities at or close to those summarized above; there is no reasonable alternative.

THE VALUATION DISCUSSION

As noted on page 1, the purpose of this appraisal is to form an opinion of the wholesale (bulk) value of the four subject parcels, all of which are characterized as either finished residential lots subdivisions or platted and engineered "super pads." The following facts and/or hypothetical conditions have been discussed previously and are noted again because of their relevance to the opinion of value.

- The boundaries and projected use of each parcel has been determined; all four parcels will be developed for single-family residential use.
- The allowable density of the four residential parcels varies from 1.14 to 4.96 lots per acre; together the four residential parcels have been approved for 475 lots which equates to an overall average density of 3.27 lots per acre.
- The assumptions reflected in the values estimated in this report include:
  - A Two of the four parcels have been platted and engineered and on-site infrastructure has been installed to the individual lots, i.e., finished lots, while preliminary plats have been completed for Parcels 33 and 35. Because the engineering work complies with the requirements of the Town of Buckeye, it is assumed the recording of the preliminary plats is merely a formality.
  - B Additionally, it is assumed all of the on-site work has been completed within Parcel 32. It appears that installation of curbs, gutters and asphalt paving are the only remaining on-sites that are not complete. Based upon information furnished by the developer, the remaining on-site construction of Parcel 32 will be completed prior to the issuance of bonds for Special Assessment Area No. 3. Given this fact, the value of Parcel 32 is based upon its anticipated finished lot condition. Because Parcel 32 is not a finished lot subdivision at the date of valuation, it is necessary to note this hypothetical condition. Parcels 33 and 35 are being valued as residential as platted and engineered "super pads."

The appraisal process can include three approaches to value; they are the Cost Approach, Income Approach and the Sales Comparison Approach.

<u>The Cost Approach:</u> The current cost of reproducing or replacing the improvements, less loss in value from depreciation (if appropriate), added to the estimated land value.

<u>The Income Capitalization Approach:</u> The property's estimated net operating income capitalized into a value indication.

<u>The Sales Comparison Approach:</u> The value indicated by comparison of subject to recent market sales of similar properties.

Of the three valuation approaches, the Sales Comparison Approach has the most meaningful application for valuing the subject's four residential parcels. The following valuation discussions address the estimated value of each of the four subject parcels as platted and engineered residential super pads or subdivisions of finished residential lots.

ESTIMATED WHOLESALE (BULK) VALUE OF SUBJECT'S SUPER PAD PARCELS (PARCELS 33 AND 35)

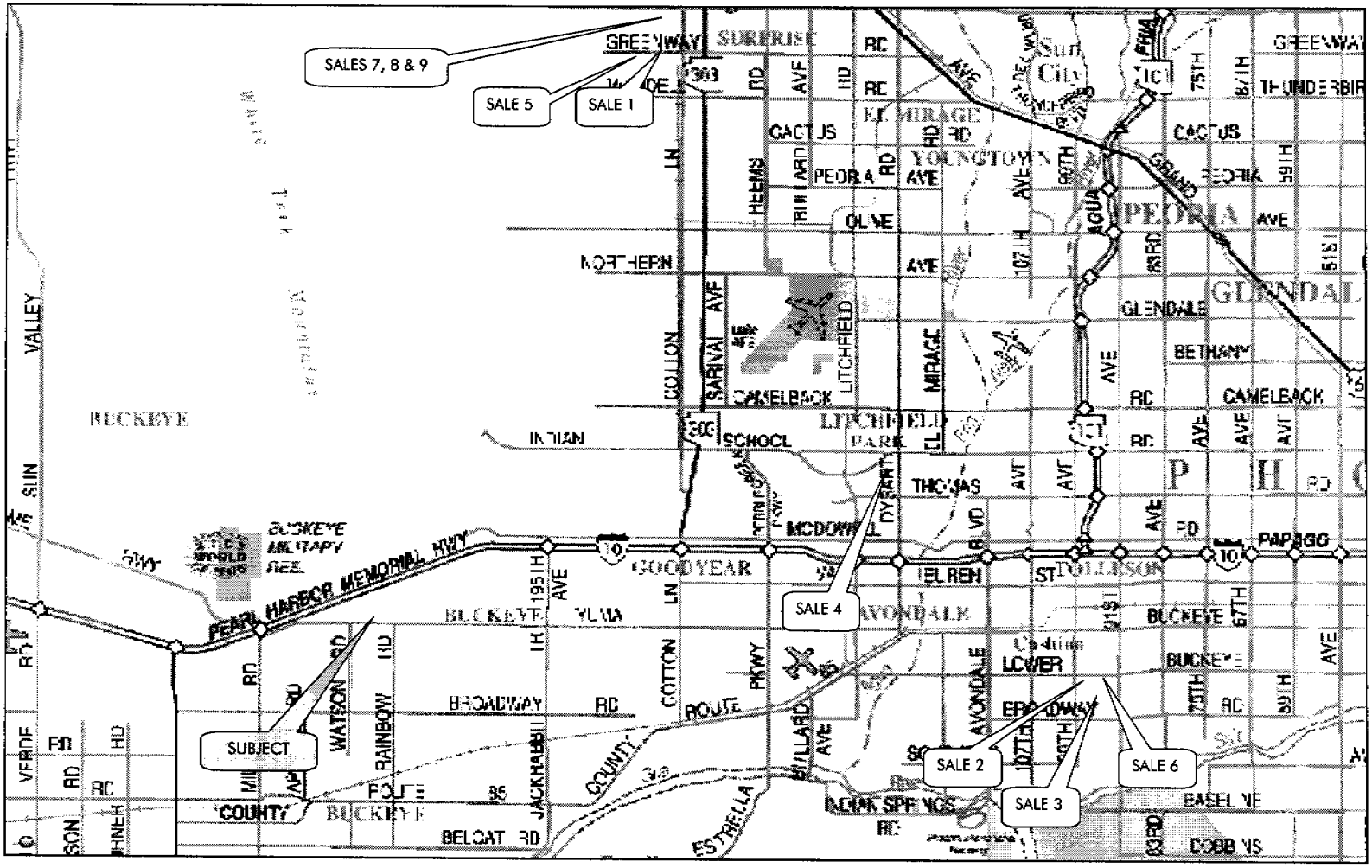
In order to estimate the market value of the subject's two residential super pads, a search was conducted for sales of super pads in western Maricopa County. The western Maricopa County search included the areas of Buckeye, Goodyear, Avondale, Surprise and west Phoenix. The most meaningful sales discovered in this search are summarized in Table 13. Detail sheets for the comparables are included on the following pages. Exhibit 9 is a map illustrating the location of the comparable sales.

TABLE NO. 13

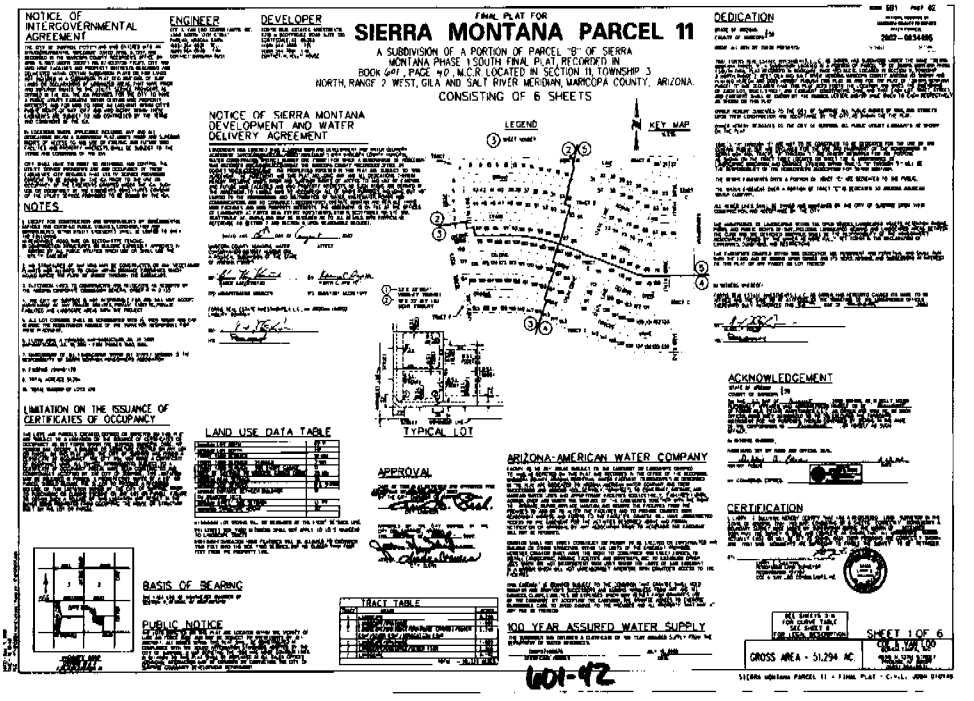
SUMMARY OF WESTERN MARICOPA COUNTY SUPER PAD SALES

Sale No.	Sale Date	Project Name/Location	Sale Price	Buyer/ Seller	Total Area Gross Acres	Total Area No. of Lots	Density	Sales Price per Lot	Sales Price per Acre	Average Lot Size
1	11/02	Sierra Montana Parcel 11 SWC of Greenway & Cotton Ln Surprise	$2,877,904	Taylor Woodrow Canterra Sierra Montana I	51.29	178	3.47	$16,168	$56,106	60x110
2	06/03	Country Place 2B Parcel 25 SE of 99th Ave & Lower Buckeye Phoenix	$1,786,005	Country Place LLC Beazer Homes	22.72	93	4.09	$19,204	$78,620	45x110
3	06/03	Country Place 2B Parcel 28/29 SE of 99th Ave & Lower Buckeye Phoenix	$2,004,141	Country Place LLC Beazer Homes	22.13	102	4.61	$19,648	$90,562	50x110
4	12/02	Dysart Ranch Elling SWC of Dysart & Indian School Avondale	$6,220,500	SunCor Development Co. CPH Dysart Ranch	83.88	293	3.49	$21,230	$74,160	50x110 60x110 70x110
5	07/03	Sierra Montana Parcel 6 SWC of Greenway & Cotton Ln Surprise	$2,038,400	Taylor Woodrow Beazer Homes	38.84	91	2.34	$22,400	$52,489	80x120
6	08/03	Country Place 2B Parcel 26 SE of 99th Ave & Lower Buckeye Phoenix	$3,092,710	Country Place Richmond American	36.63	134	3.66	$23,080	$84,426	60x110
7	02/04	Surprise Farms Parcel 6 SW of Bell Rd & 175th Ave Surprise	$3,022,200	Surprise Village Co. Standard Pacific	26.70	138	5.17	$21,900	$113,191	45x110
8	02/04	Surprise Farms Parcel 5 NW 175th Ave & Greenway Surprise	$2,673,000	Surprise Village Co. Greystone Homes	23.39	110	4.70	$24,300	$114,280	50x110
9	02/04	Surprise Farms Parcel 3 NW Greenway and 175th Ave Surprise	$3,388,700	Surprise Village Co. U.S. Home	33.85	103	3.04	$32,900	$100,109	75x125

EXHIBIT NO. 9
Comparable Sales Map



Super Pad Sale No. 1



Location Data

Project Name:	Sierra Montana Parcel 11
Location:	SWC of Greenway & Cotton Ln
City:	Surprise
County:	Maricopa
State/Zip:	Arizona 85379
Submarket	Sun City
Assessor's Parcel #:	502-01-12,13,14
Atlas Ref:	100-143/LH

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	PAD, Avondale
Gross Land Area	51.29 acres
Net Site Area	41.12 acres
Net Site Area (SF)	1,791,057 square feet
No. of Lots	178
Density	3.47 lots per acre
Avg. Lot Size	6,000 square feet
Avg. Lot Dimensions	60x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Nov-02
Escrow/Under Contract:	N/A
On Market:	N/A
Record Date:	November 6, 2002
Grantor:	Taylor Woodrow
Grantee:	Canterra Sierra Montana
Document No.:	1175435
Sale Price:	$2,877,904
Financing	Cash to Seller
Cash Equivalent Price:	$2,877,904
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$2,877,904
Verification:	Kelly House, seller

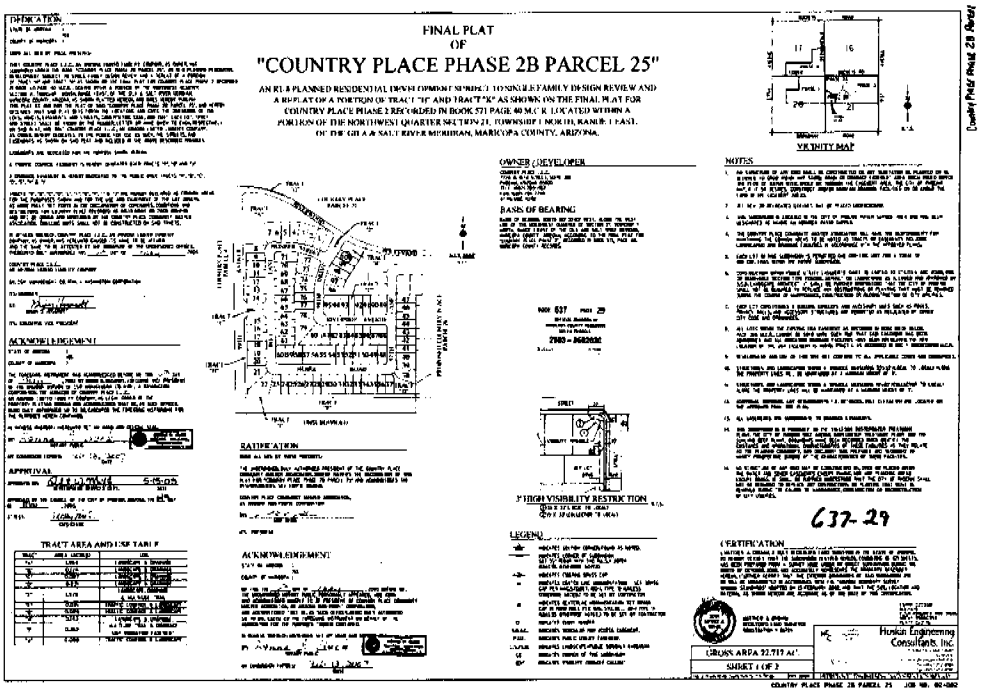
Analysis

Price per Acre:	$56,106
Price per SF/Land Area:	$1.29
Price per Lot	$16,168

Comments

This sales represent the combination of two transactions for 178 lots. The first transaction closed on November 6, 2002 for 88 lots and the second closed June 30, 2003 for an additional 88 lots. The 178 lots comprise all the lots within Parcel 11 at Sierra Montana.

Super Pad Sale No. 2



Location Data

Project Name:	Country Place 2B Parcel 25
Location:	SE of 99th Ave & Lower Buckeye
City:	Phoenix
County:	Maricopa
State/Zip:	Arizona 85353
Submarket	West County
Assessor's Parcel #:	101-26-1B, 1E
Atlas Ref:	146-153/LX

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	R1-8 PRD
Gross Land Area	22.72 acres
Net Site Area	18.05 acres
Net Site Area (SF)	786,084 square feet
No. of Lots	93
Density	4.09 lots per acre
Avg. Lot Size	4,950 square feet
Avg. Lot Dimensions	45x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Jun-03
Escrow/Under Contract:	N/A
On Market:	N/A
Record Date:	June 6, 2003
Grantor:	Country Place LLC
Grantee:	Beazer Homes
Document No.:	734666
Sale Price:	$1,786,005
Financing	Cash to Seller
Cash Equivalent Price:	$1,786,005
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$1,786,005
Verification:	

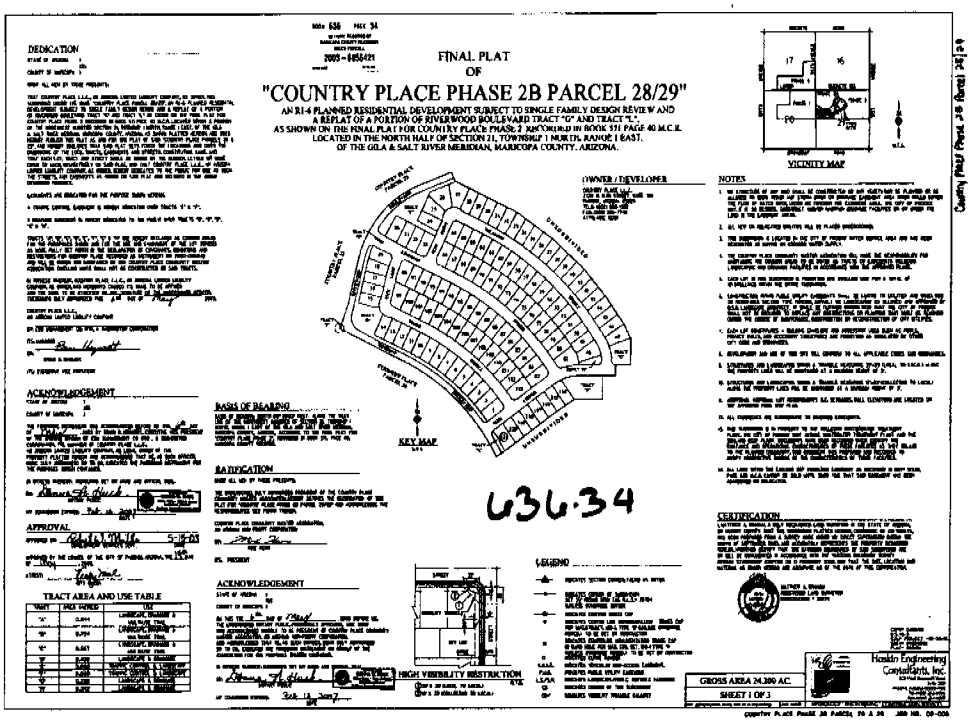
Analysis

Price per Acre:	$78,620
Price per SF/Land Area:	$1.80
Price per Lot	$19,204

Comments

There are no lot premiums for golf course or lakes in this development.

Super Pad Sale No. 3



Location Data

Project Name:	Country Place 2B Parcel 28/29
Location:	SE of 99th Ave & Lower Buckeye
City:	Phoenix
County:	Maricopa
State/Zip:	Arizona 85353
Submarket	West County
Assessor's Parcel #:	101-26-1D, 4B
Atlas Ref:	146-153/LX

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	R1-8
Gross Land Area	22.13 acres
Net Site Area	17.50 acres
Net Site Area (SF)	762,300 square feet
No. of Lots	102
Density	4.61 lots per acre
Avg. Lot Size	5,500 square feet
Avg. Lot Dimensions	50x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Jun-03
Escrow/Under Contract:	N/A
On Market:	N/A
Record Date:	June 6, 2003
Grantor:	Country Place LLC
Grantee:	Beazer Homes
Document No.:	734667
Sale Price:	$2,004,141
Financing	Cash to Seller
Cash Equivalent Price:	$2,004,141
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$2,004,141
Verification:	

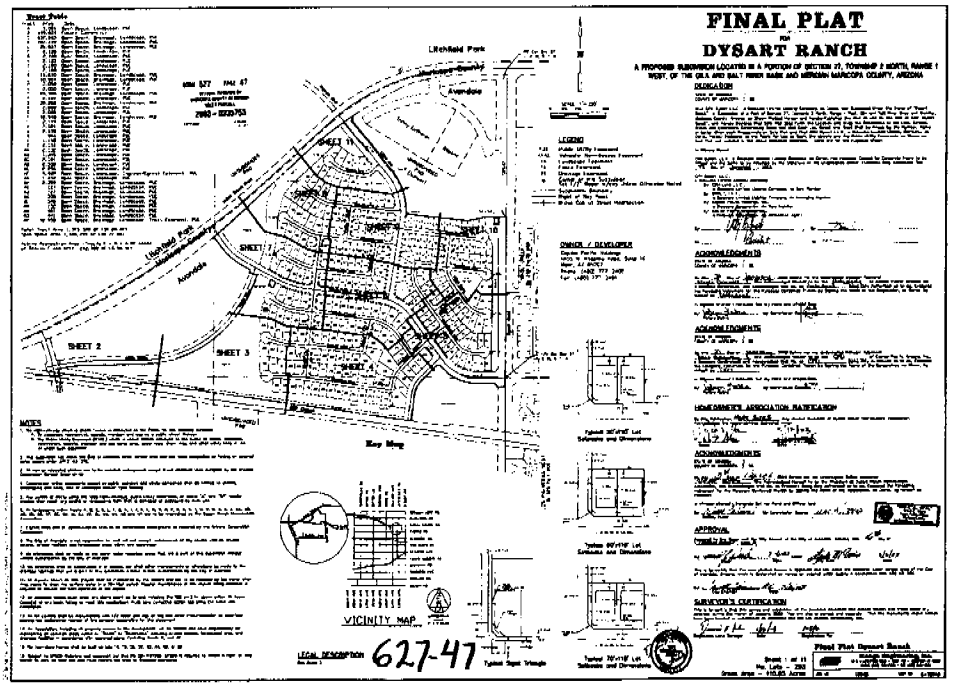
Analysis

Price per Acre:	$90,562
Price per SF/Land Area:	$2.08
Price per Lot	$19,648

Comments

There are no lot premiums for golf course or lakes in this development.

Super Pad Sale No. 4



Location Data

Project Name:	Dysart Ranch
Location:	Elling SWC of Dysart & Indian School
City:	Avondale
County:	Maricopa
State/Zip:	Arizona
Submarket	West County
Assessor's Parcel #:	N/A
Atlas Ref:	123-148/LS

Physical Data

Type:	Raw residential acreage
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	PAD
Gross Land Area	83.88 acres
Net Site Area	83.88 acres
Net Site Area (SF)	3,653,813 square feet
No. of Lots	293
Density	3.49 lots per acre
Avg. Lot Size	N/A
Avg. Lot Dimensions	50x110
	60x110
	70x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Dec-02
Escrow/Under Contract:	4 month(s)
On Market:	N/A
Record Date:	December 31, 2002
Grantor:	SunCor Development Co.
Grantee:	CPH Dysart Ranch
Document No.:	1428888
Sale Price:	$6,220,500
Financing	Cash to Seller
Cash Equivalent Price:	$6,220,500
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$6,220,500
Verification:	Jay Ellingson, Suncor

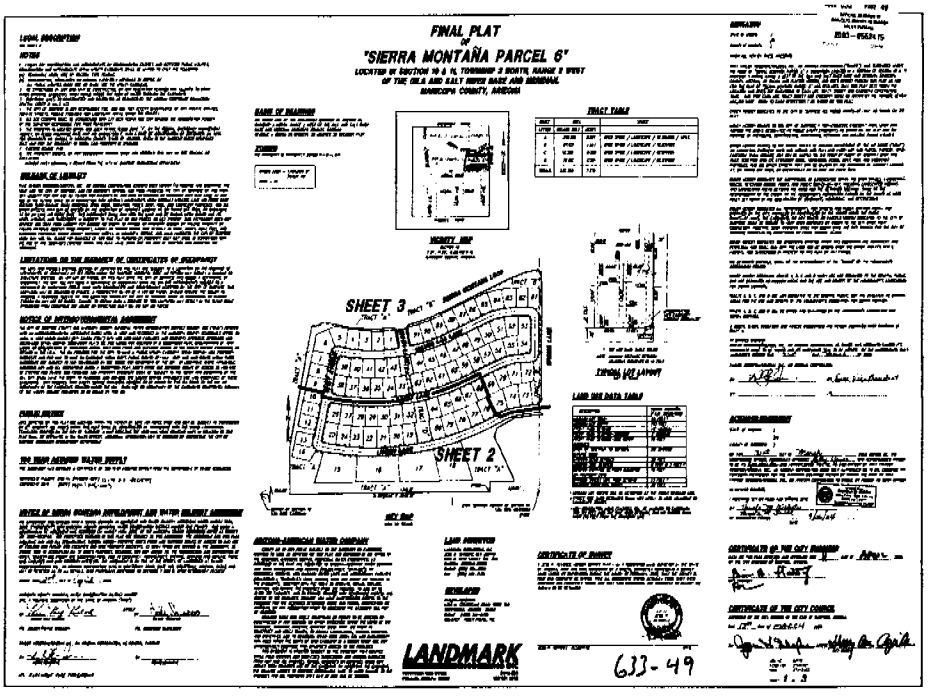
Analysis

Price per Acre:	$74,160
Price per SF/Land Area:	$1.70
Price per Lot	$21,230

Comments

Capital Pacific Home will be building multiple product lines on this property.

Super Pad Sale No. 5



Location Data

Project Name:	Sierra Montana Parcel 6
Location:	SWC of Greenway & Cotton Ln
City:	Surprise
County:	Maricopa
State/Zip:	Arizona 85379
Submarket	Sun City
Assessor's Parcel #:	502-02-7B,8B
Atlas Ref:	100-142/LH

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	PAD, Avondale
Gross Land Area	38.84 acres
Net Site Area	31.16 acres
Net Site Area (SF)	1,357,330 square feet
No. of Lots	91
Density	2.34 lots per acre
Avg. Lot Size	9,600 square feet
Avg. Lot Dimensions	80x120

Sale Data

Transaction Type:	Sale
Date of Transaction:	Jul-03
Escrow/Under Contract:	3 month(s)
On Market:	N/A
Record Date:	July 3, 2003
Grantor:	Taylor Woodrow
Grantee:	Beazer Homes
Document No.:	877474
Sale Price:	$2,038,400
Financing	Cash to Seller
Cash Equivalent Price:	$2,038,400
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$2,038,400
Verification:	Kelly House, seller

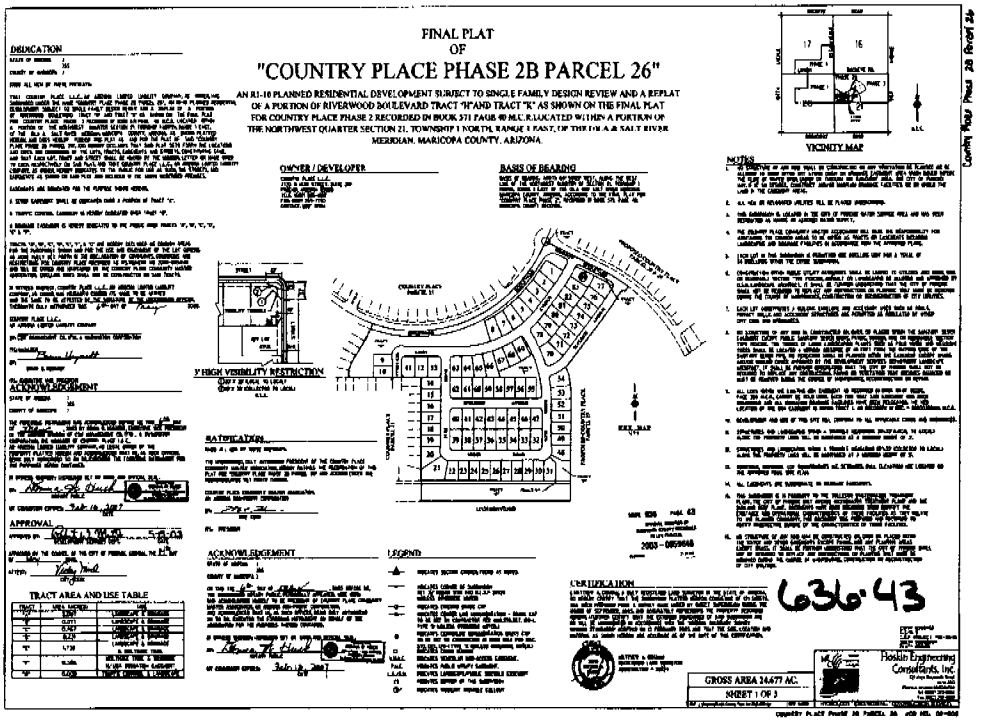
Analysis

Price per Acre:	$52,489
Price per SF/Land Area:	$1.20
Price per Lot	$22,400

Comments

Shea Homes will build on 55 by 115 foot lots. Product will range from 1,410 to 2,382 square feet with pricing of $130,000 to $170,000.

Super Pad Sale No. 6



Location Data

Project Name:	Country Place 2B Parcel 26
Location:	SE of 99th Ave & Lower Buckeye
City:	Phoenix
County:	Maricopa
State/Zip:	Arizona 85353
Submarket	West County
Assessor's Parcel #:	101-26-1B,1D, 1E
Atlas Ref:	146-153/LX

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	R1-6
Gross Land Area	36.63 acres
Net Site Area	31.34 acres
Net Site Area (SF)	1,365,301 square feet
No. of Lots	134
Density	3.66 lots per acre
Avg. Lot Size	6,600 square feet
Avg. Lot Dimensions	60x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Aug-03
Escrow/Under Contract:	N/A
On Market:	N/A
Record Date:	August 13, 2003
Grantor:	Country Place
Grantee:	Richmond American
Document No.:	1107061/1107045
Sale Price:	$3,092,710
Financing	Cash to Seller
Cash Equivalent Price:	$3,092,710
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$3,092,710
Verification:	

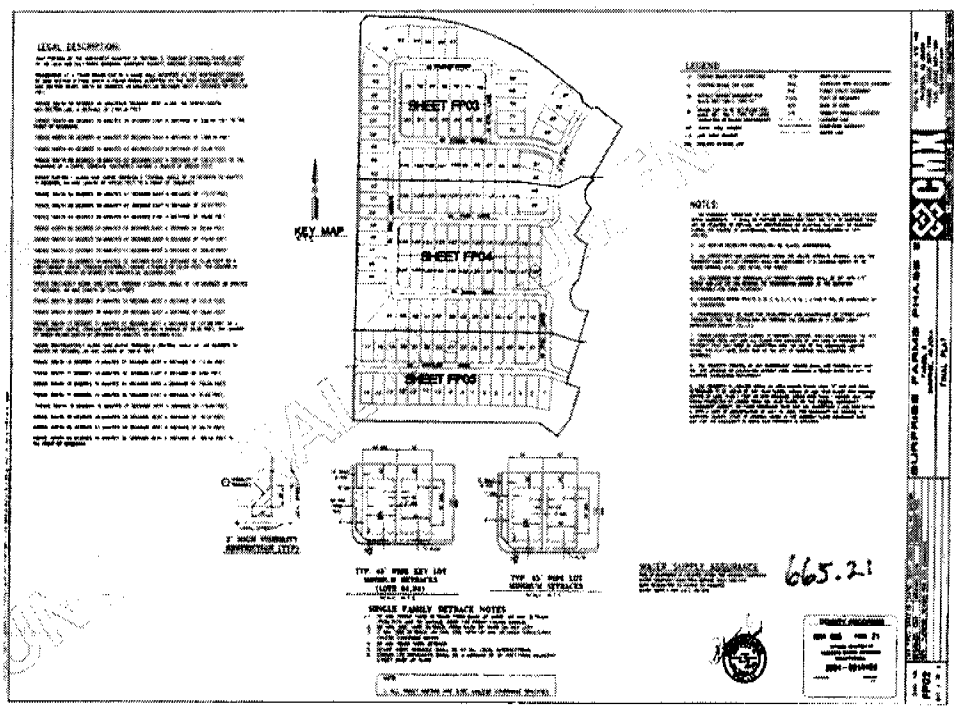
Analysis

Price per Acre:	$84,426
Price per SF/Land Area:	$1.94
Price per Lot	$23,080

Comments

This sale is the combination of two purchases by Richmond American on the same day in the Country Place MPC for the development of a 134 lot subdivision to be called Summerset at Country Place.

Super Pad Sale No. 7



Location Data

Project Name:	Surprise Farms Parcel 6
Location:	SW of Bell Rd & 175th Ave
City:	Surprise
County:	Maricopa
State/Zip:	Arizona 85374
Submarket	Sun City
Assessor's Parcel #:	502-01-002W
Atlas Ref:	100-143/LG

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Irregular
Utilities:	All Available
Zoning:	PAD, Surprise
Gross Land Area	26.70 acres
Net Site Area	26.70 acres
Net Site Area (SF)	1,163,052 square feet
No. of Lots	138
Density	N/Av
Avg. Lot Size	4,950 square feet
Avg. Lot Dimensions	45x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Feb-04
Escrow/Under Contract:	N/Av
On Market:	N/Ap
Record Date:	February 2, 2004
Grantor:	Surprise Village Co.
Grantee:	Standard Pacific
Document No.:	105309
Sale Price:	$3,022,200
Financing	Cash to Seller
Cash Equivalent Price:	$3,022,200
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$3,022,200
Verification:	Nate Nathan (480) 367-0700

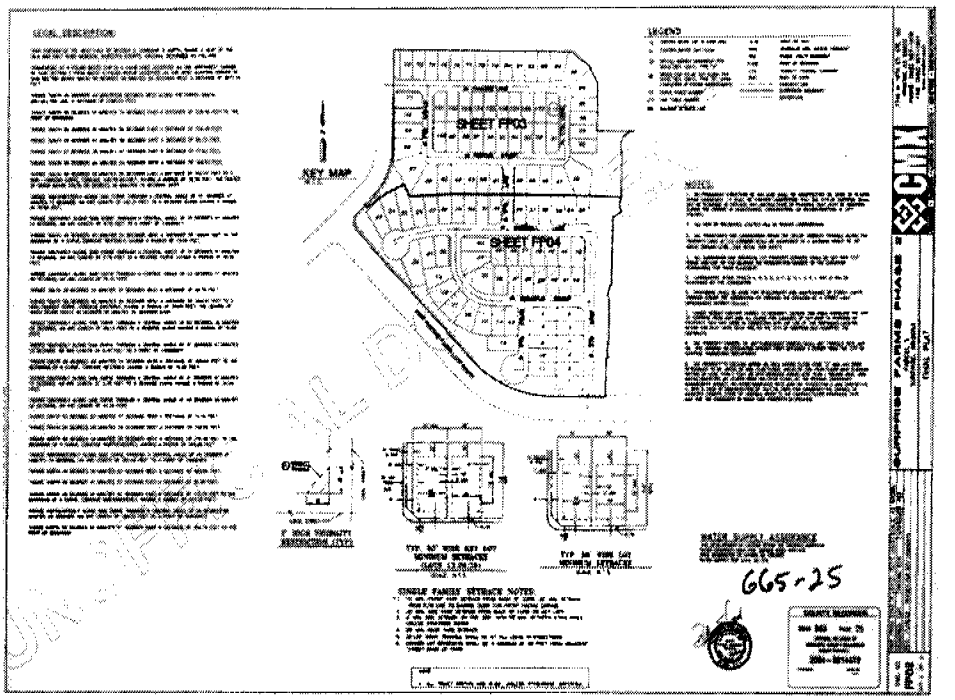
Analysis

Price per Acre:	$113,191
Price per SF/Land Area:	$2.60
Price per Lot	$21,900

Comments

This Standard Pacific's second development within the community. Standard Pacific has two active subdivisions in the first phase of Surprise Farms.

Super Pad Sale No. 8



Location Data

Project Name:	Surprise Farms Parcel 5
Location:	NW 175th Ave & Greenway
City:	Surprise
County:	Maricopa
State/Zip:	Arizona 85374
Submarket	Sun City
Assessor's Parcel #:	502-01-002W
Atlas Ref:	100-143/LG

Physical Data

Type:	P & E Lots
Topography:	Level
Shape:	Irregular
Utilities:	All Available
Zoning:	PAD, Surprise
Gross Land Area	23.39 acres
Net Site Area	23.39 acres
Net Site Area (SF)	1,018,868 square feet
No. of Lots	110
Density	N/Av
Avg. Lot Size	5,500 square feet
Avg. Lot Dimensions	50x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Feb-04
Escrow/Under Contract:	N/Av
On Market:	N/A
Record Date:	February 2, 2004
Grantor:	Surprise Village Co.
Grantee:	Greystone Homes
Document No.:	105303
Sale Price:	$2,673,000
Financing	Cash to Seller
Cash Equivalent Price:	$2,673,000
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$2,673,000
Verification:	Nate Nathan (480) 367-0700

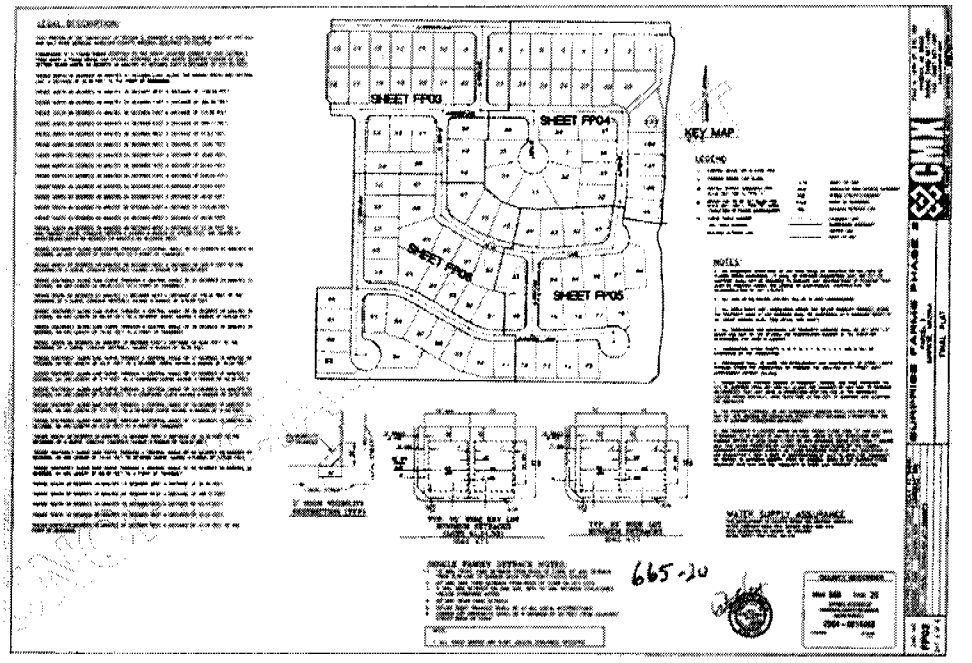
Analysis

Price per Acre:	$114,280
Price per SF/Land Area:	$2.62
Price per Lot	$24,300

Comments

This parcel is within the second phase of Surprise Farms. Greystone has an active subdivision within the first phase.

Super Pad Sale No. 9



Location Data

Project Name:	Surprise Farms Parcel 3
Location:	NW Greenway and 175th Ave
City:	Surprise
County:	Maricopa
State/Zip:	Arizona 85374
Submarket	Sun City
Assessor's Parcel #:	502-01-002W
Atlas Ref:	100-143/LG

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Irregular
Utilities:	All Available
Zoning:	PAD, Surprise
Gross Land Area	33.85 acres
Net Site Area	33.85 acres
Net Site Area (SF)	1,474,506 square feet
No. of Lots	103
Density	3.04 lots per acre
Avg. Lot Size	9,375 square feet
Avg. Lot Dimensions	75x125

Sale Data

Transaction Type:	Sale
Date of Transaction:	Feb-04
Escrow/Under Contract:	
On Market:	N/A
Record Date:	February 2, 2004
Grantor:	Surprise Village Co.
Grantee:	U.S. Home
Document No.:	105300
Sale Price:	$3,388,700
Financing	Cash to Seller
Cash Equivalent Price:	$3,388,700
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$3,388,700
Verification:	Nate Nathan (480) 367-0700

Analysis

Price per Acre:	$100,109
Price per SF/Land Area:	$2.30
Price per Lot	$32,900

Comments

This parcel is in the second phase of Surprise Farms. US Home is currently active in phase one of the development.

DISCUSSION OF COMPARABLE SALES

Sale 1 is the November 2002 purchase of Parcel 11 at Sierra Montana, a 750-acre, 2,600-lot master planned community at the southwest corner of Greenway Road and Cotton Lane in Surprise. The buyer, Canterra Homes of Scottsdale, acquired a total of 178 platted and engineered lots in two transactions with a total purchase price of $2,877,904, or $16,168 per lot. The first 88 lots closed escrow in November 2002 and the second 88 lots closed June 2003.

The 178 lots are all 60 feet by 110 feet. The buyer intends to construct 1,635 to 2,412 square foot homes with base pricing between $148,900 and $174,900. There is no golf course or other amenity providing significant lot premiums.

Sale 2 is the June 2003 purchase of 93 within Parcel 25 at Country Place, a master planned community near 99th Avenue and Lower Buckeye Road in west Phoenix. The buyer, Beazer Homes, purchased the 93 platted and engineered lots for $1,786,005, or $19,204 per lot.

The 93 lots are all 45 feet by 110 feet. This project does not have a golf course, lakes or topography, which would indicate additional lot premiums.

Sale 3 is the June 2003 purchase of 102 platted and engineered lots within Parcels 28 & 29 at Country Place. The buyer, Beazer Homes, purchased the 102-lots for $2,004,141, or $19,648 per platted and engineered lot.

The lots are 50 feet by 110 feet (5,500 square feet). Based upon a gross land area of 22.13 acres, this parcel has a density of 4.61 dwelling units per acre.

Sale 4 is the December 2002 purchase of a 83.88 acres at the southwest corner of Dysart Road and Indian School Road Bypass in Avondale. The property is in the northeast quadrant of the Palm Valley master plan. It is adjacent north of Estrella Mountain Community College and just south of the Wigwam Resort.

Capital Pacific Homes purchased the property for $6,220,500, or $74,160 per acre. Based upon a plat of 293 acres, the purchase price equates to $21,230 per platted and engineered lot. The property has a density of 3.49 units per acre.

Sale 5 is the July 2003 purchase of a Sierra Montana Parcel 6, a 91-lot platted and engineered subdivision in Surprise. The buyer, Beazer Homes, purchased the 91 platted and engineered lots for $2,038,400, or $22,400 per lot.

The 91 lots are 80 feet by 120 feet (9,600 square feet). Based upon its gross acreage of 38.84 acres, this property has an overall density of 2.34 dwelling units per acre.

Sale 6 is the August 2003 purchase of Parcel 26 and Parcel 4 South at Country Place in west Phoenix. The buyer, Richmond American Homes acquired the 36.36-acre parcel for $3,092,710, or $23,080 per platted and engineered lot based upon a subdivision plat of 134 lots.

The 134 lots are 60 feet by 110 feet (6,600 square feet). The buyer intends to develop the lots with single-family homes ranging from 1,371 to 2,702 square feet. Basing pricing starts at $130,000. These parcels have a density of 3.66 dwelling units per acre.

Sale 7 is the February 2004 purchase of Parcel 6 in Phase II of Surprise Farms in Surprise, which is generally located at the southwest corner of Bell Road and Loop 303 (Cotton Lane). The buyer, Standard Pacific, acquired the 26.70-acre parcel for $3,022,200, or $21,900 per platted and engineered lot based upon a subdivision of 138 lots. The 138 lots average 4,950 square feet (45 feet x 110 feet).

Sale 8 is the February 2004 purchase of Parcel 5 in Phase II of Surprise Farms. The buyer, Greystone Homes, acquired the 23.39-acre residential parcel for $2,673,000, or $24,300 per platted and engineered lot based upon a total of 110 single-family lots. The 110 lots average 5,500 square feet with dimensions of 50 feet by 110 feet.

Sale 9 is the February 2004 purchase of Parcel 3 in Phase II of Surprise Farms. The buyer, U.S. Home Corporation, purchased the 33.85-acre property for $3,388,700, or $32,900 per platted and engineered lot based upon a total of 103 lots. The lots within this subdivision average 9,375 square feet with dimensions of 75 feet by 125 feet.

CONCLUSION OF ANALYSIS OF COMPARABLES SALES

The nine sales discussed above range in size from 22.13 to 83.88 acres with projected lot sizes ranging from 45'x110' to 80'x120'. The lots sizes of the comparable sales are consistent with those of the subject's four platted subdivisions. Table 14 summarizes the lot sizes for each of the subject parcels.

TABLE NO. 14

SUMMARY OF AVERAGE LOT SIZES

Parcel	Gross Acreage	Net Acreage	Lot Count	Gross Density	Avg. Lot Sizes
33	21.75	20.71	52	2.39	70x115
35	23.71	22.34	27	1.14	70x115
Total	45.46	43.05	79	1.74	

Parcels 33, and 35 have lots within an average size of more than 7,000 square feet (70 feet x 115 feet). While in analyzing the comparable sale it is relevant to note the price paid per acre, the more important unit of comparison is the price per platted lot. The nine sales indicated a range of per lot prices from $16,168 to $32,900. As a general rule, lot size and plot price are highly correlated, i.e., the smaller the average lot dimensions, the lower the per lot price and vice versa. Noting this trend in the lot prices, we have analyzed the subject's two super pad parcels based upon their projected lot mix. Other factors analyzed include overall parcel density, inclusion within a master planned community, overall location as well as location within the community. Additional consideration was also given to the five 1± acre lots along the southern boundary line of Parcel 35. Clearly, these larger lots have a higher per lot value than the standard lots within Parcel 35. The difficultly in estimating the value of the five larger lots is their location within a community of affordably priced single-family homes. Given the fact these five lots are considerably larger that the standard lots, the platted and engineered value of these lots has been estimated at twice the value of a standard lot.

Based upon the various value influencing factors (size, density, location, etc.), we have estimated the wholesale value of the platted and engineered lots within Parcel 33 and 35. Table 15 summarized the value estimates for Parcels 33 and 35.

TABLE NO. 15

ESTIMATED VALUE OF SUNDANCE PARCELS 33 AND 35

Parcel	Acreage	Density	No. of Lots	Lot Value	Estimated Wholesale Value
33	21.75	2.39	52	$ 26,000	$ 1,352,000
35	23.71	1.14	27	$ 31,000	$ 837,000
Total	45.46	1.74	79	$ 27,709	$ 2,189,000

As illustrated in Table 15 the estimated value of the subject's two super pad parcels range from $26,000 to $31,000 per platted and engineered lot. Because the subject properties are being appraised in connection with the Sundance Community Facilities District, a special assumption deducting an administrative fee of 5% has been incorporated. ***This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs.*** The implication of this charge against the values estimated in Table 15 is reflected in the final value estimates summarized in Table 16.

TABLE NO. 16

ESTIMATED WHOLESALE (BULK) VALUE OF PARCELS 33 AND 35

Parcel	Acreage	Density	No. of Lots	Lot Value	Total Value	Per Acre Value	5% Admin. Costs (1)	Estimated Wholesale Bulk Value
33	21.75	2.39	52	$ 26,000	$ 1,352,000	$ 62,152	$ (68,000)	$ 1,280,000
35	23.71	1.14	27	$ 31,000	$ 837,000	$ 35,304	$ (42,000)	$ 800,000
Total	45.46	1.74	79	$ 27,709	$ 2,189,000	$ 48,151	$ (110,000)	$ 2,080,000

(1) Administrative costs of 5% is a special assumption. This fee is included to cover the general, administrative and sales commissions is a sale of the property were to occur as a result of the District foreclosing on the property.

Therefore, the value of Parcel 33 is estimated at $1,280,000, or approximately $24,600 per platted and engineered lot, while the value of Parcel 35 is estimated a $800,000, or approximately $29,600 per platted and engineered lot.

ESTIMATED WHOLESALE (BULK) VALUE OF SUBJECT'S FINISHED LOT SUBDIVISIONS (PARCELS 31 AND 32)

As indicated previously, all on-site infrastructure has been installed within Parcel 31 and the on-sites within Parcel 32 are nearing completion. The value of each of the these parcels is based upon their status as residential parcels containing finished lots, i.e., each individual residential lot is ready for improvement with a single family residence. The Sales Comparison Approach is employed to estimate the wholesale value of each of these finished lot subdivisions. The search for sales of comparable bulk finished lot sales encompasses all of the greater Metropolitan Phoenix area due to the fact that the more affordable housing which is comparable to the product being offered within Sundance is located at the outer edge of development area. Comparable areas include Surprise and northeast Maricopa County, Casa Grande, the Town of Maricopa and Northeastern Pinal County (Queen Creek – Hunt Highway corridor toward Florence).

Supportive market data were obtained for recent sales within Desert Oasis, a new residential community in Surprise and sales within the Town of Maricopa. The bulk finished lots sales within Desert Oasis are summarized in Table 17.

TABLE NO. 17

DESERT OASIS BULK FINISHED LOT SALES

Property Name	Builder	No. of Lots	Lot Size(s)	Base Price/ Finished Lot	Home Price Range	Home Size
Parcel B4	Homes by Towne	144	55x110	$35,500	$160-240,000	1,500-3,500 SF
Parcel B5	Homes by Towne	98	60x110	$37,500	$160-240,000	1,500-3,500 SF
Parcel B7	KB Home	138	55x110	$35,500	$127-226,000	1,323-3,800 SF
Parcel B6	KB Home	144	65x115	$39,500	$127-226,000	1,323-3,800 SF

The four sales within Desert Oasis range from $35,500 to $39,500 per lot and vary based upon lot size (the larger the lot, the higher the per lot purchase price). Desert Oasis is a 587-acre

master planned community located approximately 2 miles north of Grand Avenue (US 60) at 163 Avenue (west of Loop 303). No major or notable amenities are associated with this community.

The second set of market data is the sales within the area of Maricopa, which is approximately 16 miles southwest of Phoenix and Chandler. The recent market activity within the Maricopa area is summarized in Table 18.

TABLE NO. 18

TOWN OF MARICOPA BULK LOT SALES SUMMARY

Property Name	Builder	No. of Lots	Lot Size(s)	Base Price/ Finished Lot	Home Price Range	Home Size Range
Parcel 2 at Rancho El Dorado	Maracay Homes	178	50' x 110'	$32,000	$125,000 – $155,000	1,237 – 2,219
Parcel 3 at Rancho El Dorado	Centex Homes	178	45' x 110'	$29,000	N/A	N/A
Parcel 4 at Rancho El Dorado	Hacienda Builders, Inc.	167	50' x 110'	$32,000	N/A	1,340 – 2,600
Parcel 5 at Rancho El Dorado	Engle Homes	123	60' x 110'	$36,000	$154,990 - $203,990	1,650 – 3,097
Parcel 7 at Rancho El Dorado	Centex Homes	191	55' x 110'	$34,000	N/A	N/A
Parcel 9 at Rancho El Dorado	Hacienda Builders, Inc.	110	70' x 120'	$38,500	N/A	2,533 – 3,923
Parcel 13A at Rancho El Dorado	Brown Family Communities	171	45' x 110'	$29,000	$117,390 - $137,390	1,138 – 1,688
Maricopa Meadows Parcel 3	KB Homes	113	45' x 115'	$26,100	N/A	N/A
Maricopa Meadows Parcel 4	Homelife Homes	109	45' X 115'	$26,100	$99,990 - $151,990	1,028 – 2,600
Maricopa Meadows Parcel 5	Courtland Homes	110	45' X 115'	$26,100	$105,000 - $160,000	1,000 – 2,600
Maricopa Meadows Parcel 7	Turner Dunn Homes	108	45' x 115'	$26,100	$110,900 - $154,900	1,150 – 2,250
Maricopa Meadows Parcel 8	Elite Homes	115	65' X 115'	$37,700	N/A	N/A
Maricopa Meadows Parcel 9	Turner Dunn Homes	124	65' x 115'	$35,750	$161,900 - $219,900	1,850 – 3,000
Maricopa Meadows Parcel 10	Elite Homes	90	55' X 115'	$32,400	$127,900 - $158,900	1,339 – 2,469
Maricopa Meadows Parcel 11	Standard Pacific	114	45' X 115'	$26,100	N/A	N/A
Maricopa Meadows Parcel 12	Homelife Homes	98	55' X 115'	$31,900	$144,990 - $185,990	2,100 – 3,100
Maricopa Meadows Parcel 13	Elite Homes	108	45' X 115'	$26,100	N/A	N/A
Maricopa Meadows Parcel 14	Continental Homes	99	55' X 115'	$32,203	N/A	N/A
Maricopa Meadows Parcel 15	Elite Homes	118	45' X 115'	$26,354	$105,990 - $120,990	1,062 – 1,453
Maricopa Meadows Parcel 16	Richmond American	120	45' X 115'	$26,100	N/A	N/A
Maricopa Meadows Parcel 17	Richmond American	83	55' X 115'	$31,900	N/A	N/A
Acacia Crossings Parcel 2	US Home Corp	99	50' X 115'	$36,348	$116,000 - $141,000	1,225 – 2,067
Acacia Crossings Parcel 3	Greystone Homes	101	45' X 115'	$33,096	$120,990 - $138,990	1,322 – 1,754
Acacia Crossings Parcel 7	Greystone Homes	75	50' X 115'	$36,348	$120,990 - $138,990	1,322 – 1,754
Alterra North & South	Greystone Homes	102	55' x 110'	$33,000	N/A	N/A
Alterra North & South	Greystone Homes	105	45' x 110'	$27,000	N/A	N/A
Alterra North & South	Capital Pacific Holdings	86	55' x 110'	$33,000	$147,990 - $206,990	1,687 – 3,310
Alterra North & South	Capital Pacific Holdings	110	45' x 110'	$27,000	$121,990 - $149,990	1,286 – 2,275
Alterra North & South	Great Western Homes	145	55' x 110'	$33,000	N/A	N/A
Alterra North & South	Hacienda Builders, Inc.	147	55' x 110'	$33,000	N/A	N/A

As illustrated in Table 18, the Maricopa area is a strong residential submarket offering product comparable to that offered in the subject's Sundance area. The sales in Table 18 indicate prices for bulk finished lots ranging from $26,100 (45' x 115') for the smaller lots to $38,500 (70' x 120') for the larger lots.

The sales within Desert Oasis and Maricopa provide strong support for subject's lots within Parcels 31 and 32. Parcel 31 is a 60+-acre parcel containing 310 lots, which range from 40 feet by 110 feet to 50 feet by 110 feet. Based upon the comparable sales, the value of the subject's 310 lots within Parcel 31 falls within a range of $26,000 to $36,000 per lot. Due to the

collection of lot size with Parcel 31, a value estimate of $30,000 per lot is concluded. The per lot estimate of $30,000 is equivalent to a wholesale (bulk) value for Parcel 31 of $9,300,000.

Parcel 32 is comprised of 86 finished lots with average lot dimensions 70 feet by 120 feet. Based upon the comparable sales, the value of these larger lots fall at the upper end of the value range ($37,000 to $39,500 per lot). A single per lot value of $39,000 is concluded. The per lot estimate of $39,000 per lot is equivalent to a wholesale (bulk) value for Parcel 32 of $3,354,000.

Because the subject properties are being appraised in connection with the Sundance Community Facilities District, a special assumption deducting an administrative fee of 5% has been incorporated. *This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs.* The implication of this charge against the values estimated above is reflected in the final value estimates summarized in Table 19.

TABLE NO. 19

ESTIMATED WHOLESALE (BULK) VALUE OF PARCELS 31 AND 32

Parcel	Acreage	Density	No. of Lots	Lot Value	Total Value	Per Acre Value	5% Admin. Costs (1)	Estimated Wholesale Bulk Value
31	62.54	4.96	310	$ 30,000	$ 9,300,000	$148,694	$ (465,000)	$ 8,835,000
32	37.07	2.32	86	$ 39,000	$ 3,354,000	$ 90,466	$ (168,000)	$ 3,190,000
Total	99.62	3.98	396	$ 31,955	$ 12,654,000	$127,024	$ (633,000)	$ 12,025,000

(1) Administrative costs of 5% is a special assumption. This fee is included to cover the general, administrative and sales commissions is a sale of the property were to occur as a result of the District foreclosing on the property.

Therefore, the value of Parcel 31 is estimated at $8,835,000, or $28,500 per platted and engineered lot, while the value of Parcel 32 is estimated a $3,190,000, or approximately $37,000 per platted and engineered lot.

SUMMARY OF VALUE ESTIMATES

The purpose of this appraisal has been to estimate the wholesale (bulk) value of four parcels within Sundance, a 2,000± acre master planned community in Buckeye, Arizona. All four parcels are designated and have been planned for residential development. Parcels 33 and 35 are valued in the present condition as residential super pads, while Parcels 31 and 32 are valued as finished lot subdivisions. Because not all of the on-site infrastructure has been completed within Parcel 32, its estimate value incorporate the hypothetical assumption that all of the necessary on-site work is complete. Therefore, its wholesale (bulk) value estimate is "as if complete." The completion of the remaining on-site work is anticipated to occur prior to the issuance of the bond for Sundance Special Assessment #3.

All four subject parcels were valued using the Sales Comparison Approach. Bulk sales of platted and engineered subdivisions and bulk sale of finished residential lots were used to value the parcels. Utilizing the market data, the wholesale (bulk) value of each of the subject's four parcels, as of June 18, 2004, were estimated as follows:

PARCEL 31
EIGHT MILLION EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS
($8,835,000)

PARCEL 32 ("AS IF COMPLETE")
THREE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS
($3,190,000)

PARCEL 33
ONE MILLION TWO HUNDRED EIGHTY THOUSAND DOLLARS
($1,280,000)

PARCEL 35
EIGHT HUNDRED THOUSAND DOLLARS
($800,000)

(This page intentionally left blank)

ADDENDA

APPRAISER'S QUALIFICATIONS

FRANK R. KLEINMAN, MAI, CRE

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Bachelor of Science – Business Administration, Arizona State University, Tempe, 1957. Selected as the outstanding military student in the Class of 1957.

Continuing Education: Successfully completed the required courses of The Appraisal Institute. Attended numerous seminars and courses as part of the Appraisal Institute Professional Education/Certification program.

PROFESSIONAL AFFILIATIONS

MAI, Member, The Appraisal Institute since November 1970
State of Arizona, Certified General Real Estate Appraiser, Certificate No. 30207
CRE, Member, The American Society of Real Estate Counselors since January 1977

BUSINESS EXPERIENCE

2000 to Present, Appraiser, *Burke Hansen, LLC*
1983 to 2000, Partner, *Burke Hansen, Inc.*
1978 to 1983, Independent Fee Appraiser, *DICOR, Inc.*, retained as a consultant in charge of commercial real estate development
1967 to 1978, Manager of Appraisal Department, *Coldwell Banker & Company and Coldwell Banker Management Corporation*
1963 to 1978, Real Estate Appraiser, *Coldwell Banker & Company and Coldwell Banker Management Corporation*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Market and absorption studies and expert witness testimony.

Product Types: Master planned communities; apartments; neighborhood shopping centers; community shopping centers; historical Indian lands; office buildings; industrial buildings; and residential subdivisions.

A list of clients for whom assignments have been completed would include:

City of Peoria
Fortis Private Capital
Shimizu America Corporation
Suncor
Fry's
Nathan & Associates, Inc.
Maricopa Water District
Northern Trust Bank
Pinnacle West Capital Corp
The Mitsui Trust and Banking Co. Ltd.
Harris Trust Bank
Johnson Bank, N.A.
Snell & Wilmer

STEPHEN E. NIEBLING

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Master of Business Administration. Arizona State University, Tempe, Arizona, 1998.
Bachelors of Science in Economics. Santa Clara University, Santa Clara, California, 1992.

CERTIFICATION/ LICENSURE

State of Arizona, Certified General Real Estate Appraiser, Certificate (#30879)
Arizona Licensed Real Estate Sales Agent

PROFESSIONAL AFFILIATIONS

Associate Member, The Appraisal Institute
Associate Member of the American Bar Association

BUSINESS EXPERIENCE

2001 to Present, Appraiser, *Burke Hansen, LLC*
1999 to 2001, *Real Estate Consultant, PricewaterhouseCoopers LLP*
1993 to 1999, Appraiser, *Burke Hansen, Inc.*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Majority of the assignments have been appraisals for conventional financing and/or CFD financing. Other appraisal assignments have included estate tax and litigation matters (eminent domain, lost profits, partnership disputes, CERCLA, etc.). Consulting assignments have been prepared for affordable housing, financial feasibility and market analyses.

Product Types: Master-planned communities; apartments; neighborhood and community shopping centers; professional and medical office buildings; industrial buildings; residential subdivisions, hotels and golf courses.

APPENDIX E

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE UNDERTAKING
(OWNER)

$2,065,000*
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

(CUSIP BASE NUMBER 867241)

This Undertaking is executed and delivered by D.R. Horton, Inc.-Dietz-Crane, a Delaware corporation (hereinafter referred to as the "Owner"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

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

"Assessment Area" shall have meaning provided thereto in the Limited Offering Memorandum.

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

"Issuer" shall mean Sundance Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona.

"Limited Offering Memorandum" shall mean the Limited Offering Memorandum, dated _____, 2004, with respect to the Securities.

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

---

*Subject to change.

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

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

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

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

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

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

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

"Objective Criteria" shall mean, as to any owner of land within the boundaries of the Assessment Area in question at the time in question, that the unpaid portions of the Special Assessments levied against such land owned by such owner equals or exceeds twenty percent (20%) of the total principal amount of the Securities then outstanding.

"Repository" shall mean each National Repository and each State Repository.

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

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Special Assessments" shall have the meaning provided thereto in the Limited Offering Memorandum.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Owner shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.)*** Currently, no State Repositories exist for the State of Arizona. ***The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.***

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2005, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF EACH ANNUAL REPORT TO THE ISSUER.***

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

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

(A) Information with respect to (I) single family homes sales and issuance of building permits within the boundaries of the portion of the Assessment Area owned by the Owner, (II) the full cash value for taxation purposes of the land within the Assessment Area owned by the Owner, (III) update of the land sales, land development (including particularly the status of completion of the items included in TABLE 4 of the Limited Offering Memorandum), (IV) any conveyance in a single transaction to any entity by the Owner of land within the boundaries of the Assessment Area which has unpaid

portions of the Special Assessments levied there against in an amount equal to or exceeding five percent (5%) of the principal amount of the Securities then outstanding (including identity of the entity and location of property conveyed) and (V) changes in the description of residential product mix, development and sale of lots, project financing and encumbrances of the Owner set forth in the relevant sections of the Limited Offering Memorandum.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis generally accepted accounting principles. (The Owner does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE OWNER CHANGES, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of the following events (the "Material Events") with respect to the Securities:

(i) The conveyance in a single transaction to any entity by the Owner of land within the boundaries of the Assessment Area which has unpaid portions of the Special Assessments levied there against in an amount equal to or exceeding twenty percent (20%) of the principal amount of the Securities then outstanding (including identity of the entity and location of property conveyed).

(ii) Any failure by the Owner to pay, prior to delinquency, general property taxes, special taxes or as-

sessments with respect to property of the Owner within the boundaries of the Issuer.

(b) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF THE OCCURRENCE OF A MATERIAL EVENT WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE OF MATERIAL EVENT TO THE ISSUER.***

Section 4. Termination of Reporting Obligation. The obligations of the Owner pursuant to this Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of all of the Securities or (ii) the failure of the Owner to satisfy the Objective Criteria. ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Owner may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Owner or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Owner or by an approving vote of the registered owners of the Securities pursuant to the terms of the Resolution at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the

financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE OWNER CHANGE, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Owner from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Owner chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Owner shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 7. Default. In the event of a failure of the Owner to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Owner to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Resolution, and the sole remedy under this Undertaking in the event of any failure of the Owner to comply with this Undertaking shall be an action to compel performance.

Section 8. Dissemination Agent. The Owner may, from time to time, appoint or engage a Dissemination Agent to assist it in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Recordkeeping. The Owner shall maintain copies of each Annual Report and Notice Material Event as well as the names of the entities with whom the same was filed and the date of filing thereof.

Section 10. Subsequent Transfers of Owner's Land. Upon any sale by the Owner of land within the boundaries of the Assessment Area such that the acquiring owner of land within the boundaries of the Assessment Area then satisfies the Objective Criteria, the Owner shall require such acquiring owner of land within the boundaries of the Assessment Area to execute an undertaking substantially similar to this Undertaking and in compliance with the Rule prior to the conveyance of title to such acquiring owner of such land within the boundaries of the Assessment Area.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and the Owner shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or wilful misconduct of the Dissemination Agent. The obligations of the Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 12. Copies for Issuer. Any copy provided by this Undertaking to be given or furnished to the Issuer by the Owner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Issuer addressed to it at c/o Town of Buckeye, Arizona, Suite A, 100 North Apache, Buckeye, Arizona 85326, Attention: District Clerk or at any other address furnished previously in writing to the Owner by the Issuer.

Dated: September 23, 2004*

D.R. HORTON, INC. - DIETZ-CRANE, a Delaware corporation

By.....

Printed Name:.....

Title:.....

*Subject to change.

CONTINUING DISCLOSURE UNDERTAKING
(ISSUER)

$2,065,000*
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

(CUSIP BASE NUMBER 867241)

This Undertaking is executed and delivered by Sundance 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.

"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

*Subject to change.

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 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
E-mail: nrmsir@ftid.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.

"Resolution" shall mean, collectively, the resolutions authorizing the issuance of the Securities.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.)*** Currently, no State Repositories exist for the State of Arizona. ***The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.***

"Tax-exempt" shall mean that interest on the Securities is excluded from gross income for federal income tax purposes,

whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2005, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

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

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

(A) Information of the type in TABLES 1, 2 and 4 of the Limited Offering Memorandum, dated _____, 2004, with respect to the Securities.

(B) Information with respect to status of ownership, amounts of delinquencies and parcels delinquent (including amount of penalties and interest) and status of foreclosure sales by tax parcel identification number as such matters relate to the "Special Assessments" which are the subject of TABLE 7.

(C) Current balances in the funds held pursuant to the "Indenture of Trust" described in such Limited Offering Memorandum.

(D) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principals as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be

available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the "Listed Events") with respect to the Securities:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Securities (including particularly, but not by way of limitation,

(A) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Securities is not Tax-exempt or

(B) Any event adversely affecting the Tax-exempt status of the Securities, including but not limited to:

(I) Any 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. 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 5. 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 Resolution 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 6. 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 7. 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 Resolution, 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 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer

in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or wilful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: September 23, 2004*

SUNDANCE COMMUNITY FACILITIES DISTRICT

By.....
Chairman, District Board

*Subject to change.

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions of Certain Terms

The following is a summary of certain provisions of the Indenture to which reference is hereby made for a more complete description of its terms. The following are certain terms defined in the Indenture and used in this Offering Memorandum.

"Bondholder" means a Holder of a Bond.

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

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

"Costs of Acquisition and Construction" means all items of expense directly or indirectly relating to the cost of the public infrastructure purposes (as such term is defined in the Enabling Act) and in a study prepared for the District as required by the Enabling Act.

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

"Debt Service" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds, when due, (ii) fees and costs of registrars, trustees, paying agents or other agents necessary to handle the Bonds, and (iii) amounts due with regard to Rebate.

"Governmental Obligations" means (1) direct obligations of the United States of America or (2) obligations described in Section 103(a) of the Internal Revenue Code of 1954, provision for the payment of which shall have been made by the deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clause (1) the maturing principal of and interest on which, when due, will provide sufficient moneys to pay when due the principal of, premium, and interest on such obligations,

and which securities described in clause (1) are not available to satisfy any other claim which, at the time of deposit, have been assigned ratings in the highest rating categories of S&P and Moody's, but in the case of both Clause (1) and Clause (2) of this paragraph, only if such obligations are noncallable prior to the Maturity of the Bonds or (3) REFCORP STRIPS as defined in "Permitted Investments". Governmental Obligations also includes a "no load," open-end management investment company or trust (mutual fund), registered with the Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States of America, and repurchase agreements secured by the same and which money market fund has a rating by S&P of AAAm-G; AAAm; or AAm or better and a rating by Moody's of "VMIG-1" or better.

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

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

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

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

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

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

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

3. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture;

4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in the Indenture; and

5. Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or an escrow agent with the effect specified in under the heading "Defeasance" below.

"Permitted Investments" means:

A. Direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

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

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

2. *Farmers Home Administration*
   Certificates of beneficial ownership

3. *Federal Financing Bank*

4. *Federal Housing Administration Debentures*

5. *General Services Administration*
   Participation certificates

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

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

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

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

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

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

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

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

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

4. *Student Loan Marketing Association*
   Senior debt obligations

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

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

F. Investment agreements provided by entities with ratings on their long term obligations or claims paying ability of "AA" or better by S&P and "Aa" or better by Moody's and required to be collateralized to the then current requirements of S&P and Moody's to always have a rating of at least "A".

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

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

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

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

Repurchase Agreements must satisfy the following criteria.

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

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

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

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

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

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

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

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

   d. *Valuation of Collateral*

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

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

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

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

K. Governmental Obligations.

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

M. State and Local Government Investment Pool, managed by the Treasurer of the State.

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

"Redemption Price" when used with respect to any Bond to be redeemed means the amount to be paid on any Redemption Date for such redemption pursuant to the Indenture, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"S&P" means Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, or any successor thereto.

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

Trust Estate Under the Indenture

The District has granted a security interest to the Trustee in all money and investments held for the credit of the Bond Fund, Issuance and Expense Fund and the Reserve Fund. The Trustee is required to hold all such property in trust for the benefit of all the Bondholders.

Funds

Bond Fund. The money deposited to the Bond Fund shall be held by the Trustee and applied solely as provided in the Indenture. The Bond Fund will be comprised of the Principal Account, the Interest Account and the Prepayment Account

The District shall deposit with the Trustee and the Trustee shall deposit to the Bond Fund to the credit of the applicable accounts or subaccounts:

(1) to the Principal and Interest Accounts, as applicable, all amounts collected by the Issuer from collections of the Assessments, to be applied to pay principal and interest then due on the Bonds;

(2) to the Prepayment Account all prepayments of the Assessments;

(3) to the Prepayment Account all proceeds from any foreclosure sale of any assessed property not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement; and

(4) such other funds as the District shall, from time to time, deem advisable.

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

(1) to the Interest Account, all accrued interest and interest capitalized;

(2) to the Prepayment Account, amounts transferred from the Acquisition and Construction Fund to the extent provided in the Indenture;

(3) to the Principal and Interest Accounts, amounts transferred from the Reserve Fund pursuant to the Indenture;

(4) to the Interest Account, any amounts transferred from the Reserve Fund as investment profits to be held in the Interest Account to be used to pay Bond interest not paid from Assessments as a result of prepayment or foreclosure of any Assessments; and

(5) to the Prepayment Account, any amounts transferred from the Reserve Fund as a result of a reduction in the Reserve Fund Requirement due to prepayment of Assessments or in the event the amount in the Reserve fund and Bond Fund is sufficient to pay all Bonds.

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

Acquisition and Construction Fund. Deposits to the Acquisition and Construction Fund shall be applied as follows:

Funds in the Acquisition and Construction Fund shall be used to pay the Costs of Acquisition and Construction and to pay all incidental expenses including, but not limited to, the Costs of the Acquisition or Construction. Upon compliance, amounts on deposit in the Acquisi-

tion and Construction Fund shall be applied by the Trustee as set forth in an Issuer Request.

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

1. in every case, a Disbursement Request (as defined in the Indenture) certifying that the work to which the payment relates has been accomplished in a manner satisfactory to the District. The Disbursement Request may be based upon certificates satisfactory to the Assessment District Engineer and the District Engineer;

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

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

The date of completion of any portion of the Projects (the "Completion Date") shall be evidenced to the Trustee by a certificate signed by the District Engineer and the District Manager or a Responsible Officer of the Issuer stating that:

1. The Projects or any portion thereof, as applicable, have been completed in accordance with the plans and specifications therefor and all labor, services, materials and supplies used in the Projects or any portion thereof, as applicable, have been paid for and acknowledgments of such payments have been obtained from all contractors and suppliers; and

2. All other facilities necessary in connection with the applicable portion of the Projects have been constructed, acquired and installed in accordance with the plans and specifications therefor and all Costs of Acquisition and Construction for and incurred in connection therewith have been paid.

Within 10 days following the Completion Date, the Trustee shall transfer any balance in the Acquisition and Construction Fund (except mon-

eys retained for expenses not yet due and payable) into the Prepayment Account in the Bond Fund for application to the redemption of Bonds.

On September 1, 2007, any amounts remaining in the Acquisition and Construction Fund shall be transferred to the Prepayment Account of the Bond Fund.

Issuance and Expenses Fund. The money deposited to the Issuance and Expenses Fund and investments thereof shall be applied solely to pay all Costs of Issuance identified in an Issuer Request. On April 1, 2004, the Trustee shall transfer any balance to the Acquisition and Construction Fund.

Reserve Fund. The money deposited to the Reserve Fund and investments thereof shall be held in trust and applied solely as follows:

A. The District shall deposit to the credit of the Reserve Fund $96,875*.

B. On, or before June 29 and December 30 of each year, the Trustee shall, to the extent there are sufficient moneys in the Reserve Fund, transfer from the Reserve Fund to the Principal and Interest Accounts of the Bond Fund the difference between the amount in the Bond Fund and the amount necessary to pay the principal of and interest on the Bonds on the next succeeding July 1 or January 1, as the case may be.

C. The Trustee shall examine the Reserve Fund Requirement on May 1 of each year to determine if any prepaid assessments and corresponding redemption of Bonds has allowed the Reserve Fund Requirement to be reduced. On May 1 of each year, the Trustee shall determine the value of the Reserve Fund investments, excluding any moneys which constitute investment earnings and shall thereafter deposit in the Prepayment Account, in $1,000 multiples, any moneys in the Reserve Fund in excess of the Reserve Fund Requirement. On May 1, 2029*, moneys in the Reserve Fund shall be transferred to the Bond Fund.

D. After a Reserve Fund withdrawal, if the Reserve Fund is less than the Reserve Fund Requirement, the District shall reimburse the Reserve Fund from either the proceeds from the sale of delinquent assessments, or from all future installment payments on the assessments, but only to the extent that such portion of such installment payments is not required for the payment of Debt Service.

E. Any investment profits realized from the investment of moneys in the Reserve Fund in excess of the Reserve Fund Requirement shall be transferred to the Interest Account.

F. If the amount held in the Reserve Fund together with the amount held in the Bond Fund is sufficient to pay the principal

---

* Subject to change.

amount of all Bonds and any premium on the next Interest Payment Date, together with accrued interest on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Prepayment Account of the Bond Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

Investment of and Security for Funds.

A. Money held in the Bond Fund shall be continuously invested and reinvested by the Trustee in Governmental Obligations as directed in writing by the District.

B. Money held in the Acquisition and Construction Fund, Reserve Fund and Issuance and Expenses Fund shall be continuously invested and reinvested by the Trustee in Permitted Investments as directed in writing by the District.

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

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

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

Remedies under the Trust Indenture

The Trustee in its discretion, pursuant to the Indenture, may proceed to protect and enforce its rights and the rights of the Bondholders under the Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted in the Indenture or for the enforcement of any other remedy, as the Trustee deems most effectual to protect and enforce any of the rights of the Trustee or the Bondholders. The Indenture pro-

vides that, in addition to all rights and remedies of any Bondholder provided therein, in the event the District defaults in the payment of the principal of, premium or interest on any of the Bonds when due, or defaults in the performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution or the Indenture, the Trustee will be entitled to a writ of mandamus compelling and requiring the District to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution or the Indenture. The Indenture contains no provision for acceleration of maturity of principal of the Bonds in the event of default. The remedy of mandamus described above would have to be exercised upon each separate default and may prove costly, time consuming, and difficult to enforce. The rights and remedies of Bondholders and the enforceability of the Bonds may also be limited by bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally. SEE "RISK FACTORS."

If default occurs in the payment of any principal of or interest on any Bond when due and payable or at maturity, then upon demand of the Trustee, the District will cause to be paid to the Trustee the amount so due and payable and an amount sufficient to cover the costs and expenses of administration and collection, including reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the District fails to cause to be paid such amounts upon demand, the Trustee will be entitled to sue for and recover judgment against the District for the amount then so due and unpaid.

The Trustee will be entitled to sue and recover judgment as aforesaid either before, after, or during the pendency of any proceedings for the enforcement of the lien of the Indenture, and in case of a sale of the Trust Estate and application of the proceeds as aforesaid, the Trustee will be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Bonds, for the Holders, and will be entitled to recover judgment for the same. No recovery of judgment upon any the District will affect or impair the lien on the Indenture upon the trust estate or any rights, powers, or remedies of the Trustee or the Holders.

Application of Money Collected

Any money collected by the Trustee pursuant to the "Remedies under the Trust Indenture" above, together with any other sums then held by the Trustee as part of the Trust Estate, will be applied as follows:

> First: To the payment of all unpaid amounts due the Trustee under the Indenture;
>
> Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds, for principal, premium and interest and (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable) on over-

due principal and in case such proceeds will be sufficient to pay in full the whole amount due and unpaid, then to the payment of such principal and interest without any preference or priority;

Third: To the extraordinary redemption of Bonds; and

Fourth: To the payment of the remainder, if any, to whosoever may be lawfully entitled to receive the same, or as a court may direct.

Control by Bondholders

The Holders of a majority in principal amount of any Outstanding Bonds will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to enforce the Indenture, either by judicial proceedings, the sale of the Trust Estate or otherwise; and

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

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

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

   c. the Trustee has not determined that the action would be unjustly prejudicial to the Holders not taking part in such direction, and

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

Before taking action pursuant to the Indenture, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability resulting from its negligence or wilful misconduct. The Trustee may take action without that indemnity, and in that case, the District will reimburse the Trustee (but only from amounts pledged under the Indenture) for all of the expenses of the Trustee pursuant to the Indenture.

Each Holder of any Bond by his acceptance thereof will be deemed to have agreed that any court may require, in any suit for the enforce-

ment of any right or remedy under the Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. However, the provisions of the Indenture will not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondholder, or group of Bondholders of the series affected thereby, holding in the aggregate more than ten percent in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the redemption date of such Bond).

Supplemental Indentures

Without the consent of the Holders of any Bonds and, under certain circumstances described in the Indenture, the District and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to convey unto the Trustee any property subject to the lien of the Indenture, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of Bonds any additional conditions, limitations and restrictions thereafter to be observed; (iii) to evidence the succession of another entity to the District and the assumption by any such successor of the covenants of the District in the Indenture or the Bond Resolution; (iv) to add to the covenants of the District for the benefit of the Holders of all the Bonds; or (v) to cure any ambiguity, to correct or supplement any provision in the Indenture or the Bond Resolution which may be inconsistent with any other provisions thereof, or to make any other provisions for matters arising thereunder not inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Bondholders.

With the consent of the Holders of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or resolutions amending the Bond Resolution for the purpose of adding provisions to or changing in any other manner or eliminating any provisions of the Indenture or of modifying in another manner the rights of the Bondholders under the Indenture or the Bond Resolution. However, no supplemental indenture or amending resolution, without the consent of the Holder of each Outstanding Bond affected thereby, is permitted by the Indenture to (i) change the Stated Maturity of the principal of, or interest on, any Bond, or reduce the principal amount

of or the interest on, any Bond, or change any place of payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); (ii) reduce the percentage in principal amount of Outstanding Bonds the consent of the Holders of which is required for any supplemental indenture, or any waiver provided for in the Indenture of compliance with certain provisions of or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the definition of the term "Outstanding" in the Indenture; or (iv) modify any of the provisions of the Indenture concerning approval of supplemental indentures or amending resolution except to increase any percentage of the Holders of Bonds necessary for approval or to provide that certain provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby. The Trustee may determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution and any such determination will be conclusive upon each Bondholder. The Trustee will not be liable for any such determination made in good faith.

Concerning the Trustee

The Trustee has undertaken to perform such duties as are specifically set forth in the Indenture, and no implied covenants or obligations should be read into the Indenture against the Trustee. In the absence of bad faith on its part, the Trustee may conclusively rely upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture. However, in the case of any such certificates or opinions which are specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.

No provision of the Indenture will be construed to relieve the Trustee from liability for its own negligent action, failure to act, or wilful misconduct, except that (1) this paragraph will not limit the effect of the preceding paragraph; (2) the Trustee will not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent; (3) the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith upon direction of the Holders of a majority in principal amount of the Outstanding Bonds or to the time, method, and place of conducting any proceeding for any available remedy or exercising any trust or power conferred upon the Trustee under the Indenture; and (4) no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in the Indenture.

Except as otherwise provided in the Indenture:

1. the Trustee may rely and will be protected in acting or refraining from acting upon:

   a. any resolution or other paper, document, or communication reasonably believed by it to be genuine and to have been signed or presented by the proper persons; and

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

2. any request or direction of the District mentioned in the Indenture will be sufficiently evidenced by a District request and any District order or resolution may be sufficiently evidenced by a resolution of the District board;

3. whenever in the administration of the Indenture the Trustee deems it desirable that a matter be proved or established prior to taking or omitting any action described in the Indenture, the Trustee (unless other evidence is specifically prescribed) may rely upon a certificate of a District officer;

4. the Trustee may consult with legal counsel and the written advice of such counsel will be full and complete authorization and protection in respect of any action taken or omitted by the Trustee in good faith and in reliance on the Indenture;

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

6. the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution or other paper or document, but the Trustee may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry, it will be entitled to examine the books, records, and premises of the District, personally or by agent or attorney; and

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

There will at all times be a trustee under the Indenture which will be a bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, subject to supervision or examination by federal or State authority, and having an office in the Town of Buckeye, Arizona. If such corporation publishes reports of condition at least annually, the combined capital and surplus of such corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee ceases to be eligible in accordance with provisions of the Indenture, it will resign immediately in the manner and with the effect specified in the Indenture.

The Trustee may resign at any time by giving written notice thereof to the District. If an instrument of acceptance by a successor Trustee will not have been delivered to the Trustee within 30 days after giving such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

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

If at any time:

1. the Trustee ceases to be eligible under the Indenture and fails to resign after written request therefor by the District or a Bondholder, or

2. the Trustee becomes incapable of acting or adjudged insolvent or a receiver is appointed or any public officer takes charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, the District may remove the Trustee, or subject to certain provisions of the Indenture, any Bondholder who has been a bona fide Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor.

If the Trustee resigns, is removed, or becomes incapable of acting, the District will promptly appoint a successor. In case all or sub-

stantially all of the Trust Estate will be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee is appointed by the Bondholders. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee is appointed by act of the Holders of a majority in principal amount of the Outstanding Bonds and delivered to the District and the retiring Trustee, then the successor will become the successor Trustee and supersede the successor Trustee appointed by the District or by such receiver or trustee. If no successor Trustee is so appointed by the District or the Bondholders and has accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

Defeasance

The Indenture, and the lien, rights, and interests created thereby, will terminate, at the request of the District, when all Bonds previously authenticated and delivered under the Indenture have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding certain Bonds as provided in the Indenture or the District has paid or caused to be paid all other sums payable by the District under the Indenture.

Any Bond will be deemed no longer outstanding when payment of the principal of such Bond, plus interest thereon to its Maturity (whether by reason of the Stated Maturity or by call for redemption, if notice of such call has been given or waived or irrevocable arrangements for such notice satisfactory to the Trustee have been made), calculated at the maximum permitted rate for any period in which the rate of interest on the Bonds is unknown and has been provided by depositing (i) money sufficient to make such payment or (ii) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as will, without further investment or reinvestment, be sufficient to make such payment, provided that all necessary and proper fees, compensation and expenses of the Trustee and paying agents pertaining to the Bonds have been paid or the payment thereof has been provided for to the satisfaction of the Trustee. Any deposit described above must be made either with the Trustee or, if notice is given to the Trustee or with a state or nationally chartered bank with a minimum combined capital surplus or $10,000,000 as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or to the paying agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the Trustee is required to select the Outstanding Bonds with respect to which such deposit is made

in the same manner as provided in the Indenture for the selection of Bonds to be redeemed.

No such deposit will have the effect specified above, (i) if made during the existence of a default under the Indenture, unless made with respect to all of the Bonds then Outstanding, and (ii) unless there is delivered to the Trustee an opinion of counsel to the effect that such deposit will not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose is required to be held by the Trustee in a segregated account in trust for the Holders of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, is required to be disbursed solely to pay the principal of and interest on such Bonds when due.

APPENDIX G

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 In-

direct Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices of the Bonds shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of and information funds and corresponding detail information from the Bond Registrar and 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 Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bonds will be printed and delivered.

Under DTC's rules, DTC now advises that upon receipt of a withdrawal request from an issuer, such as the District, DTC will take the following actions: (1) DTC will issue an Important Notice notifying its participants of the receipt of a withdrawal request from the issuer reminding participants that they may utilize DTC's withdrawal procedures if they wish to withdraw their securities from DTC; and (2) DTC will process withdrawal requests submitted by participants in the ordinary course of business, but will not effectuate withdrawals based upon a request from the issuer.

(This page intentionally left blank)

NEW ISSUE — BOOK-ENTRY ONLY FORM NOT RATED

In the opinion of Gust Rosenfeld P.L.C., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds will be excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to federal alternative minimum tax. See "Tax Exemption" herein.

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2004

DATED: Date of Initial Delivery DUE: July 1, as shown below

The Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (the "Bonds") will be issued in the form of fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers under the book-entry system maintained by DTC in amounts of $25,000 of principal amount or $1,000 integral multiples in excess thereof. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on each January 1 and July 1 of each year, commencing January 1, 2005. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Bonds. See Appendix G — "BOOK-ENTRY ONLY SYSTEM."

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Act"), and will be issued pursuant to a resolution of the District Board of Sundance Community Facilities District (the "District") and an Indenture of Trust and Security Agreement, to be dated as of September 1, 2004, from the District to Wells Fargo Bank, National Association, as trustee. The Bonds will be payable solely from and secured by a special, separate fund maintained by the District which fund will contain installments due with respect to certain special assessments levied and assessed by the District on certain parcels of land within the District in accordance with a method of apportionment established by the District Board of the District and agreed to by the landowners of such parcels for the costs of certain public infrastructure, each of which assessments constitute a first lien on the parcel against which it is assessed and levied, subject only to general property taxes and prior special assessments. *(THERE ARE SUCH TAXES (BUT NOT PRIOR SPECIAL ASSESSMENTS) IN THE CASE OF THE BONDS. See "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT.")* Any such parcel will be offered for sale for nonpayment of the special assessment levied and assessed by the District on such parcel and, if sold, the proceeds thereof deposited in such special fund. The rights and obligations of the District relating to collection and payment of assessments and the enforcement of remedies against delinquent assessments may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity. SEE "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" AND "RISK FACTORS" HEREIN.

THE BONDS WILL BE SUBJECT TO OPTIONAL, SPECIAL AND MANDATORY REDEMPTION BY THE DISTRICT PRIOR TO MATURITY AS DESCRIBED HEREIN UNDER THE HEADING "THE BONDS — REDEMPTION PROVISIONS." PLEASE NOTE SPECIFICALLY THAT PURSUANT TO SUCH SPECIAL REDEMPTION UNDER CERTAIN CIRCUMSTANCES THE BONDS ARE SUBJECT TO REDEMPTION ON ANY INTEREST PAYMENT DATE.

Proceeds of the sale of the Bonds will be used to pay a portion of the costs of acquisition of certain public infrastructure and costs of issuance relating to the Bonds and to fund a reserve fund for the payment of debt service on the Bonds. See "THE PUBLIC INFRASTRUCTURE" herein.

The Bonds may be purchased by "Qualified Investors" only and, except as described herein, will be transferable to Qualified Investors only. See "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 OF THE BONDS" AND "RISK FACTORS" HEREIN.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE ABOVE DESCRIBED SPECIAL ASSESSMENTS.

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Limited Offering Memorandum in its entirety to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

$2,050,000 Term Bonds at 6.50% Due July 1, 2029 — Price 100%

The Bonds are offered when, as and if issued and subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for D.R. Horton, Inc. — Dietz-Crane by its counsel, Fennemore Craig, P.C., Phoenix, Arizona. See "RELATIONSHIPS AMONG PARTIES" herein. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about September 23, 2004.

RBC DAIN RAUSCHER

September 15, 2004

SUNDANCE COMMUNITY FACILITIES DISTRICT

District Board

Dustin "Dusty" Hull, Chairman
Levi Beard, Board Member
Chris Urwiller, Board Member
Jackie Meck, Board Member
Robert Garza, Board Member
W. Robert Doster, Board Member
Elaine May, Board Member

District Staff

Carroll Reynolds, District Manager

Trustee

Wells Fargo Bank, National Association,
Phoenix, Arizona

Appraiser

Burke Hansen, LLC,
Phoenix, Arizona

District Engineer

Woodrow Scoutten, P.E.
Phoenix, Arizona

District Financial Consultant

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 Indenture, the security for the Bonds, the District, the development of land within the District 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, the Indenture, the Appraisal and other documents are qualified in their entirety by reference to such documents, copies of which may be obtained from RBC Dain Rauscher Inc. (the "Underwriter") at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016.

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give information or to make any representation other than those contained in this 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 does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS 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.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS THE PROMISE OR GUARANTEE OF THE UNDERWRITER. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF *AD VALOREM* TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IS INTENDED TO SHOW RECENT HISTORICAL INFORMATION, AND, EXCEPT AS EXPRESSLY STATED OTHERWISE, IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE SHOWN BY SUCH INFORMATION WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE. THIS 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. 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 IN THE INFORMATION OR OPINIONS SET FORTH HEREIN, SINCE THE DATE OF THIS LIMITED OFFERING MEMORANDUM.

THE DISTRICT AND D.R. HORTON, INC. - DIETZ-CRANE HAVE COVENANTED TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX E - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

(This page intentionally left blank)

TABLE OF CONTENTS

Page

MAP SHOWING LOCATION OF THE DISTRICT WITHIN METROPOLITAN PHOENIX AREA ..... (iii)

MAP SHOWING LOCATION OF THE DISTRICT AND SUNDANCE IN THE CONTEXT OF THE SURROUNDING AREA ..... (iv)

MAP SHOWING LOCATION OF THE ASSESSMENT AREA IN THE CONTEXT OF THE DISTRICT INCLUDING THE PUBLIC INFRASTRUCTURE AND THE PARCELS ..... (v)

INTRODUCTION 1
THE BONDS 2
- Authorization and Purpose 2
- General Description 3
- Redemption Provisions 3

INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS 6
SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS 6
- Introduction 6
- The Bonds 7
- Reserve Fund 8
- Foreclosure Process 8
- Special Assessment Amounts and Land Values 13

OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT 14
- Introduction 14
- Existing, Overlapping, Superior, General Obligation, Bonded Indebtedness 14
- Overlapping, Superior, General Obligation, Bonded Indebtedness of the District 17
- Other Additional, Overlapping, Superior, General Obligation, Bonded Indebtedness 18
- Other Debt of the District 18

SOURCES AND APPLICATIONS OF FUNDS 19
THE PUBLIC INFRASTRUCTURE 19
LAND DEVELOPMENT 22
- Introduction 22
- Specific Matters Relating to the District 23
- Specific Matters Relating to the Assessment Area 29

THE OWNER 32
- Background 32
- Marketing Strategy and Pricing 33

RISK FACTORS 34
- Concentration of Ownership; Subsequent Transfer 34
- Failure or Inability to Complete Proposed Development 34
- Growing Smarter 36
- Enforcement of Joint Development Agreement; Factors Affecting Owners Relationships 36
- Management 37
- Amendment of Documents Referenced 37
- Availability of Utilities 37
- Direct and Overlapping Indebtedness 38

Appraised Value 38
Non-Payment of Assessments 39
Bankruptcy and Foreclosure Delays 39
Depletion of Reserve Fund 40
Completion of the Public Infrastructure and the Other Infrastructure 40
General Risks of Real Estate Investment and Development 40
Environmental Matters 41
Cancellation of Contracts 41
No Credit Rating 42
Projections 42
LITIGATION 42
TAX EXEMPTION 43
NO CREDIT RATING 44
LEGAL MATTERS 44
UNDERWRITING 45
CONTINUING DISCLOSURE 45
RELATIONSHIPS AMONG PARTIES 46

APPENDIX A - INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

APPENDIX B - FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

APPENDIX C - FORMS OF INVESTOR LETTERS

APPENDIX D - APPRAISAL

APPENDIX E - FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

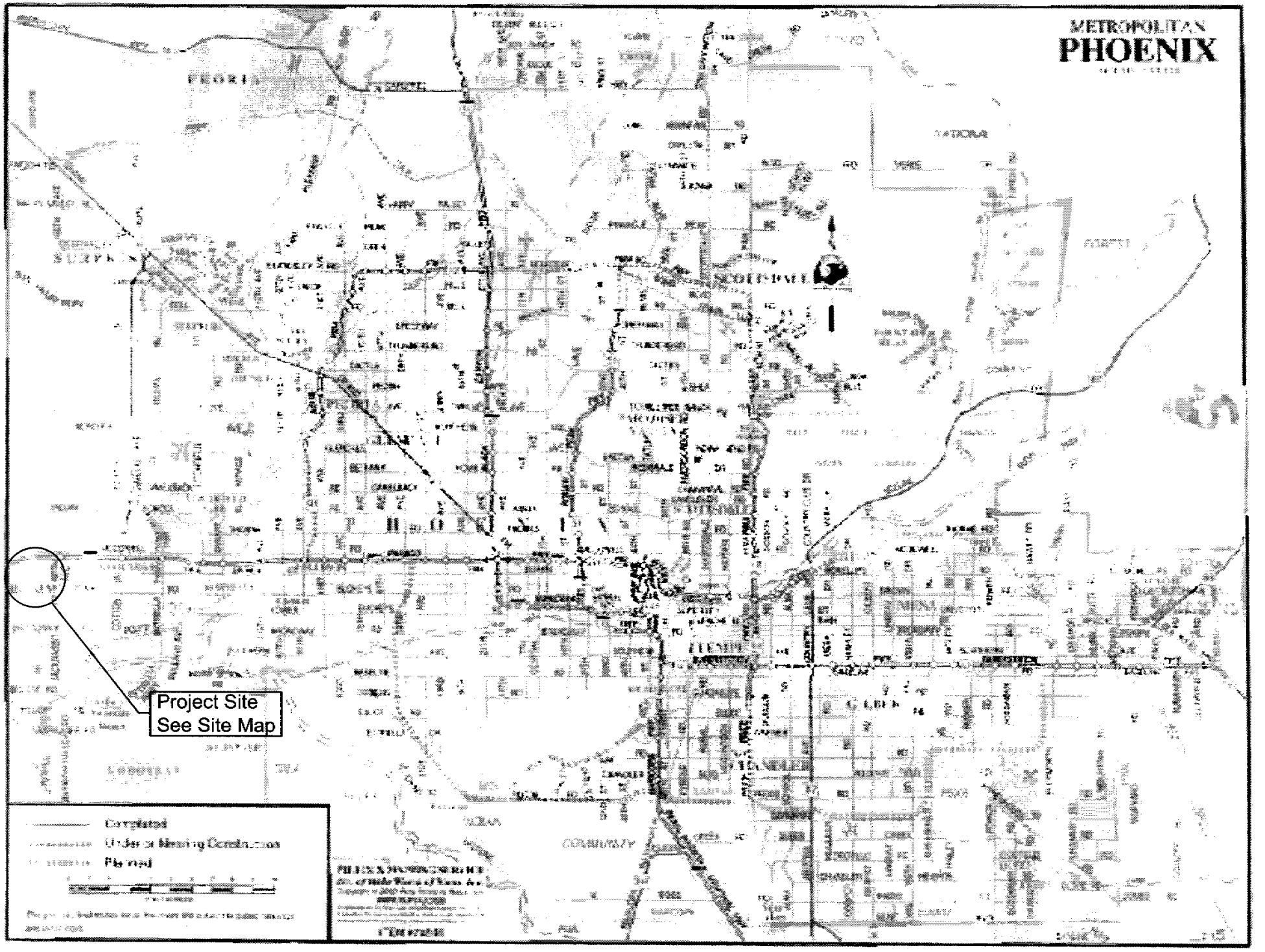
APPENDIX F - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX G - BOOK-ENTRY ONLY SYSTEM

MAP SHOWING LOCATION OF THE DISTRICT

WITHIN METROPOLITAN PHOENIX AREA

(This page intentionally left blank)


METROPOLITAN
PHOENIX
Project Site
See Site Map
Completed
Under or Nearing Construction
Planned

(This page intentionally left blank)

MAP SHOWING LOCATION OF THE DISTRICT AND SUNDANCE

IN THE CONTEXT OF THE SURROUNDING AREA

(This page intentionally left blank)

VAN BUREN STREET
PEARL HARBOR MEMORIAL HIGHWAY (I-10)
YUMA ROAD
APACHE ROAD
WATSON ROAD
RAINBOW ROAD
DEAN ROAD
LOWER BUCKEYE ROAD
ROOSEVELT IRRIGATION DISTRICT CANAL
A-1
A-2
A-3
A-6
1
4
5
6
8
9
11
12
13
15
16
17
18
19
20
22
23A
24
25
26
27
28A
28B
30
30A
34
37A
37B
39
40
44
46A
48
51
53
55A
55B

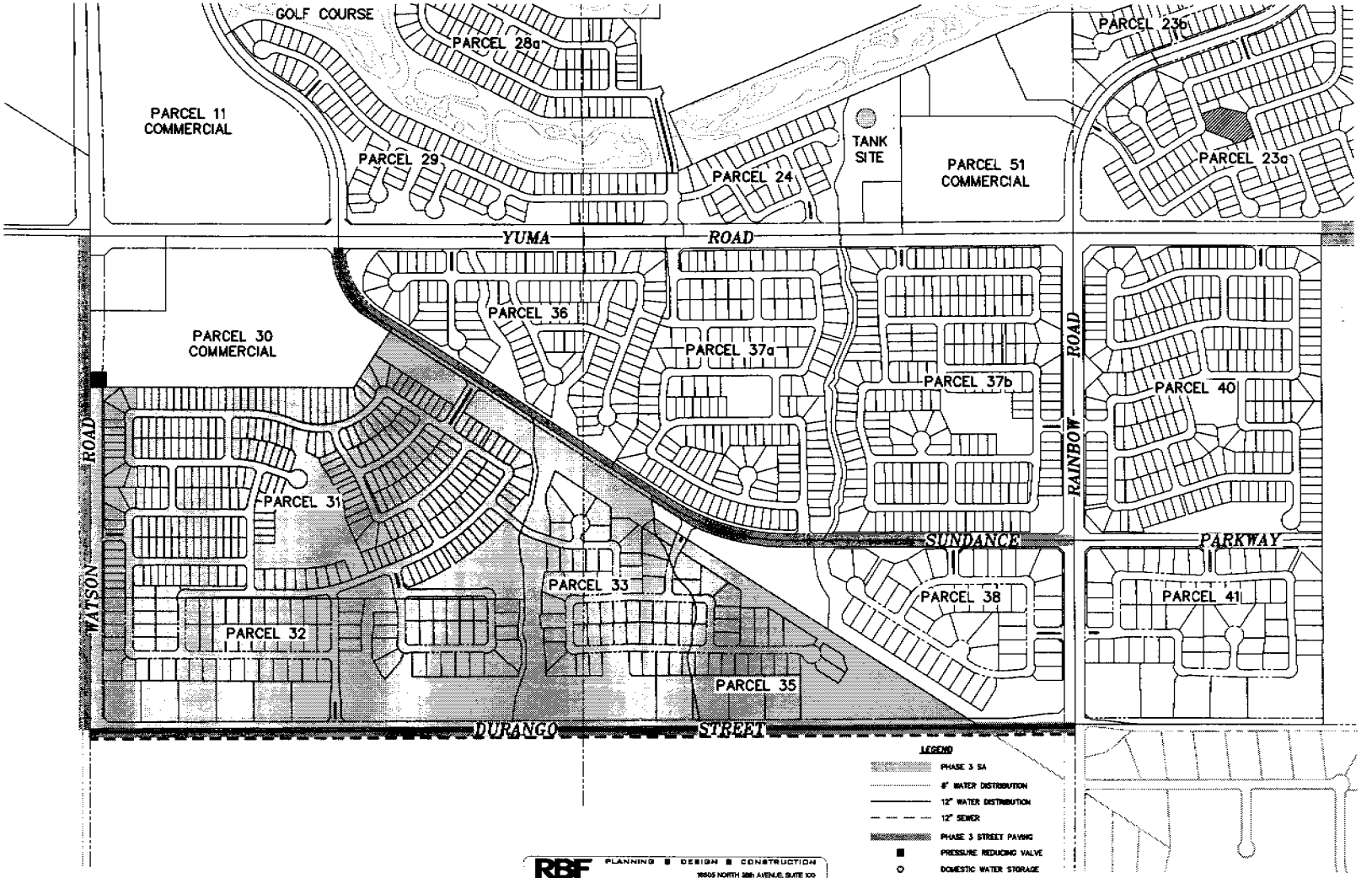
(This page intentionally left blank)

MAP SHOWING LOCATION OF THE ASSESSMENT AREA IN THE CONTEXT OF THE DISTRICT INCLUDING THE PUBLIC INFRASTRUCTURE AND THE PARCELS

(This page intentionally left blank)

SUNDANCE

PHASE 3 CFD SPECIAL ASSESSMENT PARCELS



RBF CONSULTING
PLANNING ■ DESIGN ■ CONSTRUCTION
16605 NORTH 28th AVENUE, SUITE 100
PHOENIX, ARIZONA 85053-7650
602.467.2200 • FAX 602.467.2201 • www.RBF.com

SUNDANCE PHASE 3 CFD
SPECIAL ASSESSMENT PARCELS

7/07/04
45-100741

(This page intentionally left blank)

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2004

INTRODUCTION

This Limited Offering Memorandum, which includes the cover page and the appendices hereto (this "Offering Memorandum"), provides certain information concerning the issuance of Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (the "Bonds"), in the aggregate principal amount of $2,050,000. **Certain capitalized terms not defined in the text of this Offering Memorandum are defined in Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions of Certain Terms" herein.** Copies of any of the documents referenced herein are available upon request to the Underwriter at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016.

Pursuant to the Community Facilities Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Act"), a petition was executed by the then owners of all of the real property within Sundance Community Facilities District (the "District"). In response to such petition, the Mayor and Council (the "Town Council") of the Town of Buckeye, Arizona (the "Town"), adopted a resolution on June 19, 2001, which formed the District. (See Appendix A hereto for certain information with respect to the Town.)

The District encompasses approximately 1,860 acres of land within the Town, located approximately thirty (30) miles west of downtown Phoenix, Arizona, adjacent to Interstate 10. Such land is being developed as a mixed use, master-planned community known as "Sundance." (See the maps at pages (iii) and (iv) with respect to the location of the District and Table 5 for a breakdown of development use by acreage.)

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 Manager of the Town serves as the District Manager. (Within the last four months the manager and finance director of the Town (who also serve as the District Manager and District Treasurer), fire chief and police chief have resigned. The manager position has been filled; the other positions are currently staffed on an interim basis while recruiting occurs.)

Approximately 1,367 acres of the land within the District are planned for ultimate development of approximately 4,800 single family homes. Of that number, approximately 1,144 have been sold to individual homeowners. **(Reference herein to home sales reflect the number of sales under the circumstance for which escrows have closed with ultimate buyers.)** The current, major owners of the remainder of the land in the District are Meritage Homes Construction, Inc. and Meritage Homes of Arizona, Inc. (collectively, "Meritage Homes"), D.R. Horton, Inc. - Dietz-Crane (the "Owner"), Pulte Home Corporation ("Pulte"), Buckeye Land, L.L.C. ("Buckeye Land"), Taro Properties Arizona I, L.L.C. ("Taro"), StoneBridge Capital Progeny, L.L.C. ("StoneBridge"), Canterra at Sundance, L.L.C. ("Canterra"), Sundance 1 Courts, L.L.C. ("Sundance 1"), Sundance 2 Shadows, L.L.C. ("Sundance 2") and Hallcraft-Sundance L.L.C. ("Hallcraft" and collectively with Meritage Homes, the Owner, Pulte, Buckeye Land, Taro, StoneBridge, Canterra, Sundance 1, Sundance 2, the "District Property Owners"). Meritage Homes, the Owner, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 and Hallcraft are actively developing or causing the development of the land comprising the District as described herein under the heading "LAND DEVELOPMENT" and are referred to herein, collectively, as the "Residential District Property Owners." Taro and StoneBridge are third party investors which have granted option rights for the purchase of land in the District which they own to Meritage Homes.

THE BONDS

Authorization and Purpose

On July 20, 2004, the Board adopted a resolution approving a feasibility study relating to the financing of a portion of the costs of certain public infrastructure projects (collectively, the "Public Infrastructure") to be acquired or constructed by the District and thereafter transferred to the Town. See "THE PUBLIC INFRASTRUCTURE." On August 3, 2004, the Board adopted a resolution levying and approving special assessments (collectively, the "Special Assessments" and individually as the Special Assessments relate to a particular parcel in the hereinafter defined Assessment Area, a "Special Assessment") on certain parcels of land within the District (such parcels collectively referred to herein as the "Assessment Area"). (The remaining area in the District does not represent security for the Bonds.) The Assessment Area is composed of approximately 138 net assessable acres in the District which lie generally in the southwest portion of the District and currently is expected to be developed into approximately 475 single family homes, the lots for all of which have been preliminarily or finally established by the approval of preliminary or final plats by the Town. See the map at page (v) hereof with respect to the location of the Assessment Area and the information under the heading "LAND DEVELOPMENT - Specific Matters Relating to the Assessment Area" and, particularly, Table 7 thereunder. On August 3, 2004, the Board also adopted a resolution (the "Bond Resolution") authorizing the issuance, sale and delivery of the Bonds.

The Bonds are authorized pursuant to the Act and will be issued pursuant to the Bond Resolution and the Indenture of Trust and Security Agreement, dated as of September 1, 2004 (the "Indenture"), from the District to the Trustee. See Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." The Bonds will be issued to provide funds (i) to pay a portion of the costs of the Public Infrastructure and costs of issuance relating to the Bonds and (ii) to fund a reserve fund for the payment of debt service on the Bonds. (See "SOURCES AND APPLICATION OF FUNDS.")

General Description

The Bonds will be dated the date of their initial delivery and will mature and bear interest as set forth on the cover page of this Offering Memorandum.

Interest on the Bonds will be paid semiannually on January 1 and July 1 of each year, commencing January 1, 2005 (each such date being referred to herein as an "Interest Payment Date"). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the date of their initial delivery, calculated on the basis of a 360-day year of twelve 30-day months.

Beneficial ownership interests may be purchased through the facilities of The Depository Trust Company, New York, New York ("DTC"), in the book-entry-only form described herein in amounts of $25,000 of principal amount and integral multiples of $1,000 in excess thereof. See Appendix G - "BOOK-ENTRY ONLY SYSTEM." After elimination of the restrictions described under the heading "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS," beneficial ownership interests may be purchased in amounts of $1,000 of principal amount and integral multiples thereof.

Redemption Provisions

Special Redemption. The Bonds will be redeemed from funds of the District at the option of the District in whole or, from time to time, in part on any Interest Payment Date, as randomly determined by the Trustee within the applicable maturity, upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Public Infrastructure, but in no event later than September 1, 2007, amounts are transferred from the Acquisition and Construction Fund for such purpose and (ii) from the proceeds received from any foreclosure sale of any assessed parcel, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

Special Optional Redemption. The Bonds will be redeemable from funds of the District at the option of the District in whole on any date or, from time to time, in part on any Interest Payment Date, as randomly determined by the Trustee within the applicable maturity, upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium from, and only from, funds of the District, which are prepaid with respect to the Special Assessments and are deposited for such purpose plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of prepayment and which are available for such purpose and from a transfer of Reserve Fund moneys if such moneys are sufficient to redeem all the Bonds.

The Special Assessments could be prepaid for purposes of the foregoing paragraph under a number of circumstances including, but not limited to, the following: Owners of affected property in the Assessment Area could choose to prepay the corresponding Special Assessment at any time. Also, the availability of certain mortgage loans, including particularly certain Federal Home Administration ("FHA") insured and Veterans Administration ("VA") guaranteed mortgage loans are subject to a requirement that prior monetary liens and assessments (including the Special Assessments) be paid in full prior to funding the related mortgage loan. Such requirement could result in prepayment of the related Special Assessments prior to such a loan being put in place to finance a home in the Assessment Area. Although letters from FHA and VA have been obtained indicating that the lien of the FHA insured or VA guaranteed mortgage loans may be subordinate to the special assessment within the District, there can be no assurance that either agency will apply such exemption in the future. ***Also, it is the current intent of the Owner to pay down each of the applicable Special Assessments to $3,700 per residential lot prior to acquisition by individual homeowners.*** Also, the Owner may otherwise decide to pay down the Special Assessments in larger amounts from time to time.

Optional Redemption. The Bonds will also be redeemable, on or after July 1, 2014, at the option of the District prior to the applicable maturity in whole on any date or, from time to time, in part on any Interest Payment Date as randomly determined by the Trustee within the applicable maturity upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium.

Mandatory (Sinking Fund) Redemption. The Bonds maturing on July 15, 2029, will be redeemed from funds of the District prior to the applicable maturity on the following redemption dates and in the following (sinking fund) amounts upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applica-

ble redemption price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date:

Redemption Date (July 1)	Principal Amount
2007	$ 50,000
2008	50,000
2009	50,000
2010	50,000
2011	50,000
2012	50,000
2013	50,000
2014	75,000
2015	75,000
2016	75,000
2017	75,000
2018	75,000
2019	75,000
2020	100,000
2021	100,000
2022	100,000
2023	100,000
2024	125,000
2025	125,000
2026	125,000
2027	150,000
2028	150,000

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

Notice of Redemption. Notice of redemption in advance of maturity will be given by the Trustee, not less than thirty (30) days nor more than sixty (60) days before the date fixed for redemption, to DTC. See Appendix G - "BOOK-ENTRY ONLY SYSTEM."

Effect of Redemption. If on the date of redemption of Bonds sufficient moneys for payment of the redemption price and accrued interest are held under the Indenture, interest on the portion of the Bonds to be redeemed will cease to accrue and such portion of the Bonds will cease to be entitled to any benefit or security under the Indenture except the right to receive payment from the moneys held for such portion of the Bonds under the Indenture.

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) an entity described in and 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) 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 of "A" or better from a Rating Agency, (ii) a Board Resolution being adopted that indicates that the Board has received an appraisal prepared by an MAI certified appraiser, in a form acceptable to the Board, indicating that the ratio of the land value of each of the then assessed parcels of real property to the outstanding principal amount of the Bonds and any other assessment bonds allocated to each assessed parcel is at least six (6) to one (1), or (iii) the Bonds being defeased pursuant to the terms of the hereinafter described Indenture, beneficial interests in the Bonds will be transferable only to Qualified Investors and under the terms and conditions described hereinabove. 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 OF THE BONDS

Introduction

Pursuant to the Act, the Board has levied the Special Assessments of the costs of the Public Infrastructure on the parcels of land comprising the Assessment Area based on the benefit determined by the Board to be received by such land. The Bonds will be payable solely from amounts collected from the Special Assessments and from amounts available from time to time in the hereinafter described Reserve Fund established for the Bonds. The Special Assessments are a first lien on the property assessed subject only to general property taxes and prior special assessments. **(THERE ARE SUCH TAXES IN THE CASE OF THE BONDS; HOWEVER, THERE ARE NO PRIOR SPECIAL ASSESSMENTS.**

SEE "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT.") ***Neither the current owners nor any subsequent owners of any assessed property will be obligated to pay the Special Assessments or the Bonds and the assets of the current owners or any subsequent owners, other than the land assessed, do not secure such payment. The assessments and the Bonds will be secured only by the land assessed. (The Special Assessments are not cross defaulted.)***

In the event of nonpayment of an assessment the procedures for collection of delinquent assessments and sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended (the "Foreclosure Process"), apply, as nearly as practicable, **except that neither the District nor the Town is required to purchase the delinquent land at the sale even if there is no other purchaser. SEE, ALSO "RISK FACTORS - Non-Payment of Assessments."** The District may adopt procedures for prepayment and provisions for payment and reallocation of assessments.

The Bonds

Pursuant to the Act, the Bonds will be payable solely from and secured by a special, separate fund established under the Bond Resolution and maintained by the District (the "Bond Fund") which fund will contain the payments from installments of the Special Assessments and amounts held in the Reserve Fund. The rights and obligations of the District relating to collection and payment of the Special Assessments and enforcement of remedies against delinquent Special Assessments (including the hereinafter described Foreclosure Process) may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE TOWN, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL ASSESSMENTS AND AMOUNTS HELD IN THE HEREINAFTER DESCRIBED RESERVE FUND.

Any parcel upon which a Special Assessment has been levied and assessed will be offered for sale pursuant to the Foreclosure Process for nonpayment of the Special Assessment on such parcel and, if sold, the proceeds thereof will be deposited in the Bond Fund or replenish the Reserve Fund. Each of the Special Assessments constitute, in each case, a first lien on such parcel against which such Special Assessment is assessed and levied within the Assessment Area subject only to general property taxes and prior special assessments, if any. **(THERE ARE SUCH TAXES IN THE CASE OF THE BONDS. SEE "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT.")**

Reserve Fund

As indicated in "SOURCES AND APPLICATIONS OF FUNDS," $93,187 of the proceeds of the sale of the Bonds will be deposited in the Reserve Fund. Such amount represents one-half of the estimated maximum annual debt service due on the Bonds. All income from investments of the Reserve Fund will be transferred to the "Interest Account" of the Bond Fund and used to pay semiannual interest on the Bonds.

If at any time it appears that the collection of installments of the Special Assessments will not raise money sufficient to pay the then forthcoming principal or interest payment on the Bonds, any or all investments in the Reserve Fund may be liquidated and such amounts transferred to the "Principal or Interest Accounts" of the Bond Fund as is necessary to make timely payments of principal or interest or both on the Bonds. The Reserve Fund will be reimbursed from either: (i) the proceeds from the sale of delinquent Special Assessments pursuant to the Foreclosure Process or (ii) from all future installments on the Special Assessments provided, however, that no payments shall be made to the Reserve Fund which will prejudice the punctual payment of principal and interest on the Bonds.

Whenever the amount in the Reserve Fund equals or exceeds the aggregate of all outstanding principal of, interest accrued or to accrue on the Bonds, the amount in the Reserve Fund may be transferred to the Bond Fund to pay principal, interest and premium, if any, on the Bonds when due either at maturity or prior redemption.

Foreclosure Process

A representative of the District is required, within 20 days from the date any installment is due on the Special Assessments, to begin publication of the list of the Special Assessments on which any installment is delinquent. Such representative also is required to append to and publish with the list a notice that unless each delinquent installment, together with the penalty and costs thereon, is paid, the whole amount of the Special Assessment will be declared due by him, and the property upon which the Special Assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The notice of the delinquent Special Assessments is required to be published and circulated in the District for a period of 10 days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated. Before the date fixed for the sale or the date to which the sale has been postponed, the Superintendent is required to obtain a record search that shows the names and addresses of all lien claimants on, and other persons with an interest in, all lots or parcels on which an installment of the Assessment is delinquent. At least ten days before the sale date or the date to which the sale has been postponed, the Superintendent is required to mail notice of the sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the Superintendent has mailed such notice. The time of sale shall not be

less than five days after the last publication, and the place of sale shall be in or in front of the office of such representative, or in front of the usual place of meeting of the Board. The sale may be postponed.

To comply with certain notice requirements, it may be necessary to postpone or continue such sales from time to time until such requirements are satisfied.

On the day fixed for the sale, the representative of the District shall, at 10 o'clock a.m., or at a time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately. The sale shall be for the entire Special Assessment including the delinquent installments, and the person who will take the least quantity of land and then and there pay the amount of the Special Assessment, penalty and costs due, including 50 cents to the representative of the District for a certificate of sale, shall become the purchaser.

None of the District, the Town or the Owner are required to purchase delinquent land at any sale whether there is any other purchaser.

The following constitutes a summary of the "Foreclosure Process," being portions of certain sections of the General Public Improvements and Improvement Bonds Law, Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended, deemed applicable to the Bonds pursuant to the Resolution. The summaries do not purport to be complete and reference is hereby made to the full text of each section and the Bond Resolution.

Section 48-601. List of delinquent installments; publication of notice; sale of delinquent property

The representative of the District shall, within 20 days from the date of the delinquency, begin the publication of the list of the assessments on which any installment is delinquent. The Superintendent shall append to and publish with the list, a notice that unless each delinquent installment, together with the penalty and cost thereon, is paid, the whole amount of the assessment will be declared due by him, and the property upon which the assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The publication shall be published and circulated in the District for a period of 10 days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated.

Before the date fixed for the sale or before the date to which the sale has been postponed, the Superintendent

shall obtain a record search that shows the names and addresses or record of all lien claimants on, and other persons with an interest in, all lots or parcels on which an installment of the assessment is delinquent.

At least 10 days before the sale date or the date to which the sale has been postponed, the Superintendent shall serve by first-class mail a notice of the date and place of the sale or postponed sale to the owner and to each of the lien claimants and other interested persons. A final site may not be held unless the Superintendent has provided notice by mail to all lien claimants discovered in the search of records.

The time of sale shall not be less than five days after the last publication, and the place of the sale shall be in or in front of the office of the representative of the District, or in front of the usual place of meeting of the Board of the District. The sale may be postponed.

Section 48-602. Payment after delinquency and before sale

At any time prior to the sale of any lot assessed, any person may pay the delinquent installment on the lot together with the penalty and costs then due, including the cost of advertising, whereupon the Superintendent shall note on his records the date of payment, the name of the person by or for whom it is paid and the amount paid.

Section 48-603. Sale procedure

On the day fixed for the sale, the representative of the District shall, at 10 o'clock a.m., or at any time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately. The sale shall be for the entire assessment including the delinquent installments, and the person who will take the least quantity of land and then and there pay the amount of the assessment, penalty and costs due, including 50 cents to the Superintendent for a certificate of sale, shall become the purchaser.

The representative of the District shall note on his records the date of the payment and mark the installment of principal or interest paid. In the event the owner does not pay the balance due on the installment or principal or interest, and the property is sold for the full amount of the assessment, the representative of the District shall

refund to the owner all money received by him from the owner by way of partial payments.

Section 48-604. Certificate of sale; lien

After making the sale, the representative of the District shall execute, in duplicate, a certificate of sale stating the description of the property sold, the name of the owner thereof as given on the record of the assessment, that the property was sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which the property was sold, the date of sale, the name of the purchaser, and the time when the purchaser will be entitled to a deed. The representative of the District shall file one copy of the certificate in his office, and deliver the other to the purchaser.

On filing the copy of the certificate in the office of the representative of the District the lien of the assessment shall vest in the purchaser, and is only divested by a redemption of the property, as provided in the Act.

The representative of the District shall also enter on the record of the assessment, opposite the description of each lot offered for sale, a description of the part thereof sold, the amount for which it was sold, the date of sale, and the name of the purchaser.

Section 48-605. Redemption

Redemption may be made by any party having an interest in the lot at any time before the execution and delivery of a deed therefor by paying to the representative of the District the amount for which the property was sold and 5% thereon if paid within three months from the date of sale, 10% if paid within six months, 12% if paid within nine months, 15% if paid within 12 months, or 20% if paid after 12 months. When redemption is made, the representative of the District shall note that fact on the duplicate certificate of sale in his office and deposit the amount paid with the District Treasurer, who shall credit the purchaser named in the certificate of sale with the amount, and pay the amount to such purchaser or his assignee, upon the surrender of the certificate of sale.

Section 48-606. Deed to purchaser; notice to owner; redemption after notice; effect of deed

After the expiration of 12 months from the date of sale, the representative of the District shall execute to the purchaser, or his assignee, on his application, if he has fully complied with Section 48-606 of the Act, a deed to the property sold in which shall be recited substan-

tially the matters contained in the certificate, any assignment thereof, and that no person has redeemed the property. The Superintendent shall receive from the applicant for a deed, $1.00 for making the deed.

The purchaser shall, at least 30 days before he applies for a deed, serve by first-class mail to the owner, all lien claimants of records, all persons of record with an interest in the property and, if occupied, the occupant of the property, a written notice that the property, giving the description, has been sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which it was sold, the amount necessary to redeem at the time of giving notice, the time when the purchaser or assignee will apply to the Superintendent for a deed and that, on issuance of the deed, all interest in the property, whether of record before or after the assessment lien, will be extinguished, except for the lien for general property taxes and prior special assessments. If the owner cannot be found after due diligence, the notice shall be posted in a conspicuous place upon the property at least 30 days before the time stated therein of the application for a deed.

The applicant shall file with the Superintendent an affidavit showing that notice of the application has been given, and if the notice was not served on the owner personally, that due diligence was used to find the owner. If redemption of the property is made after the affidavit is filed, and more than 11 months from the date of sale, the person making redemption shall pay, in addition, for payment to the purchaser, $3.00 for the service of notice and the making of the affidavit.

The deed of the representative of the District shall be prime facie evidence of the truth of all matters recited therein, and of the regularity of all proceedings prior to the execution thereof, and of title in the grantee. The deed of the Superintendent shall convey to the purchaser fee title to the lands described therein, free and clear of all interests, liens, claims and encumbrances whether of record before or after the assessment lien, except for the lien for general property taxes and prior special assessments.

Section 48-607. Disposition of sale proceeds

The representative of the District shall promptly pay to the District Treasurer all moneys collected by him from sales. The District Treasurer, on receipt thereof, shall place the moneys in the special fund hereby created for the payments of the bonds issued for the improvement.

Special Assessment Amounts and Land Values

Special Assessment Amounts. The maximum amounts of the Special Assessments have been established by a methodology established by the District Assessment Engineer and levied by the Board, based on the benefit to be received by the respective parcels. The Owner has agreed to the amounts of the Special Assessments. The Special Assessments have been levied on the Assessment Area and against the parcels indicated in Table 7, as further described herein under the section "LAND DEVELOPMENT."

Appraisal Values. An appraisal of the land in the Assessment Area, dated June 21, 2004 (the "Appraisal"), was performed by Burke Hansen, LLC, Phoenix, Arizona (the "Appraiser"), at the request of the District for the purpose of determining the value of the Assessment Area as security for the Special Assessments. The discussion of the Appraisal contained herein is expanded and supplemented by the Appraisal which is attached to this Offering Memorandum as Appendix D hereto. **THE APPRAISAL SHOULD BE READ IN ITS ENTIRETY TOGETHER WITH THIS OFFERING MEMORANDUM.**

The Appraisal provides the "wholesale bulk value" of each of the four parcels that comprise the Assessment Area. The Appraisal indicates that, subject to the terms and conditions thereof, the sum of such "wholesale bulk values" as of June 21, 2004, was $14,105,000. (Please review carefully the explanation of "wholesale bulk value" provided in the Appraisal.) Based on the Special Assessment lien of $2,050,000, the Assessment Area had an overall value to assessment ratio of 6.88 to 1 as of such date. The value to assessment ratio of each individual parcel varies from the ratio described in the previous sentence. The ratio and the value are computed on a parcel by parcel basis in Table 7, and the value is provided in the Appraisal.

The Appraisal assumes, among other things, the existence of certain completed infrastructure improvements for the Assessment Area as described in the Appraisal. The status of uncompleted improvements and the plan for financing and completing such uncompleted improvements are discussed in more detail hereinafter. Details of the Special Assessment liens for each of the parcels, the appraised wholesale bulk value and value-to-assessment ratio are set forth in Table 7. **SEE, "RISK FACTORS" PARTICULARLY "- Failure or Inability to Complete Proposed Development" AND "- Completion of the Public Infrastructure and the Other Infrastructure."**

There can be no assurance that the values described in the Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the value determined in the Appraisal is related in any way to future value or the value as of the date of any default under the Bonds. SEE "RISK FACTORS PARTICULARLY "- Appraised Values."

Full Cash Values. **The estimated "full cash value" for tax year 2004-2005 as determined by the County Assessor of Maricopa**

County, Arizona (the "Assessor"), for the property within the Assessment Area is $775,000, much less than the values shown in the Appraisal. (Estimated "full cash value" is the total market value as determined by the Assessor.)

OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT

Introduction

The District has no control over the amount of additional indebtedness payable from taxes or assessments on all or a portion of the property within the District or the Assessment Area which may be issued in the future by other governmental entities or political subdivisions, including but not limited to the Town, Maricopa County, Arizona, school districts, certain special districts or other governmental entities or political subdivisions having jurisdiction over all or a portion of the land within the District or the Assessment Area. To the extent such indebtedness is payable from general property taxes, such taxes will have a lien on the property within the District paramount and superior to the lien of the Special Assessments. See "Overlapping, Superior, General Obligation, Bonded Indebtedness of the District" and "Other Additional, Overlapping, Superior, General Obligation Indebtedness." Under current law, any special assessment lien securing indebtedness issued after the Bonds by any such entity would be subordinate and subject to the lien of the Special Assessments. See "Other Debt of the District." Currently, there are no prior special assessment liens in the Assessment Area. **SEE, ALSO, "RISK FACTORS - Direct and Overlapping Indebtedness" FOR A DISCUSSION ABOUT THE IMPACT OF SUCH LIENS, EVEN IF SUCH LIENS ARE SUBORDINATE LIENS.**

Existing, Overlapping, Superior, General Obligation, Bonded Indebtedness

Overlapping, general obligation, bonded indebtedness with respect to land in the Assessment Area, the lien for which is paramount and superior to that of the Bonds is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net assessed valuation and combined tax rate per $100 assessed valuation. The applicable percentage of each jurisdiction's assessed valuation which lies within the Assessment Area was derived from information obtained from the County Assessor of the County. As described hereinbelow under the heading "Overlapping, Superior, General Obligation, Bonded Indebtedness of the District," the District is selling $5,000,000 principal amount of general obligation bonds simultaneously with the Bonds pursuant to a separate offering document, which will be payable from a secondary *ad valorem* property tax levy on all taxable property in the District, including on parcels in the Assessment Area (the "Series 2004 General Obligation Bonds"). The anticipated tax levy in the District for such general obligation bonds is $3.00 per $100 of secondary assessed valuation. The District has authorized the issuance of up to $50,000,000 of

general obligation bonds. See "Overlapping, Superior, General Obligation Bonded Indebtedness."

TABLE 1

OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS

Direct and Overlapping Jurisdiction	2004-2005 Secondary Assessed Valuation	Net Outstanding Bonded Debt(a)	Proportion Applicable to the District(b) Approx. Percent	Proportion Applicable to the District(b) Net Amount	2004-2005 Combined Tax Rate Per $100 Assessed (c)
State of Arizona	$44,480,893,202	None	N/A	None	$0.0000
Maricopa County(e)	30,066,986,670	$ 0	0.033%	$ 0	2.0577(d)
Maricopa County Community College District(f)	30,066,986,670	234,440,000	0.033%	76,789	1.0372
Buckeye Elementary School District No. 33	79,644,490	1,890,000	12.365%	233,703	5.1307
Liberty Elementary School District No. 25	113,060,291	1,930,000	8.711%	168,115	4.0775
Buckeye Union High School District No. 201	354,535,122	18,545,000	2.778%	515,180	3.5305
Town of Buckeye(g)	81,842,158	1,145,000	12.033%	137,780	1.5500
The District	9,848,239	5,000,000	100.000%	5,000,000	3.3000
Total Net Direct and Overlapping General Obligation Bonded Debt				$6,131,567	

(a) This table does not include the Salt River Project Agricultural Improvement and Power District general obligation bonded debt. Such debt has been refunded in advance of maturity and is secured for payment by government securities held in irrevocable trust.

This table also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the U.S. Department of the Interior to deliver Colorado River water to central Arizona down to Tucson. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. CAWCD was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to Arizona's portion of the costs reimbursable to the federal government. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to

fourteen cents per $100 of secondary assessed valuation, of which thirteen cents is being currently levied. (See Arizona Revised Statutes, Section 48-3715 *et. seq.*) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State of Arizona and Federal 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.

This table also does not include the obligation of the Maricopa County Flood Control District to contribute $80 million to CAP. The Flood Control District's sole source of revenue to pay the contribution will be raised from ad valorem taxes.

(b) Proportion applicable to the District is computed on the ratio of secondary assessed valuation for 2003-2004. Because the Assessment Area only encompasses the area shown on the map on page (v) which is a smaller area than the area of the District, these amounts are greater than what actually overlaps the Assessment Area.

(c) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which is based on the primary assessed valuation of the jurisdiction.

(d) The County's tax rate includes the $0.1200 tax rate of the Central Arizona Water Conservation District, the $0.2119 tax rate of the Maricopa County Flood Control District, the $0.4560 tax rate of the Education Equalization District, the $0.0069 tax rate for the contribution to the Maricopa County Fire District and a $1.2629 tax rate of the County (which includes the County Free Library tax rate). It should be noted that the County Flood Control District does not levy taxes on personal property.

(e) Does not include Maricopa County, Arizona Certificates of Participation outstanding in the aggregate principal amount of $5,500,000 or lease revenue bonds issued by the Maricopa County Public Finance Corporation in the aggregate principal amount of $101,045,000.

(f) Does not include Maricopa County Community College District revenue bonds outstanding in the amount of $18,495,000.

(g) Does not include obligations of the Town outstanding in the following aggregate principal amounts:

Street and Highway User Revenue Bonds	$ 90,000
Excise Tax Revenue Obligations	2,460,000

Source: Individual jurisdictions and miscellaneous other sources.

Overlapping, Superior, General Obligation, Bonded Indebtedness of the District

Pursuant to an election held on August 7, 2001, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $50,000,000 in order to finance, among other things, the costs of public infrastructure within the District, including incidental costs and the costs of issuing bonds. Additional indebtedness for the District could be authorized by elections in the future.

The District has authority to issue, in accordance with the procedures set forth in the Act, such bonds payable from *ad valorem* property taxes to be levied on property within the District. As noted above, the District is selling $5,000,000 of principal amount of such bonds simultaneously with the Bonds pursuant to a separate offering document in the form of the Series 2004 General Obligation Bonds. Such bonds will be paid from a secondary *ad valorem* property tax levy which is unlimited as to rate or amount but which is expected initially to be $3.00 per $100 of secondary assessed valuation. In addition, it is anticipated that the District will levy an additional secondary *ad valorem* property tax rate of $.30 per $100 of secondary assessed valuation for administrative, operational and maintenance costs of the District. The lien for such taxes would be superior and paramount to that for the Special Assessments with respect to the Bonds. **SEE "RISK FACTORS - Direct and Overlapping Indebtedness."**

Other Additional, Overlapping, Superior, General Obligation, Bonded Indebtedness

As noted hereinabove, the District has no control over the amount of additional debt 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, the County, school districts, or other entities having jurisdiction over all or a portion of the land within the District. To the extent such obligations are payable from general property taxes, such taxes will have a lien on the taxable property within the District superior and paramount to that for the Special Assessments with respect to the Bonds. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. **SEE "RISK FACTORS - Direct and Overlapping Indebtedness."**

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonded debt available for future issuance:

TABLE 2
AUTHORIZED BUT UNISSUED
GENERAL OBLIGATION BONDS

Buckeye Union High School District No. 33	$18,950,000

Source: Individual jurisdictions.

Maricopa County Community College District has scheduled a bond election for November 2004, requesting the authorization of an additional $951,359,000 principal amount of bonds.

Other Debt of the District

The District's Assessment District No. 1 Special Assessment Revenue Bonds, Series 2002 (the "Series 2002 Bonds") in aggregate principal amount of $11,300,000 and Assessment District No. 2 Special Assessment Revenue Bonds, Series 2003 (the "Series 2003 Bonds") in aggregate principal amount of $7,175,000 were issued on September 25, 2002, and April 29, 2003, respectively, to finance portions of the public infrastructure for development of land in the District. The area assessed for repayment of the Series 2002 Bonds (the "Series 2002 Assessment Area") and the Series 2003 Bonds (the "Series 2003 Assessment Area") does not overlap the Assessment Area, and the Bond Fund will not secure repayment of the Series 2002 Bonds or the Series 2003 Bonds in any respect. 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 included in other phases of Sundance, each of which would constitute a first lien on the parcel so levied and assessed, subordinate and subject only to general property taxes and prior special assessments, including, if they overlap the Assessment Area, the assessment for the Bonds, or, if they overlap the Series 2002 Assessment Area or the Series 2003 Assessment Area, the assessment for the Series 2002 Bonds or the Series 2003 Bonds, respectively. The overlapping lien of such special assessments, if issued, would be subordinate to the special assessment lien securing the Bonds, the Series 2002 Bonds or the Series 2003 Bonds, respectively. Any such parcel would be offered for sale for nonpayment of such special assessments on such parcel and, if sold, the applicable proceeds thereof applied for payment of assessment bonds. There can be no assurance that additional amounts of such bonds payable from special assessments will not be issued in the future, increasing the amount of liens on property in the District for such purposes. **SEE "RISK FACTORS - Direct and Overlapping Indebtedness."**

SOURCES AND APPLICATIONS OF FUNDS

The sources and application of funds with respect to the Bonds is as follows:

TABLE 3

SOURCES AND APPLICATION OF FUNDS

SOURCES OF FUNDS	
Par Amount of Bonds	$2,050,000
TOTAL SOURCES	$2,050,000
APPLICATIONS OF FUNDS	
Deposit to Debt Service Reserve Fund	$ 93,187
Costs of Issuance (including Underwriter's Discount)	212,327
Deposit to Project Acquisition and Construction Fund	1,744,486
TOTAL USES	$2,050,000

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from hereinafter described BLMI on behalf of the Owner, and neither the District nor the Underwriter assumes any

responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

The Public Infrastructure, composed of certain infrastructure serving the Assessment Area, is described in the following table and shown on the map at page (v), is completed or expected to be completed in accordance with the time schedule set forth in the table below **and is assumed to be in existence for purposes of the Appraisal. SEE "RISK FACTORS."**

TABLE 4

PUBLIC INFRASTRUCTURE

Description	Estimated Cost (a)	Estimated Completion Date (b)
Sewer improvements in Durango Road from Watson Road to Rainbow Road including 5,247 linear feet ("lf") of 12 inch sewer line, 930 lf of 8 inch sewer line, 2-12 inch plugs, 2-8 inch plugs, 15-5 inch manholes, 6-4 inch manholes, 14-4 inch sewer services and related trenching.	$333,798	Completed
Water improvements on Watson from Yuma to Durango including 2,011 lf of 8 inch pipe, 791 lf of 16 inch pipe, 6 inch valves, a pressure reducing valve, 3 fire hydrants and a domestic water system interconnect.	$496,555	Completed
Proportionate share of installing paving for full collector street improvements for South Sundance Parkway from Yuma to Rainbow, approximately 4,500 lf 76 feet wide with a 12 foot striped median and on Durango between Watson and Rainbow, approximately 5,200 lf 76 feet wide.	$914,133	January 2005
TOTAL	$1,744,486	

(a) Costs for uncompleted Public Infrastructure are estimated and, once contracted for, subject to change orders and unforeseen events.

(b) Completion dates for uncompleted public infrastructure are also estimated and, once contracted for, subject to change orders and unforeseen events and other potential delays.

The Public Infrastructure has been or will be publicly bid in compliance with the process required by State law and the District. The Public Infrastructure either will be: (i) constructed and completed by BLMI and then acquired by the District and transferred to the Town upon completion or (ii) constructed and completed by the District and transferred to the Town upon completion. Proceeds of the sale of the Bonds will be used by the District to acquire and/or fund the construction of the Public Infrastructure.

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from BLMI on behalf of 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.

Introduction

The land within the boundaries of the District was annexed into the Town in 1992. A specific plan for Sundance was adopted by the Town in 1995. The District is the subject of a Community Master Plan ("CMP") adopted by the Town in October 2000. In addition, Sundance is the subject of a development agreement, approved by the Town on October 17, 2000 (the "Land Development Agreement"), which addresses the rights of the District Property Owners 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 three recorded amendments.) 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 certain of the District Property Owners 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, water and sanitation services are provided in the District by the Town. Pursuant to the Land Development Agreement, the District Property Owners are 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 5
DEVELOPMENT BY ACREAGE

Type of Development	Approximate acres within the District
Residential	1367*
Multifamily	39
Commercial	228
Sewer (WWTP)	5
Water (Wells/Tank)	6
Schools	17
Community Center	10
Golf Course	187
Miscellaneous	1
TOTAL	1,860

* Will include approximately 4,800 single family homes upon ultimate development of all acreage and complete build out of all single family homes which is to occur no earlier than 2006. Approximately 1,144 of such homes have been sold to individual, third party homeowners. See Table 6 for projections of sales of certain of the remaining homes.

Development of the property within the District and construction of homes and other infrastructure is subject to obtaining various development and construction approvals and permits. As a condition to the sale of homes in the District, each District Property Owner (or its successor) will be required to obtain building, grading and any additional permits required for the construction and completion of all such homes and other infrastructure.

Specific Matters Relating to the District

Infrastructure Development. Other than the Public Infrastructure, certain infrastructure (collectively, the "Other Infrastructure") has been or is being constructed for the development of Sundance and the construction of homes. Certain portions of the Other Infrastructure which is public in nature has been or will be financed with proceeds of the sale of the Series 2002 Assessment Bonds, the Series 2003 Assessment Bonds or the Series 2004 General Obligation Bonds. The Other Infrastructure which is public in nature but not financed by the above referenced bonds or which is private in nature such as dry utilities, the wastewater treatment plant and on-site improvements has been or will be financed by or on behalf of the Residential District Property Owners. As of June 30, 2004, the Residential District Property Owners spent in excess of $46,300,000 (some of which has been reimbursed from proceeds of the sale of Series 2002 Assessment Bonds and the Series 2003 Assessment Bonds) for the Other Infrastructure. Such amount does not include amounts spent by

certain of the Residential District Property Owners for on-site improvements.

To facilitate the development of Sundance, the Residential District Property Owners entered into a Joint Development Agreement, dated February 16, 2001, as amended (the "JDA"). Pursuant to the JDA, Buckeye Land Management, Inc. ("BLMI") was appointed as the contract administrator to manage the construction of the infrastructure necessary to develop Sundance, including the Public Infrastructure and a portion of the Other Infrastructure. (BLMI is an entity formed for the specific purpose of acting as the contract administrator under the JDA and has minimal assets.) BLMI assigned its right to compensation under the JDA to Meritage Homes in exchange for Meritage Homes' agreement to allow BLMI to use its employees and certain of its resources to assist BLMI in satisfying its responsibilities as Contract Administrator under the JDA. Under the JDA, BLMI (on behalf of the Residential District Property Owners) has retained engineers, consultants, professionals and contractors to assist in the development of Sundance. Certain costs of development of Sundance are incurred by BLMI and paid by the Residential District Property Owners as provided in the cost-sharing provisions of the JDA. The JDA is subject to amendment by the parties thereto.

The Residential District Property Owners allocate all of the expenses paid under the JDA by *pro rata* share. The *pro rata* share of each Residential District Property Owners is calculated as the portion of the residential real property within Sundance owned or controlled by option by the Residential District Property Owner (even if sold to a third-party homebuyer) divided by the total acreage of residential real property within Sundance.

The Residential District Property Owners are solely responsible for completing, but are not required to complete, the development of the real estate within the District (including certain offsite infrastructure for the benefit of the commercial properties provided that such commercial property owners must pay BLMI, for the benefit of the Residential District Property Owners, "buy-in fees" at the time and in the amount required under the JDA). None of the parent companies or other affiliates of the Residential District Property Owners are contractually obligated or committed to provide capital or other financing to the Residential District Property Owners to assist in the completion of development of property in the District.

Residential Development. The residential lots presently planned for property within the District range in size from approximately 4,500 to 43,560 square feet. A portion of the property is presently being developed as an age-restricted community. Final pricing presently is in the range of $90,000 to $170,000 (with some homes to be constructed to be sold for as much as $350,000), but may change depending on the costs to the Residential District Property

Owners to provide for costs of development of Sundance and depending on market conditions.

Table 6 reflects the actual number of home sales for 2003 and the projected number of home sales for 2004 and 2005 for each Residential District Property Owner marketing homes in the District, assuming the full exercise of all option rights of Meritage Homes held by Taro and StoneBridge. The remaining approximately 1,200 homes to be developed in the District are expected to be sold in 2006 and thereafter.

TABLE 6
HOME SALES

Residential District Property Owner	Calendar Year Ending	Estimated Single-Family Home Sales
Meritage Homes	2003	239
	2004	327
	2005	122
The Owner	2003	256
	2004	391(a)
	2005	300(a)
Pulte	2003	193
	2004	214
	2005	200
Canterra	2003	0
	2004	59
	2005	49
Sundance 1 & 2	2003	0
	2004	39
	2005	40
Hallcraft	2003	0
	2004	0
	2005	30
TOTAL		2,459

(a) Includes homes within the Assessment Area. See Table 7.

The District Property Owners may sell parcels (or portions thereof) to other subsequent owners. There can be no guarantee that the District Property Owners or any subsequent owners will have the financial capabilities to complete development discussed in this section of the Offering Memorandum on any land so acquired. There can also be no assurance that build-out will occur at the rates indicated hereinabove or if in fact any such sales will be consummated. Additionally, Buckeye Land is not a homebuilder or developer and intends to hold any residential property owned (and not subject to a prior option to Meritage Homes) for future sale. See "THE RESIDENTIAL DISTRICT PROPERTY OWNERS - Buckeye Land." Property owners within Sundance other than the Residential District Property Owners are owners of commercial property, and there can be no assurance given of the funding of development, if any on the commercial property. Moreover, as the ownership of the parcels is subject to change, the development plans may not be continued by the subsequent owner of such parcels; however development by any subsequent owner will be subject to the

policies and requirements of the Town. The projections above are also subject to the timely completion of the Other Infrastructure.

Community Amenity Development. In addition to the Public Infrastructure and the Other Infrastructure, a public golf course and golf course clubhouse have been constructed and are now open to the public; a private recreation center has been constructed and is now open for use by owners of homes in the age restricted community within Sundance and several other private community amenities are planned for construction within the District. Although such amenities are currently planned, none of the District Property Owners have provided assurances, financial or otherwise, that any of such amenities will be constructed or, if started as described elsewhere herein, completed within the District.

Commercial Development. Buckeye Land has formed a joint venture entity which intends to develop a portion of the commercial property within Sundance in the manner determined by the joint venture entity. The commercial property has not yet been conveyed to the joint venture entity. No assurance can be given that the commercial development will actually take place, nor can any assurance be given as to the time table of such commercial development.

Compaction Issues. In mid-2003, the sewer trench compaction within various sewer trenches within the off-site and on-site areas at Sundance were found to be insufficient. Pursuant to a settlement agreement with the Town, BLMI and the Residential District Property Owners agreed that (i) an additional layer of pavement will be added to certain finished roadways within the off-site areas of Sundance; and (ii) certain of the Residential District Property Owners would make a cash payment to the Town to enable the Town to make any necessary repairs, within existing subdivisions, resulting from the insufficient sewer trench compaction, with the Town to make any future repairs relating to the sewer trench compaction issues.

Availability of Water. The current water needs of Sundance (and a limited number of nearby property owners) are served by two wells, with a third well expected to be operational on or before November 22, 2004. Such wells are expected to produce water that meets all current water quality standards from the Environmental Protection Agency, the Arizona Department of Environmental Quality and the Maricopa County Environmental Services Department. If the third well is completed and operational at the time expected, then the water produced is expected to be sufficient to service the needs for water of 2,021 homes, most of which are in Sundance, and some of which are in an unrelated subdivision to the south of Sundance. BLMI expects to complete one additional well to serve 1,189 additional homes, beginning about June 2005.

The number of homes served described in the preceding paragraph is based on an assumption (required by the Town) that water usage would be 900 gallons per home, per day. Actual historical usage has been substantially less than expected with the average daily use

during peak months of approximately 395 gallons per home per day. Based on the actual historical usage, the first three wells would be sufficient to service the water needs of approximately 4,648 homes (with the fourth well providing the capacity to serve an additional 2,734 homes); provided however that no assurance can be given that past water usage will equal water usage in the future. If such wells are not sufficient for such needs, other sources of potable water would have to be developed to provide for continuing development or other uses of potable water would have to be curtailed to allow development to continue.

The Town is not designated as having an assured water supply pursuant to applicable Arizona law and does not presently serve potable water to the District. 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 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 the ADWR. An "analysis of assured water supply" approved by the ADWR has been obtained. Until such time as ADWR designates the Town as having an assured water supply, the District Property Owners must seek and obtain certificates of assured water supply in accordance with applicable Arizona law as a prerequisite for subdividing and developing property within the District. The Town has agreed to take all reasonable steps to assist the District Property Owners in connection with applications for certificates of assured water supply for portions of the District, including, but not limited to, executing "notices of intent to serve" required by the ADWR in connection with such applications 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 District 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 District Property Owners to plat, construct and sell homes within Sundance.

Wastewater Treatment Plant. Construction of the wastewater treatment plant which serves Sundance (the "WWTP") is to occur in phases. The first phase is complete with a capacity of 1,200,000 gallons per day and has the capacity to serve approximately 3,428 homes presuming an estimated usage of 350 gallons per day per home. Actual usage has been less than expected, and if the existing level of usage continues, then the WWTP capacity will be updated to show service to a greater number of units.

The Town executed a service agreement for the operation and maintenance of the WWTP by a private operator. Simultaneously with the execution of the Service Agreement, BLMI (on behalf of the Residential District Property Owners) executed a payment shortfall agree-

ment requiring BLMI (on behalf of the Residential District Property Owners), among other things, to pay the Town the difference between the amount paid by WWTP customers and the amount due such operator under the service agreement, anticipated to be as much as $600,000 per year during the first two years of its operation, assuming at least 800 home sales per year in the District. BLMI has been approached by developers of nearby property to expand the capacity of the WWTP to serve such property. BLMI has indicated a willingness to discuss expansion of the WWTP provided the District Property Owners bear no additional fees, costs or expenses (beyond what was originally contemplated) in connection with such expansion and provided such expansion does not cause any delays or have any other adverse effect on the Project or the District Property Owners. No agreement has been signed, and any terms of such an agreement are uncertain at this time.

Electric Utility Service. An electric substation has been constructed within the District to service the electrical needs of Sundance.

Educational Facilities. Areas of the District will be served by several school districts. Presently, no schools have been constructed in the District. The Residential District Property Owners contemplate dedicating property for up to three elementary schools and one high school. If the school districts' applications for funding are approved timely by the Arizona School Facilities Board, the state agency responsible for funding school construction, then the construction of the first two elementary schools are expected to be started in 2004 and 2005. Sites for the third elementary school and the high school site will only be dedicated if necessary to serve the residents of the District, and such schools will only be constructed if the funding for such construction can be obtained from the Arizona School Facilities Board.

Specific Matters Relating to the Assessment Area

Introduction. The Assessment Area is part of the District. The District consists of approximately 1,860 acres, approximately 138 net assessable acres of which are included in the Assessment Area. (Only the Assessment Area, and not the remaining area in the District, represents security for the Bonds.) (See maps at pages (iii), (iv) and (v) for the location of the District and the Assessment Area.)

Final zoning for all property within the Assessment Area has been obtained and is consistent with the Owner's current development plans for such lands. Only a portion of the land has been final platted; the remaining land being the subject of preliminary plats.

Residential Development of the Assessment Area. The Owner will be responsible for completing the on-site improvements to its platted lots indicated in Table 7. (The Appraisal assumes only the existence of certain of such on-site improvements as specifically described in the Appraisal.) See Table 7 and the information under the heading "THE OWNER." The actual number of lots will depend upon

market conditions and the final plat for each parcel within the District. The Owner may, at any time, change the manner in which it develops lots on parcels in the Assessment Area it owns and could in the future sell such parcels individually or in bulk, platted or unplatted, including on a "rolling option" basis.

The residential lots presently planned for property within the District range in size from approximately 4,500 to 43,580 square feet. Final pricing has not yet been determined, but prices for homes are presently expected to be in the range of $110,000 to $170,000 (with some homes to be constructed by Pulte to be sold for as much as $350,000). (Information on the homes to be sold by the Owner is included under the subheading "THE OWNER - Marketing Strategy and Pricing.") No home sales have taken place in the Assessment Area. Marketing of homes within the Assessment Area has commenced. A limited number of home sales are expected to occur in 2004. For a description of the marketing and sales plan for the Owner, see the information under the subheading "THE OWNER - Marketing Strategy and Pricing."

Commercial Development. None of the land within the Assessment Area is presently zoned for commercial development.

Specifics of Special Assessments. It is currently planned that, upon completion, the Assessment Area will include the following uses described in Table 7, affected by the corresponding Special Assessments:

TABLE 7

SPECIAL ASSESSMENT SPECIFICS

PARCEL(a)	NET ASSESSABLE ACREAGE	ESTIMATED SINGLE FAMILY HOME LOTS(b)	ASSESSMENT PER LOT(c)	TOTAL ASSESSMENT	ESTIMATED WHOLESALE, BULK VALUE PER LOT (d)	VALUE TO LIEN	STATUS OF PLATTING
31	60.37	310	$4,336.84	$1.344,421	$28,500	6.57x	Final
32	34.26	86	4,336.84	372,968	37,093	8.55	Preliminary(e)
33	20.71	52	4,336.84	225,516	24,615	5.68	Preliminary(e)
35	22.34	27	4,336.84	117,095	29,630	6.83	Preliminary(e)
TOTAL	137.68	475		$2,060,000(f)			

(a) Parcels in the Assessment Area are depicted on the map at page (v).
(b) Lots relate to single family, residential, unimproved lots.
(c) The Owner intends to pay down the "Assessments Per Lot"to $3,700 concurrently with the sale of homes built on such lots to buyers of such homes.
(d) Per lot figures are derived by dividing the "Estimated Single Family Homes Lots" by the "Estimated Wholesale, Bulk Value" as reported in the Appraisal. See Appendix D.
(e) Plats are subject to amendments prior to being finalized.
(f) Amount in excess of principal amount of the Bonds will be paid by the Owner at the time of the initial authentication and delivery of the Bonds to prepay in the Special Assessments for 15 lots in Section 31 in the amount in excess of $3,700.

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.

Background

The Owner is an wholly-owned subsidiary of D.R. Horton, a publicly traded company on the New York Stock Exchange. D.R. Horton was incorporated on July 1, 1991 to acquire all of the assets and businesses of 25 predecessor companies, which were residential home construction and development companies owned or controlled by Donald R. Horton. D.R. Horton constructs and sells single-family homes in metropolitan areas of the Mid-Atlantic, Midwest, Southeast, Southwest and West regions of the United States. Its homes are designed principally for first-time and move-up homebuyers. D.R. Horton's homes generally range in size from 1,000 to 5,000 square feet and range in price from $80,000 to $900,000. For the fiscal year ended September 30, 2002, D.R. Horton closed 35,934 homes with an average sales price approximating $231,900. ***D.R. Horton is the parent company of, and controls, the Owner but has no obligations in connection with the JDA or any other agreement or obligation except as otherwise referenced herein.***

D.R. Horton has operating divisions in 20 states and 47 markets as of September 30, 2003. The markets include: Albuquerque, Atlanta, Austin, Baltimore, Bend (Oregon) Birmingham, Charleston, Charlotte, Chicago, Colorado Springs, Columbia, Dallas, Denver, Fort Collins, Fort Myers/Naples, Fort Worth, Greensboro, Greenville, Hawaii, Hilton Head, Houston, Inland Empire (Southern California), Jacksonville, Killeen, Las Vegas, Los Angeles, Maryland-D.C., Miami/West Palm Beach, Minneapolis/St. Paul, Myrtle Beach, New Jersey, Oakland, Orange County, Orlando, Phoenix, Portland, Raleigh/Durham, Sacramento, Salt Lake City, San Antonio, San Diego, San Francisco, Seattle/Tacoma, Tampa, Tucson, Ventura County and Virginia-D.C. D.R. Horton Builds homes under the following names: D.R. Horton, Cambridge, Continental, Dietz Crane, Emerald, Melody, Milburn, Schuler, Stafford, Torrey, Trimark and Western Pacific.

D.R. Horton's financial reporting segments consist of homebuilding and financial services. Its homebuilding operations comprise the most substantial part of its business, with more than 98% of consolidated revenues in fiscal 2001, 2002 and 2003. The homebuilding operations segment generates the majority of its revenues from the sale of completed homes with a lesser amount from the sale of land and

lots. The financial services segment generates its revenues from originating and selling mortgages and collecting fees for title insurance and closing services.

D.R. Horton's consolidated revenues increased 29.5%, to $8,728.1 million in fiscal 2003 (ending September 30, 2003) from $6.738.8 million in 2002, primarily due to increases in both home sales and financial services revenues. Income before income taxes increased 55.7% to $1,008.2 million in 2003 from $647.5 million in 2002. Approximately $498.6 million of the increase in homebuilding revenues was attributable to revenues generated by Schuler Homes, Inc. prior to the February 21, 2003 anniversary date of the acquisition.

The following documents filed by D.R. Horton, Inc. ("D.R. Horton") with the Securities and Exchange Commission (the "SEC") are incorporated herein by reference:

(1) D.R. Horton's Annual Report on Form 10-K for the year ended September 30, 2003; and
(2) D.R. Horton's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

D.R. Horton files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-14122. Copies of the SEC filings (including (1) D.R. Horton's Annual Report on Form 10-K for the year ended September 30, 2003, and (2) D.R. Horton's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, are available (i) over the Internet at the SEC's web site at http://www.sec.gov; (ii) at the SEC's public reference room in Washington D.C.; and (iii) over the Internet at D.R. Horton's web site at http://www.drhorton.com. D.R. Horton is listed on the New York Stock Exchange under the symbol DHI.

Any documents filed by D.R. Horton pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Limited Offering Memorandum and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Limited Offering Memorandum and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Limited Offering Memorandum, shall be deemed to be modified or superseded for purposes of this Limited Offering Memorandum to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Limited Offering Memorandum.

Marketing Strategy and Pricing

The Owner presently expects to construct approximately 1,000 single family residential units within Sundance and 475 units within the Assessment Area. The homes likely will range in size from

approximately 1,065 square feet to approximately 2,645 square feet and will likely range in price from approximately $90,000 to approximately $140,000. The Owner likely will adjust its marketing strategy and pricing to address current market conditions.

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS LIMITED OFFERING MEMORANDUM, BEFORE MAKING AN INVESTMENT DECISION.

Concentration of Ownership; Subsequent Transfer

The Owner owns all of the land in the Assessment Area. There can be no assurance that the Owner has the financial capability to continue and complete development. See "LAND DEVELOPMENT." Also, there can be no assurance that the Owner will continue to pay amounts due with respect to the Special Assessments encumbering such land. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Foreclosure." In the event the Owner does not pay the Special Assessments, there could be a default in the payment of the Bonds.

In addition, the Owner may transfer ownership of parcels (or portions thereof) within the District and the Assessment Area to other persons or entities prior to completion of development therein who will then sell to, among others, ultimate homeowners. There can be no assurance that any subsequent owners will have the financial capabilities to complete development on any land so acquired or to pay amounts due with respect to the Special Assessments encumbering such land. Failure of the owners of undeveloped property to pay the Special Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resales of property upon a foreclosure or otherwise. In the event of a failure with respect to the latter, there could be a default in the payment of the Bonds.

Failure or Inability to Complete Proposed Development

The land in the District including in the Assessment Area is under development. Continuing development is contingent upon construction or acquisition of major public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage facilities, telephone and electrical facilities, recreational facilities and street lighting, as well as local on-site improvements, including site grading. If the Owner is

unable to complete these additional improvements, the ability of the Owner to sell land would be affected adversely.

The development of each phase of Sundance (including the phase in which the Assessment Area is included) will be staged so that a particular phase will not be developed all at once. The financing for development of Sundance as a whole will be provided by third party lenders, funds provided by the District Property Owners and other sources. The availability of funding for the completion of Sundance will depend upon the demand for residential lots or units within Sundance and local, regional and national market and economic conditions. No assurance is given that funding will be obtained for development of Sundance, or, if obtained, will be in an amount sufficient to complete development of Sundance. If satisfactory funding is unavailable, the District Property Owners may be required to delay or suspend completion of the development of the balance of Sundance.

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."

Proposed development within the District (including the foregoing) may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See "Availability of Utilities" and "Environmental Matters." Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the development of Sundance must come from the Town, over which the District has no control.) Moreover, there are similar, competing master planned communities in the vicinity of Sundance which could affect adversely the market share expected for Sundance, and there can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with Sundance. A slowdown of the development process and the related absorption rate within Sundance because of any or all of the foregoing could affect adversely land values. THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE OWNER AND ANY SUBSEQUENT OWNERS TO PAY THE SPECIAL ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE SPECIAL ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN THE ASSESSMENT AREA IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Bonds.

The land in the Assessment Area is partially developed and, if any or all of the foregoing occurs, the undeveloped portion could

continue as such. Vacant land provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of the Special Assessments. An inability to develop the remaining land within the Assessment Area will likely reduce the diversity of ownership on land within the Assessment Area.

Growing Smarter

During 1998, the Arizona Legislature promulgated the Growing Smarter Act of 1998 ("Growing Smarter") which created new planning requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Growing Smarter also created the "Growing Smarter Commission" which conducted hearings throughout the State on ways to enhance the law and to address certain other issues. During 2000, the Arizona Legislature adopted additional legislation known as "Growing Smarter Plus" which significantly expands Growing Smarter particularly the planning requirements passed in 1998. Fast-growing communities must now 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 now required. To pay for growth, communities are permitted to establish service area limits, beyond which new growth pays the full cost for services. Growing Smarter allowed citizens to refer general plans passed by local government to the ballot for voter approval. Growing Smarter Plus goes a step farther by requiring fast growing and large cities and Pima and Maricopa Counties to submit their general plans 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 and Growing Smarter Plus will affect development activity in the State and particularly the Town and the District in the future.

Enforcement of Joint Development Agreement; Factors Affecting Owners Relationships

The Residential District Property Owners have entered into the JDA, which, among other things, obligates each of the Residential District Property Owners to provide their pro-rata share of certain infrastructure and landscaping costs associated with the entire District, including the Assessment Area. These obligations are secured by performance deeds of trust recorded against each fee owner's interest in its respective properties (subject to releases of portions of the properties, as agreed on by the Residential District Property Owners). There are, however, no financial assurances that the Residential District Property Owners will be able to complete their obligations as directed under the JDA. If a Residential District Property Owner is unable to satisfy its obligations, the other Residential District Property Owners' recourse may be limited to a foreclosure on the defaulting party's property and/or drawings on any letter of credit or escrowed funds provided by the Residential District Property Owner pursuant to the JDA. The foreclosure and/or drawings on a letter of credit or escrowed funds may or may not result in sufficient

funds to complete the improvements as contemplated under the JDA and may be disruptive to the project as a whole. In the event of a default by a Residential District Property Owner the JDA does not require the other Residential District Property Owners to contribute any additional amounts to cover the deficiency from the defaulting Residential District Property Owner.

Management

The management of the Owner could change in the future. Purchasers of the Bonds should not rely on the management experience of the Owner. There are no assurances that the Owner will not sell the subject property or that officers will not resign or be replaced. In such circumstances, new owners or new officers in management positions may not have comparable experience in residential homebuilding.

Amendment of Documents Referenced

The reports, inspections and other documents described in this 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 Assessment Area is in the early phases of development and construction. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Because the existing contracts and agreements are subject to change, the summaries of any contracts or agreements contained hereinabove may not accurately reflect the future conditions relating to the development of the Assessment Area and the District; however, the Owner does not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.

Availability of Utilities

As described above, failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District, including the Assessment Area. See "Failure or Inability to Complete Proposed Development." Certain utilities are to be developed by the Town pursuant to certain development agreements. There can be no assurances that such utilities will be financed and developed.

An assured water supply designation is a necessary condition to the ability of the Owner to plat lots and construct and sell homes within Sundance. An analysis of assured water supply approved by ADWR has been obtained. The assured water supply designation can be terminated or modified by ADWR should circumstances warrant.

Also, as described above under the subheading "LAND DEVELOPMENT - Availability of Water," certain determinations remain to

be made about actual water usage which may affect the need for additional water sources for the Project.

Direct and Overlapping Indebtedness

The ability of an owner of land within the Assessment Area to pay the Special Assessments could be affected by the existence of other taxes and assessments imposed upon the property. The District and other public entities whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL, ADDITIONAL OVERLAPPING AND OTHER INDEBTEDNESS.") The lien created on the property within the District through the levy of ad valorem taxes would be superior and paramount to that for the special assessments securing the Bonds. The imposition of additional superior and paramount liens, or subordinate liens in the case of future special assessments, or for that matter for private financing, may reduce the ability or willingness of the landowners to pay the Special Assessment. In that event, there could be a default in the payment of the Bonds.

Appraised Value

The Appraisal was prepared for the purpose of estimating the "wholesale bulk value" of the fee simple interest in the Assessment Area. As described herein under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Special Assessments and Land Values -- Appraisal Values," the Appraisal utilizes a development cost approach to establish the value of the parcels within the Assessment Area. This approach is premised upon the purchase of each parcel composing the Assessment Area by a single buyer who would then develop the site and subsequently sell the individual parcels to unrelated parties. No assurance can be given that should any parcel become delinquent due to unpaid Special Assessments, and be foreclosed upon and sold for the amount of such delinquency, that any bid would be received or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Assessment or would approximate the appraised value. In addition, the Appraisal did not take into consideration the possibility of the existence of asbestos, PCB transformers, or other toxic, hazardous or contaminated substances and/or underground storage tanks (hazardous materials).

There can be no assurance that the values described in the Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the value determined in the Appraisal is related in any way to future value or the value as of the date of any default under the Bonds.

Non-Payment of Assessments

As discussed below, payments with respect to the Special Assessments could be insufficient to pay the Bonds due to nonpayment of the amounts levied.

In order to pay debt service on the Bonds, it is necessary that the Special Assessments levied against the Assessment Area within the District be paid in a timely manner. Should a Special Assessment not be paid on time, the District has established a Reserve Fund to pay debt service on the Bonds to the extent other funds are not available therefor.

Foreclosure proceedings will be instituted against any property with a delinquent Special Assessment in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Assessment to protect its security interest. See "SECURITY FOR THE BONDS - Foreclosure Process" for provisions which apply if foreclosure is required and which the District is required to follow in the event of delinquency in the payment of a Special Assessment.

If amounts are withdrawn from the Reserve Fund to make payments on the Bonds on account of a default in a Special Assessment on a portion of the Assessment Area, the amount received by the District from the sale of such portion of the Assessment Area, after the deduction of the expenses of sale, will be paid over and credited to the Reserve Fund.

Bankruptcy and Foreclosure Delays

The payment of the Special Assessments and the ability of the District to foreclose the lien of delinquent, unpaid Special Assessments may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Special Assessments to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) and relating to the Indenture will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Assessments to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings and could result in the possibility of a delinquent Special Assessment not being paid in

full. Such a delay would increase the likelihood of a delay or default in payment of the principal and interest on the Bonds.

Depletion of Reserve Fund

Failure of the owners of assessed property to pay the Special Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resales of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of, and interest on, the Bonds if sufficient amounts are not available in the Reserve Fund.

Completion of the Public Infrastructure and the Other Infrastructure

The construction of the Public Infrastructure and the Other Infrastructure which is necessary for development of the Assessment Area is not yet complete. The cost and time for completion of some of such improvements is uncertain and may be affected by changes in national, regional and local 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; changes in local, regional and national market and economic conditions; 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 Sundance, 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 or its affiliates. If cost overruns result in delay of construction, or if other delays are experienced, the Owners may be unable to complete timely all of such necessary improvements.

General Risks of Real Estate Investment and Development

Investments in developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. Sundance will be subject to the risks generally incident to real estate investments and development. Many factors that may affect Sundance, as well as the operating revenues of the Owner derived from Sundance, are not within the control of the Owner. Such factors include changes in national, regional and local 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; changes in local, regional and national market and economic conditions; 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 Sundance, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (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 Owner or its affiliates.

Sundance, including the phase of the development plan which represents the real estate development in the Assessment Area, cannot be initiated or completed without the Owner obtaining a variety of governmental approvals and permits, most of which have already been obtained. Such permits are necessary to initiate construction of each phase of Sundance and to allow the occupancy of the 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. Matters like those discussed hereinabove under the headings "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. See "LAND DEVELOPMENT - Government Approvals."

Environmental Matters

Sundance, including the phase of the development plan which represents the real estate development in the Assessment Area, will be subject to risks arising out of environmental, archeological, biological considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values in Sundance 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. See "LAND DEVELOPMENT - Environmental Matters."

Cancellation of Contracts

The State, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, including the District or any of the departments or agencies of either is, while the contract or any

extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. Cancellation of contracts entered into by the District may adversely affect the Bonds.

No Credit Rating

No credit rating for the Bonds has been sought, nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Projections

Included in this Offering Memorandum are various projections for lot and home sales, completion dates, completion costs and other items. The projections for lot and home sales, 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 and home sales, completion dates, completion costs and other items and actual lot and home sales, completion dates, completion costs and other items, because the lot and home sales, completion dates, completion costs and other items frequently do not occur as expected, and those differences may be material. There can be no assurances that the various projections set forth in this Offering Memorandum can be achieved.

LITIGATION

At the time of delivery and payment for the Bonds, the District will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Resolution or the Indenture, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution, the Indenture, any action of the District contemplated by any of the said documents, or the collection or

application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds will be excluded from gross income for federal income tax purposes and will be exempt from State of Arizona income taxes. The opinion of Bond Counsel will be dated as of the date of delivery of the Bonds. A form of such opinion is included as Appendix B attached hereto.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The opinion of Bond Counsel assumes continuing compliance with such restrictions, conditions and requirements.

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

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

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Bonds, including, without limitation, corporations subject to either the environmental tax or 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.

NO CREDIT RATING

***The District has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds.* See "RISK FACTORS."**

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds, and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. (See "TAX EXEMPTION" herein.) Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds in substantially the form of Appendix B hereto. Certain legal matters

will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for the Owner by its counsel, Fennemore Craig, P.C. **See "RELATIONSHIPS AMONG PARTIES."**

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The Bonds are being purchased by RBC Dain Rauscher Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $1,988,500 (reflecting the aggregate principal amount of the Bonds, less Underwriter's compensation of $61,500). The Underwriter will initially offer and sell the Bonds to Qualified Investors. The prices set forth on the cover page hereof may be changed after the initial offering by the Underwriter.

CONTINUING DISCLOSURE

The District and the Owner have each separately covenanted for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the District and development therein, as applicable, by not later than seven months after the end of their respective fiscal years (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notices of Material Events"). The Annual Reports will be filed by the District and the Owner with each Nationally Recognized Municipal Securities Information Repository and with the appropriate State Information Depository, if any. The Notices of Material Events will be filed by the District and the Owner with the same entities as well as the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports or in the Notices of Material Events, and the circumstances under which subsequent landowners of land now owned by the Owner will enter into an undertaking to provide continuing disclosure, are set forth herein under the caption Appendix E - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and which includes forms of undertakings which will be executed by the District and the Owner with respect to the Bonds. The District has no obligation to enforce the obligations of the Owner (or subsequent landowners of land now owned by the Owner) under their respective Continuing Disclosure Undertaking.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and

Exchange Commission (the "Rule"). Should the District or the Owner not comply with such covenants, they have covenanted to provide notice of such fact to each Nationally Recognized Securities Information Repository, the State Information Depository, if any, and the Municipal Securities Rulemaking Board. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District and the Owner have been and are in material compliance with continuing disclosure undertakings previously entered into by them for purposes of the Rule.

RELATIONSHIPS AMONG PARTIES

Gust Rosenfeld P.L.C., Bond Counsel, has acted as counsel to the Underwriter in other transactions underwritten by the Underwriter and as bond counsel in other transactions underwritten by the Underwriter. Greenberg Traurig, LLP, Counsel to the Underwriter, has acted as bond counsel in other transactions underwritten by the Underwriter and by the Financial Consultant. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions. Gust Rosenfeld P.L.C. also serves as general counsel to the Town.

The Underwriter has underwritten bonds issued by the Town and other overlapping political subdivisions. The Underwriter expect to do so in the future.

This Offering Memorandum has been approved, executed and delivered by the District.

SUNDANCE COMMUNITY FACILITIES DISTRICT

By /s/ Dustin "Dusty" Hall
Chairman, District Board

1464410.1-9/22/2004

APPENDIX A

INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

The following information is given as background information concerning the Town. THE BONDS ARE NOT AN OBLIGATION OF THE TOWN. The Bonds are secured and payable only as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein. The holders of the Bonds have no right to payment except as described therein.

General

The Town is located approximately 30 miles from downtown Phoenix, Arizona, the original townsite being approximately four miles south of Interstate 10 on State Highway 85. The Town, which was founded in 1889 and incorporated in 1929, encompasses approximately 112 square miles and sits at an elevation 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
2003 Estimate*	13,030	3,396,875	5,629,870
2000 Census	6,537	3,072,149	5,130,632
1990 Census	5,038	2,122,101	3,655,228
1980 Census	3,434	1,509,252	2,718,425
1970 Census	2,599	971,228	1,775,399
1960 Census	2,286	663,510	1,302,161

*Estimate as of July 1, 2003.

Source: Arizona Department of Economic Security, Population Statistics Unit and U.S. Department of Commerce, Bureau of the Census.

Transportation

State Highway 85, connecting the Town with the City of Phoenix, Arizona, traverses the downtown portion of the Town. Interstate 10 also traverses the northern portion of the Town. The Town has a small airport adjacent to Interstate 10 with plans for a future runway extension. Sky Harbor Airport in Phoenix provides passenger air service. Bus lines are available in the Phoenix metropolitan area.

Government

The Town operates under a Council-Manager form of government. The Mayor is elected for two years and six council members are elected at large on a non-partisan ballot for staggered four-year terms. The Town Council appoints a Manager who has full responsibility for carrying out council policies and administering operations. Currently, the Town has an interim manager.

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 supply necessary 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 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

Year	United States	State of Arizona	Maricopa County	Town of Buckeye
2004*	5.6%	5.1%	4.1%	9.6%
2003	6.0	5.6	4.9	11.3
2002	5.8	6.2	5.6	12.8
2001	4.8	4.7	3.9	9.0
2000	4.0	3.9	2.6	6.2
1999	4.2	4.4	3.0	6.9

*June 2004.

Source: Arizona Department of Economic Security, Research Administration.

MAJOR EMPLOYERS
Town of Buckeye and Surrounding Area, Arizona

Employer	Product/Service	Approximate Number of Employees
Palo Verde Nuclear Plant	Energy Plant	2,100
Lewis Prison Complex	Prison	1,100
Wal-Mart Distribution	Retail Warehouse	837
Paradise Waste of Arizona	Waste Management	395
Schult Homes Inc.	Mobile Home Manufacturer	230
Department of Corrections (Juvenile)	Government	263
Rip Griffin's Truck/Travel Center	Commercial Oasis	180
Buckeye Elementary School District	Education	175
Town of Buckeye	Government	128
Buckeye Union High School	Education	120

Source: Economic Development Department, Town of Buckeye, Arizona.

Non-Agricultural Wage and Salary Employment
Maricopa County

Industry	1999	2000	2001	2002
Manufacturing	167,400	162,700	158,500	143,000
Mining	900	1,100	1,200	900
Construction	113,000	115,500	120,400	114,900
Transportation, Communications and Public Utilities	78,800	83,600	83,400	80,900
Trade	359,200	369,400	373,100	376,500
Finance, Insurance and Real Estate	122,600	124,000	122,700	124,000
Services and Miscellaneous	457,000	518,100	507,300	504,900
Government	172,600	178,800	189,900	194,000
Total	1,471,500	1,553,200	1,555,600	1,539,100

	2003
Manufacturing	127,700
Natural Resources and Mining	1,200
Construction	127,300
Trade, Transportation, and Public Utilities	321,500
Information	36,000
Financial Activities	129,400
Professional and Business Services	254,800
Education and Health Services	159,400
Leisure and Hospitality	152,700
Other Services	61,800
Government	197,200
Total	1,569,000

Source: Arizona Department of Economic Security, Research Administration

Town of Buckeye
Sales Tax Collections

Budget Year	Amount
2002-03	$2,776,931
2001-02	1,676,502
2000-01	1,411,865
1999-00	1,445,838
1998-99	1,005,187

Source: Town of Buckeye, Finance Department.

Agriculture

The Town 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)

Year	Total Receipts
2002	$792,307,000
2001	886,169,000
2000	818,160,000
1999	807,701,000
1998	835,808,000
1997	784,759,000

Source: 2002 Arizona Agricultural Statistics Bulletin, July 2003.

Educational Facilities

Elementary and high school education is available through the Buckeye Elementary School District No. 33 and the Buckeye Union 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 with participating banks of the Arizona Bankers Association for Maricopa County on December 31 of each year.

Maricopa County
Bank Deposits
($ in thousands)

Year	Amount
2003	$35,084,759
2002	31,628,767
2001	27,859,411(a)
2000	27,336,883(b)
1999	22,330,881(c)

(a) BNC National Trust, Bank of the Southwest, First Interstate Bank and Trust, Frontier State Bank, Johnson Bank, United Arizona Bank NA, and Washington Mutual did not participate.
(b) First International Bank and Trust did not participate.
(c) Stearns Bank, Bank of the Southwest, Pacific Century Bank, and Norwest did not participate.

Source: Arizona Bankers Association.

Construction

The following tables were compiled from Arizona Construction Report, a publication of the Arizona Real Estate Center, L. William Seidman Research Institute, W.P. Carey School of Business, Arizona State University and information from the Town. The Center obtains its data from County and City divisions which issue such permits. Construction is valued on the basis of estimated cost, not on market price or the value of construction at the time the permit is issued. The date at which the permit is issued is not to be construed as the date of construction.

Town of Buckeye
Value of Building Permits

Year	Residential	Commercial & Industrial	Other	Total
2004(a)	$52,961,000	N/A	N/A	$52,961,000(c)
2003	68,411,000	N/A	N/A	68,411,000(c)
2002	20,849,777	N/A	N/A	20,849,777(c)
2001	19,287,101	N/A	N/A	19,287,101(c)
2000	8,282,083	$53,062,000(b)	$ 699,425	62,043,508
1999	9,036,146	3,124,015	1,154,795	13,314,956

(a) Through the first quarter of 2004.

(b) Commercial & Industrial classification includes an approximately $52 million amount relating to Wal-Mart retail warehouse.

(c) Includes amounts for Residential classification only.

Source: Arizona Real Estate Center, L. William Seidman Research Institute, W.P. Carey School of Business, Arizona State University, 2003 and Town of Buckeye.

Town of Buckeye
New Housing Starts

Year	Housing Permits
2004(a)	409
2003	570
2002	209
2001	71
2000	137

(a) Through the first quarter of 2004.

Source: Arizona Real Estate Center, L. William Seidman Research Institute, W.P. Carey School of Business, Arizona State University, 2003 and Town of Buckeye.

(This page intentionally left blank)

APPENDIX B

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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

District Board
Sundance Community Facilities District

Re: Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $2,050,000 aggregate principal amount of Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004, dated the date hereof (the "Bonds"), issued by the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "District") initiated under Resolution of Intention No. 09-04 (Sundance).

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 12-04 (Sundance), passed and adopted by the District Board on August 3, 2004 (the "Bond 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 Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Bond Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District, and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid obligation payable by the District, from the Bond Fund provided for that purpose.

4. The Bonds are payable at the office of the Trustee, Wells Fargo Bank, National Association. The Bonds are payable solely from the funds pledged pursuant to the Indenture and from payments of the unpaid assessments upon the real property within the boundaries of the District assessed for the improvement, which assessments may be subject to reduction to the extent the improvement is not completed and the land assessed does not receive benefits commensurate with the amount assessed.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and the Indenture and to collection of assessments may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and to the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By.....
Scott W. Ruby
Bond Counsel

(This page intentionally left blank)

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

SUNDANCE COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in the case the bonds are held by a securities depository, not less than $25,000 aggregate principal amount of the captioned bonds (hereinafter referred to as the "Bonds"), such Bond 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 an intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of _____ 1, 2004 (the "Indenture"), from the captioned District (hereinafter referred to as the "Issuer") to the captioned Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "Trustee") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor (as defined below), purchase not less than $25,000 aggregate principal amount of the Bonds and must sign a letter in the form of this letter.

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

(i) a "qualified institutional buyer", as such term is defined in Rule 144A, of the Securities Act of 1933, as amended (the "Securities Act"); or

(ii) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission; or

(iii) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i) 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 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 Qualified Investor 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 Qualified Investor 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 Qualified Investor acknowledges that it is experienced, knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The Qualified Investor is not relying on the Issuer or the Town of Buckeye, Arizona (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 Qualified Investor 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 Qualified Investor acknowledges that the Qualified Investor has either been supplied with or has had access to the information, including the preliminary limited offering memorandum, the financial statements, the appraisal and other financial information received from the respective developers of the assessed land. The Qualified Investor 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 Qualified Investor requested, any other

information, or to as certain the accuracy or completeness of the appraisal and any other information that may have been furnished by the developer or any other third party.

.....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

(This page intentionally left blank)

APPENDIX C-2

FORM OF INVESTOR LETTER (SMMP)

.....

SUNDANCE COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

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 ....., 2004, 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 connec-

tion 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

APPRAISAL

(This page intentionally left blank)

AN

APPRAISAL OF

FOUR RESIDENTIAL

PARCELS WITHIN

SUNDANCE

A MASTER PLANNED

COMMUNITY IN

BUCKEYE, ARIZONA

AN APPRAISAL OF

Four Residential Parcels Within Sundance, A Master Planned Community
In Buckeye, Arizona

The Four Subject Parcels Are To Be Included In
The Sundance Community Facilities District 3rd Special Assessment

DATE OF VALUATION

June 18, 2004

DATE OF REPORT

June 21, 2004

PREPARED FOR

Town of Buckeye/Sundance Community Facilities District
Attn: Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona

PREPARED BY

Frank R. Kleinman, MAI, CRE
and
Stephen E. Niebling
BURKE HANSEN, LLC
2700 North Central Avenue, 9th Floor
Phoenix, Arizona 85004

Burke
Hansen,
LLC
REAL ESTATE APPRAISERS
& CONSULTANTS

June 21, 2004

Town of Buckeye/Sundance Community Facilities District
Attn: Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona

Subject: Market Value Appraisal of **FOUR PARCELS WITHIN SUNDANCE, A MASTER-PLANNED COMMUNITY** In Buckeye, Arizona (Burke Hansen File No. 4009N)

Dear Mr. Ruby:

At your request, we have inspected the above-captioned properties in connection with preparing the attached complete appraisal, the purpose of which is to form an opinion of the wholesale (bulk) value of each of the four ground parcels referenced above which are specifically identified below.

PARCEL SUMMARY

Parcel	Gross Acreage	Net Acreage	Lot Count	Gross Density
31	62.54	60.37	310	4.96
32	37.07	34.26	86	2.32
33	21.75	20.71	52	2.39
35	23.71	22.34	27	1.14
Total	145.08	137.68	475	3.27

The wholesale or bulk value of each of the four subject properties reflects the assumption each of the parcels is a residential "super pad" of platted and engineered residential lots or a residential subdivision of finished residential lots. The term "super pad" as used in this report refers to a specifically designated parcel, in this instance parcels for which all supporting backbone infrastructure has been completed. The supporting infrastructure includes paved access to each parcel along with the utilities to support the residential development designated for each of the five subject parcels. The supporting utilities include water, sewer, electricity, telephone and cable.

Upon the final inspection, all of the on-site infrastructure had been installed in Parcel 31; however the on-site infrastructure was not complete for the other parcels. Of the three

uncompleted parcels, Parcel 32 is nearest to completion. It appears that installation of curbs, gutters and asphalt paving are the only remaining on-sites that are not complete. Based upon information furnished by the developer, the remaining on-site construction of Parcel 32 will be completed prior to the issuance of bonds for Special Assessment Area No. 3. Given this fact, the value of Parcel 32 is based upon its anticipated finished lot condition. Because Parcel 32 is not a finished lot subdivision at the date of valuation, it is necessary to note this hypothetical condition. Parcels 33 and 35 are being valued as residential as platted and engineered "super pads."

The value estimates for each parcel reflect a wholesale (bulk) value of either platted or finished lots within each parcel. The wholesale value assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

In this instance, the wholesale values of each of the four subject parcels have been estimated using the Sales Comparison Approach, i.e., comparing the subject parcel to the sale of other parcels, similarly platted and engineered, to a single purchaser.

The appraisal has been prepared at the request of Sundance Community Facilities District on behalf of the Town of Buckeye, Arizona, Attn: Mr. Scott W. Ruby, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

The definition of Market Value adopted for purposes of this report is as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The property rights addressed in this report represent the Fee Simple Estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation."

The subject property was inspected on numerous occasions in 2003 and 2004 with the most recent occurring June 18, 2004. The wholesale value estimate, of each parcel, as of June 18, 2004, subject to the hypothetical conditions stated in the attached report, is summarized as follows:

PARCEL 31
EIGHT MILLION EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS
($8,835,000)

PARCEL 32 ("AS IF COMPLETE")
THREE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS
($3,190,000)

PARCEL 33
ONE MILLION TWO HUNDRED EIGHTY THOUSAND DOLLARS
($1,280,000)

PARCEL 35
EIGHT HUNDRED THOUSAND DOLLARS
($800,000)

Disclosure of the contents of this appraisal report is governed by the By-laws and Regulations of the Appraisal Institute. Neither all, nor any part, of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm of Burke Hansen, LLC, nor any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, or any other public means of communication, without prior written consent and approval of the undersigned.

We appreciate this opportunity to serve you and request you contact us if there are any questions.

Respectfully submitted,

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/04

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/05

CERTIFICATION

We certify to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of The Appraisal Foundation, and with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- Frank Kleinman and Stephen Niebling have made personal inspections of the property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Frank Kleinman has not completed the requirements of the continuing education program of the Appraisal Institute.
- No one provided significant professional assistance to the person(s) signing this report.

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/04

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/05

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated, and all improvements (if any) are assumed to lie within property boundaries.

2. The property is appraised assuming responsible ownership and competent management.

3. Information furnished by others, upon which all or portions of this appraisal are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.

4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors.

5. The property is appraised assuming it to be in full compliance with all applicable federal, state, and local zoning, use, occupancy, environmental and similar regulations and laws, unless otherwise stated. The typical due diligence expected of an appraiser was performed in this assignment, but a comprehensive examination of laws and regulations affecting the subject property was not undertaken.

6. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns regarding these items since the appraisers have not made a comprehensive examination of laws and regulations affecting the subject property.

7. The appraisers have made no survey of the property and no responsibility is assumed in connection with such matters. Maps, plats and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purposes, nor should they be removed from, reproduced, or used apart from this report. Where site and improvement areas are shown, they represent the best information available.

8. Generally, no consideration has been given in this appraisal as to the value of any personal property located on the premises, or the cost of moving or relocating such personal property.

9. The allocation, if any, of the total valuation in this appraisal between land, buildings, and other classifications applies only under the stated program of utilization. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

10. Neither Burke Hansen, LLC nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements therefore have been made a reasonable time in advance.

11. One (or more) of the signatories of this appraisal report is either a designated member or associate member of the Appraisal Institute. The Bylaws and Regulations of the Appraisal Institute require each designated and associate member to control the use and distribution of each appraisal report signed by such designated or associate member. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising, media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.

12. It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact our office.

13. Neither all, nor any part of the content of this report, or copy thereof (including conclusions as to value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected), shall be used for any purposes by anyone other than the intended users identified in the report, and no other parties shall have any right to use or rely upon this appraisal for any purpose without the previous written consent of the signatories of this appraisal report.

14. All opinions of value are based on the appraisers' analyses and conclusions as of the effective date of value. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that may take place subsequent to the effective date of value.

15. The appraiser has personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report. However, no

responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes can be assumed without provision of specific professional or governmental inspections. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report. If concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

16. We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we are aware of any problems of this nature, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. No chemical or scientific tests were performed by the appraisers on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report. It is imperative for the client to retain the services of a qualified, independent engineer to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof.

17. The reader should note that the subject property may be subject to the requirements of the Americans With Disabilities ACT (ADA), a federal law codified at 42 USC Section 12101 et seq. Among other requirements of the ADA that could apply to this property, Title III of the ADA requires owners and tenants of "public accommodations" to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons by January 26, 1992 (the regulations under Title III of the ADA are codified at 28 CFR Part 36). The reader should note that the appraisers have not made a specific compliance survey and analysis of this property to determine if it is in conformity with the requirements of the ADA. Non-compliance could have a negative effect upon the value of the property.

18. Any prospective value opinion (if applicable) is considered to be an extraordinary assumption and will be predicated upon market conditions forecast to exist as of corresponding prospective date of value. As such, the appraiser cannot be held responsible for unforeseeable events that alter market conditions subsequent to the effective date of the appraisal.

EXECUTIVE SUMMARY

Description of the Property: Four residentially designated parcels within Sundance, a master planned community in Buckeye, Arizona

Location: Southeast corner of Interstate 10 and Watson Road, Buckeye, Arizona

Property Size: 145± acres

Parcels range from 21.75 to 62.54 acres

475 platted and engineered residential lots

Overall density is 3.27 lots per acre

PARCEL SUMMARY

Parcel	Gross Acreage	Net Acreage	Lot Count	Gross Density
31	62.54	60.37	310	4.96
32	37.07	34.26	86	2.32
33	21.75	20.71	52	2.39
35	23.71	22.34	27	1.14
Total	145.08	137.68	475	3.27

Property Rights Appraised: Fee Simple Estate

Highest and Best Use: Development with residential subdivisions within a master planned community

Date of Valuation: June 18, 2004 (Final date of property inspection)

Date of Appraisal: June 21, 2004

Value Conclusions:

Parcel 31	$8,835,000	$28,500/lot
Parcel 32 ("As If Complete")	$3,190,000	$37,093/lot
Parcel 33	$1,280,000	$24,615/lot
Parcel 35	$800,000	$29,630/lot

TABLE OF CONTENTS

INTRODUCTION AND PURPOSE OF THIS APPRAISAL ***1***
IDENTIFICATION OF THE SUBJECT PROPERTY 1
PURPOSE OF THIS APPRAISAL 1
INTENDED USER AND USE OF THE APPRAISAL 4
DATE OF THE REPORT 4
DATE OF VALUATION 4
DEFINITION OF MARKET VALUE 4
PROPERTY RIGHTS APPRAISED 5
SCOPE OF THIS APPRAISAL 5
EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS 6
Extraordinary Assumptions 6
Hypothetical Conditions 6
OWNERSHIP – OWNERSHIP HISTORY 8
LEGAL DESCRIPTION OF THE 4 SUBJECT PARCELS 8

AREA DATA AND GENERAL DISCUSSION OF THE REAL ESTATE MARKET IN METRO PHOENIX ***9***
METROPOLITAN PHOENIX 12
METROPOLITAN PHOENIX RESIDENTIAL MARKET 14
METROPOLITAN PHOENIX OFFICE MARKET 16
METROPOLITAN PHOENIX RETAIL REVIEW 16
METROPOLITAN PHOENIX INDUSTRIAL REVIEW 17
METROPOLITAN PHOENIX MULTI-FAMILY REVIEW 18
CITY DATA CONCLUSION 19

GENERAL AREA AND NEIGHBORHOOD DESCRIPTION ***19***
GENERAL AREA DESCRIPTION 19
RESIDENTIAL DEVELOPMENT 20
COMMERCIAL DEVELOPMENT 30
GENERAL AREA CONCLUSION 31

NEIGHBORHOOD DESCRIPTION ***31***
RESIDENTIAL DEVELOPMENT 32
COMMERCIAL DEVELOPMENT 34
EMPLOYMENT 34
COMMUNITY SERVICES 35
INFRASTRUCTURE 35
WATER AND SEWER 35
ACCESS 35
CONCLUSION OF NEIGHBORHOOD DESCRIPTION 36

DESCRIPTION OF THE SUBJECT PROPERTIES ***36***
GENERAL DESCRIPTIVE DATA 50
Topography 50
Soil 50
Utilities 50
Floodplain and Drainage 50
Easements and Restrictions 50
Environmental Hazards and Concerns 51

HIGHEST AND BEST USE – MARKET ANALYSIS ***51***
LEGALLY PERMISSIBLE 52

PHYSICALLY POSSIBLE 52
FINANCIALLY FEASIBLE 52
MAXIMALLY PRODUCTIVE 53
HIGHEST AND BEST USE CONCLUSION 53

THE VALUATION DISCUSSION 54
ESTIMATED WHOLESALE (BULK) VALUE OF SUBJECT'S SUPER PAD PARCELS (PARCELS 33 AND 35). 55
DISCUSSION OF COMPARABLE SALES 66
CONCLUSION OF ANALYSIS OF COMPARABLES SALES 68
ESTIMATED WHOLESALE (BULK) VALUE OF SUBJECT'S FINISHED LOT SUBDIVISIONS (PARCELS 31 AND 32) 70

SUMMARY OF VALUE ESTIMATES 73

EXHIBITS

EXHIBIT NO. 1 2
Location Map
EXHIBIT NO. 2 3
Sundance Master Plan Map
EXHIBIT NO. 3 10
Western Maricopa County Map
EXHIBIT NO. 4 11
Landiscor Aerial
EXHIBIT NO. 5 21
Metropolitan Phoenix Map
EXHIBIT NO. 6 25
Palm Valley, PebbleCreek Landiscor Aerial (January 2004)
EXHIBIT NO. 7 27
Estrella Proximity Map
EXHIBIT NO. 8 29
Master Planned Community Map
EXHIBIT NO. 9 56
Comparable Sales Map

ADDENDA

APPRAISERS' QUALIFICATIONS

(This page intentionally left blank)

INTRODUCTION AND PURPOSE OF THIS APPRAISAL

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this Complete, Self Contained appraisal is four residentially designated parcels within Sundance, a master-planned community within the boundaries of the Town of Buckeye, about 30 miles west of downtown Phoenix, Arizona. Sundance is generally defined by Miller Road on the west, Dean Road on the east, Interstate 10 on the north and Durango Road on the south. Its location in relation to "downtown" Buckeye and Interstate 10 is illustrated on Exhibit 1.

PURPOSE OF THIS APPRAISAL

The purpose of this appraisal is to form an opinion of the wholesale (bulk) value of each of the four parcels, which are more specifically identified in Table 1.

TABLE NO. 1

PARCEL SUMMARY

Parcel	Gross Acreage	Net Acreage	Lot Count	Gross Density
31	62.54	60.37	310	4.96
32	37.07	34.26	86	2.32
33	21.75	20.71	52	2.39
35	23.71	22.34	27	1.14
Total	145.08	137.68	475	3.27

As indicated in Table 1, all four subject parcels have been designated for residential use. The location of the four parcels listed in Table 1 within the Sundance Community is illustrated on Exhibit 2.

EXHIBIT NO. 1
Location Map

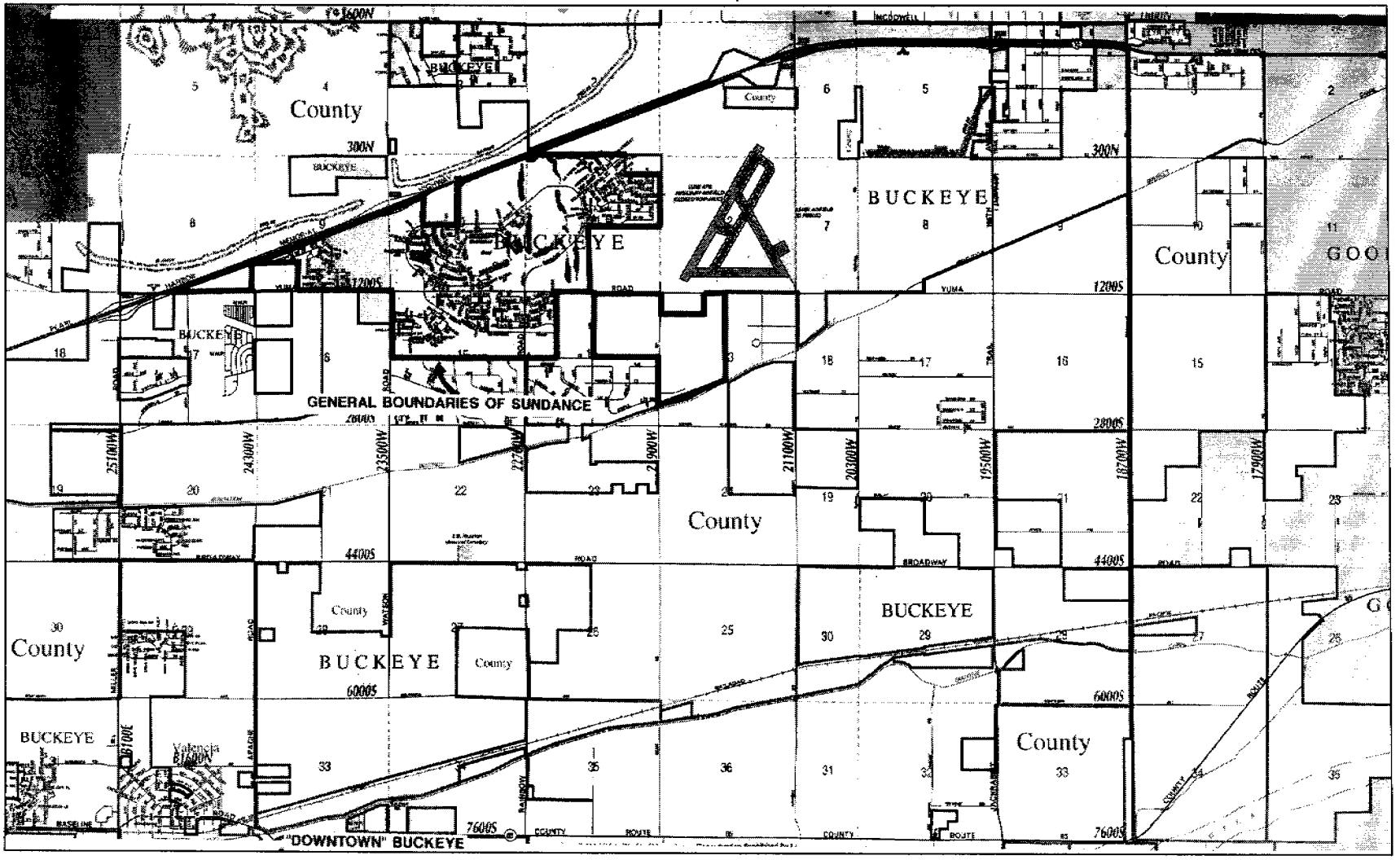
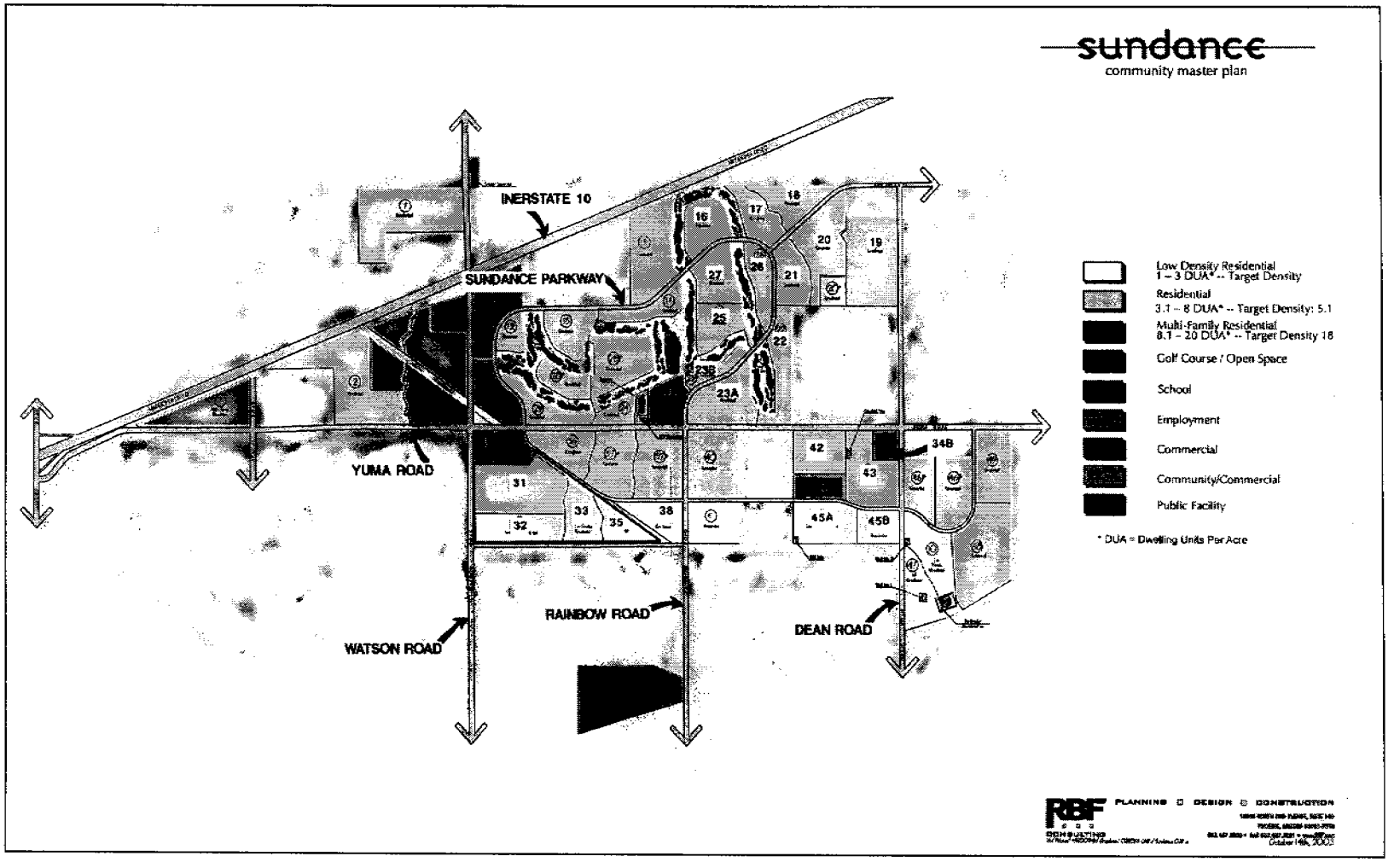


EXHIBIT NO. 2
Sundance Master Plan Map



INTENDED USER AND USE OF THE APPRAISAL

The appraisal has been prepared at the request of Sundance Communities Facilities District on behalf of the town of Buckeye, Arizona, Attn: Mr. Scott W. Ruby, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

It is understood the intended use of the report will also be disseminated as part of a financing package for Sundance Communities Facilities District (Town of Buckeye, Arizona).

DATE OF THE REPORT

The report was prepared during May and June 2004 and was completed on June 21, 2004.

DATE OF VALUATION

The opinions of market value addressed in this report for the four subject parcels are as of June 18, 2004, i.e., the latest date of property inspection.

DEFINITION OF MARKET VALUE

The definition of market value used in this report, is taken from the Uniform Standards of Professional Appraisal Practice, effective January 1, 2004 and is quoted as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
> 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The four subject parcels are being appraised as either platted or engineered super pads or finish cut subdivisions, and the value estimates for each parcel reflects a wholesale (bulk) value of the platted or finished lots within each parcel. The wholesale value assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

In this instance, the wholesale values of each of the four subject parcels have been estimated using the Sales Comparison Approach, i.e., comparing the subject parcel to the sale of other parcels to a single purchaser.

PROPERTY RIGHTS APPRAISED

The property rights addressed in this report represent the fee simple estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government."

SCOPE OF THIS APPRAISAL

The scope of this appraisal is to accurately collect, confirm, report and analyze sufficient market data to allow the reader to readily follow the logic of the appraisers in reaching their conclusion regarding the estimated wholesale values reported for the four subject parcels.

Work completed in connection with this engagement includes the following:

- On-site inspections of the property and surrounding neighborhood were conducted on various occasions with the most recent in June 2004.

- Information regarding the subject parcels and the use designated for each was provided by Buckeye Land Management, Inc., 8501 East Princess Drive, Suite 200, Scottsdale, Arizona (developer). This data had been accepted as being correct and no effort has been made to confirm it with a second source.

- Additional data for the subject parcels were obtained from the Town of Buckeye zoning ordinances, Maricopa County Assessor's and Treasurer's offices and flood maps provided by the Federal Emergency Management Agency (FEMA).

- Research of historical and projected employment, population and household growth trends was conducted using demographic data provided by the Arizona Department of Economic Security, Maricopa County, Town of Buckeye, Arizona Real Estate Center,

College of Business, Arizona State University as well as information supplied by local newspapers, etc.

- In estimating the retail potential of the subject parcels, appraised one at a time, consideration was given to current asking prices and other developments within Maricopa County. Of the three traditional approaches (Cost, Income and Sales Comparison) only the Sales Comparison Approach has meaningful application in estimating the retail potential of each subject parcel.

- While the report makes reference to various retail value estimates; only the wholesale value estimate has meaningful application for valuation purposes.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

These two factors are defined and/or explained as follows:

> Extraordinary Assumptions: An assumption, directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions; i.e., extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.
>
> Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis; i.e., hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

Extraordinary Assumptions

No environmental hazards were noted during the inspection of the property and it is assumed none exist. After acknowledging the lack of any indication of an environmental problem, it is specifically noted should the client have concern about the existence of such substances on the property, the appraiser considers it imperative for the client to retain the services of a qualified, independent engineer or contract to determine the existence and extent of any hazardous material, as well as the costs associated with any required or desirable treatment and/or removal thereof.

Hypothetical Conditions

Some of the infrastructure required to support the development of the four subject parcels listed in Table 1 has been completed as of the date of valuation; however, considerable additional work will be completed after the date of valuation with the proceeds of the proposed bond offering for Special Assessment No. 3.

The supporting infrastructure required to market the four subject parcels includes streets and underground utilities; i.e., sewer, water, telephone, cable. The infrastructure work that has been completed or is assumed to be completed, along with an estimate of its cost, is summarized in Table 2. A total of $2,000,000 is forecast for the 3rd Special Assessment. Direct construction costs have been estimated at $1,744,485. The majority of the work to be financed by the special assessment district has been completed or is nearing completion.

TABLE NO. 2

SUNDANCE FEASIBILITY STUDY BOND COST ESTIMATE

Water Distribution:		$496,555
Watson-Yuma to Durango (Contract & CO's)	261,839	
Durango-Watson to Rainbow (Contract)	234,716	
Sanitary sewer and related appurtenances:		333,798
Durango-Watson to Rainbow (Contract & CO)	333,798	
Collector Roads (w/landscaping):		914,132
SDP South-Yuma to Rainbow (1)	120,915	
SDP South-Rainbow to Outparcel between P40 & 41		
Durango-Watson to Rainbow	793,217	
Subtotal Construction Assessment No. 3		1,744,485
Bond Issuance & General Incidentals Cost		255,514
Estimated Total Assessment No. 3 Amount		$2,000,000

Although three of the four subject parcels have only preliminary plats, considerable time and expense has been incurred with respect to the platting and engineering of all four subject parcels. While final plats are not in place, the time and expense to take these parcels from preliminary to final plat is neither too long nor very costly. Table 3 summarizes the current platting status of the subject properties.

TABLE NO. 3

Parcel No.	Plat Status
31	Final Plat
32	Preliminary Plat
33	Preliminary Plat
35	Preliminary Plat

Upon the final inspection, all of the on-site infrastructure had been installed in Parcel 31; however the on-site infrastructure was not complete for the other parcels. Of the three uncompleted parcels, Parcel 32 is nearest to completion. It appears that installation of curbs, gutters and asphalt paving are the only remaining on-sites that are not complete. Based upon information furnished by the developer, the remaining on-site construction of Parcel 32 will be completed prior to the issuance of bonds for Special Assessment Area No. 3. Given this fact, the value of Parcel 32 is based upon its anticipated finished lot condition. Because Parcel 32 is not a finished lot subdivision at the date of valuation, it is necessary to note this hypothetical condition. Parcels 33 and 35 are being valued as residential as platted and engineered "super pads."

OWNERSHIP – OWNERSHIP HISTORY

In February 2001, Buckeye Land, LLC, purchased Sundance (2,005± acres) from Shaver Trust for $20,250,200.

On the same date, a simultaneous close of escrow occurred with the sale of various parts of Sundance to four other builders; i.e.:

Dietz-Crane acquired 287.67 acres
Sivage-Thomas acquired 159.28 acres
Patlin, LLC acquired 150.29 acres
Hancock-MTH Builders Inc. acquired 576.27 acres

From the information researched as well as that furnished, it appears these are the only meaningful transactions affecting title to the subject property recorded during the past three years.

LEGAL DESCRIPTION OF THE 4 SUBJECT PARCELS

The four subject parcels are all within Section 15, Township 1 North, Range 3 West, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. Their general location within Sections 14 and 15 is more specifically identified as follows:

TABLE NO. 4

Parcel 31:	a portion of the northwest quarter of Section 15
Parcel 32:	a portion of the northwest quarter of Section 15
Parcel 33:	a portion of the north half of Section 15
Parcel 35:	a portion of the north half of Section 15

Legal descriptions for each parcel are included as part of each subdivision plat (final and/or preliminary), copies of which are included later in the report.

AREA DATA AND GENERAL DISCUSSION OF THE REAL ESTATE MARKET IN METRO PHOENIX

As noted, the four subject parcels are all within the southern portion of Sundance, a master-planned residential community in the town of Buckeye, about 30 miles west of downtown Phoenix. This relationship and its proximity to other communities and major developments comprising this part of West Maricopa County are illustrated on Exhibit 3.

With the exception of the Goodyear/Avondale/Litchfield Park communities (about nine miles east of subject), the dominant use characteristic of this general area of West Maricopa County has historically been agricultural or undisturbed desert; this is no longer the case. Subsequent to the completion of Interstate 10, adjacent north of subject, the pace of residential development in West Maricopa County increased significantly. The extent of current development in this area of far west metropolitan Phoenix is partially shown on Exhibit 4, an aerial photograph taken in January 2004.

The more prominent developments in this West Maricopa County area, measured in terms of size, in addition to Sundance include Verrado, Canyon Trails, Estrella Mountain Ranch, Palm Valley, PebbleCreek and Rancho Santa Fe. Verrado is in Buckeye; Canyon Trails, Estrella Mountain Ranch, Palm Valley and PebbleCreek are within the city of Goodyear; Rancho Santa Fe is in Avondale.

Included in the summary of developments in the paragraph above is Verrado, an 8,000 acre community that had its grand opening in January 2004. Verrado is approximately one mile northeast of the northeast corner of Sundance. The development characteristics of this master-planned community are discussed later in the report.

EXHIBIT NO. 3
Western Maricopa County Map

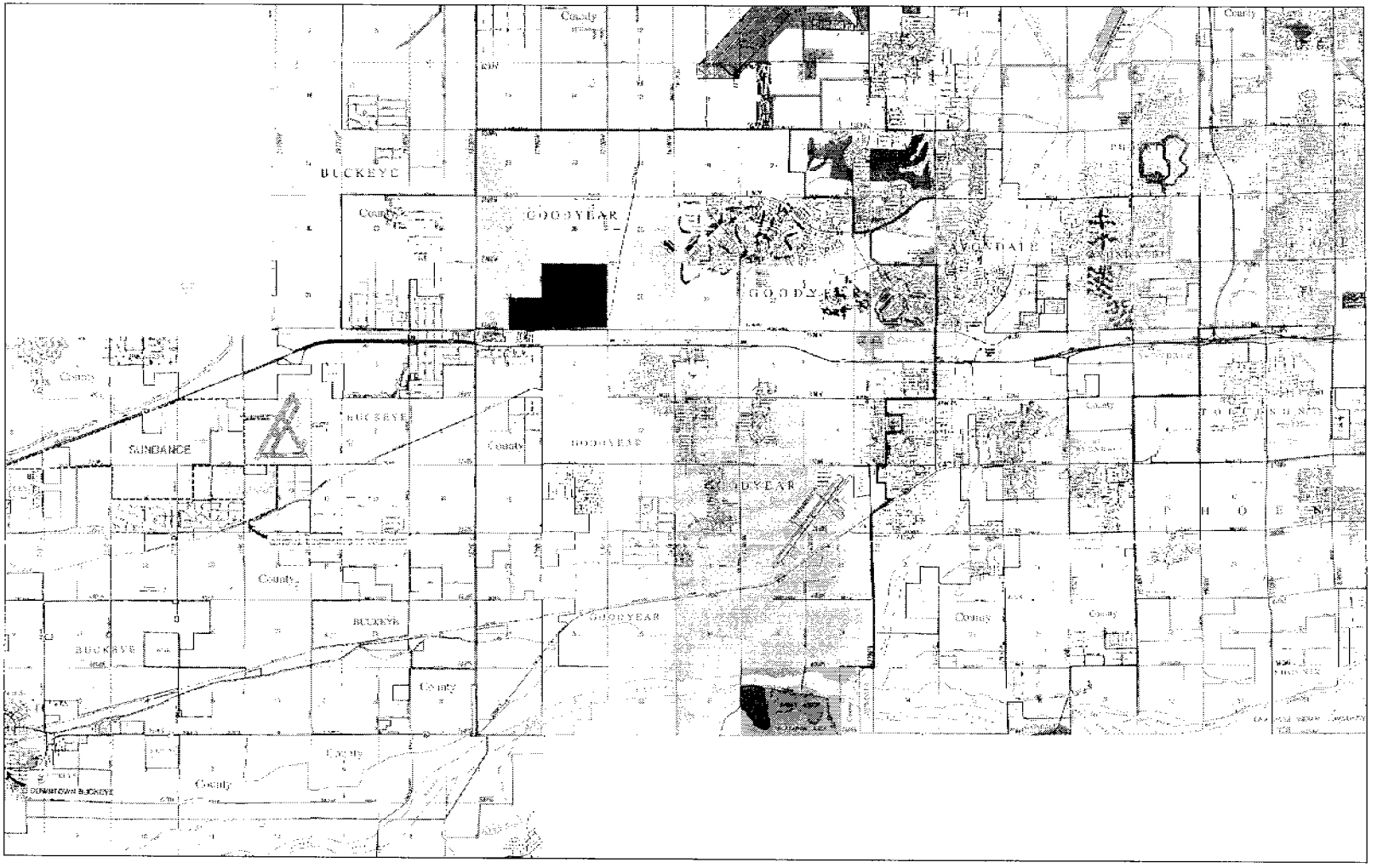
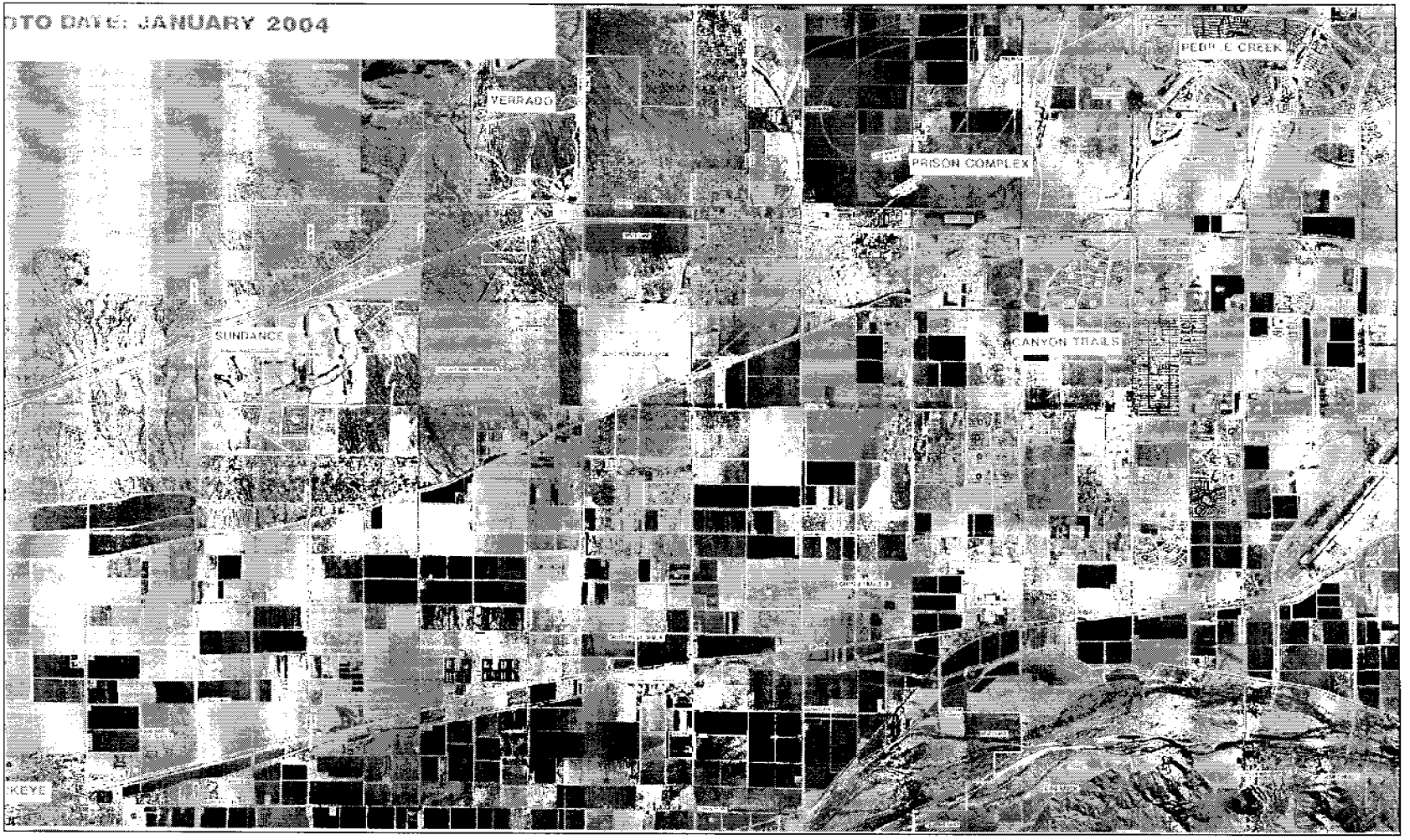


EXHIBIT NO. 4
Landiscor Aerial



Buckeye was founded nearly 115 years ago as a small rural-agricultural community. Today, it encompasses almost 500 square miles of planning area and a population of only 13,000 people. Residential developers are moving toward Buckeye because of the significant amounts of vacant land, scenic vistas of several nearby mountains and an abundant source of water (Buckeye sits upon one of the richest aquifers in the State of Arizona).

The overall economic condition of the town of Buckeye, along with all of metropolitan Phoenix, is generally considered good measured in terms of employment, population growth, retail sales, etc. The real estate sector of the economy has been experiencing almost steady growth since the first quarter of 1993, after a 4 to 5 year real estate depression. The following discussion addresses metropolitan Phoenix, which includes the town of Buckeye. The economic well-being of Buckeye is tied directly to the economic fortunes of metropolitan Phoenix.

METROPOLITAN PHOENIX

Metropolitan Phoenix has experienced dramatic growth during the past few years as illustrated by the population statistics summarized below. Metropolitan Phoenix comprises 22 incorporated communities, which vary in population from 3,150 (Carefree) to 1,387,670 (Phoenix). The population of Scottsdale is 217,555 people. Table 5 is a list of the 15 communities having populations in excess of 10,000 people as of July 1, 2003.

TABLE NO. 5

City	2003 Population
Avondale	53,925
Buckeye	13,030
Chandler	208,450
El Mirage	25,330
Fountain Hills	22,105
Gilbert	151,290
Glendale	230,610
Goodyear	30,290
Mesa	434,215
Paradise Valley	14,250
Peoria	126,410
Phoenix	1,387,670
Scottsdale	217,555
Surprise	51,585
Tempe	159,615

There have been significant increases in both population and employment within most of the communities comprising Metropolitan Phoenix during the past decade. The Metropolitan Phoenix population increased by 77,775 in 2000, by 200,875 in 2001 and by 104,125 in 2002. As illustrated in Table 1, the population of the City of Phoenix is significant at more than 1.38 million people. In fact, the population of Phoenix is 3 times larger than the next largest city, Mesa, with over 400,000 people. Table 6 summarizes the population growth of the largest communities in Metropolitan Phoenix since 1995.

TABLE NO. 6

City	1995	1996	1997	1998	1999	2000	2001	2002	2003
Chandler	128,035	141,735	151,370	160,165	169,000	176,970	186,875	194,390	208,450
*Growth	11.2%	10.7%	6.8%	5.8%	5.5%	4.7%	5.6%	4.0%	7.2%
Gilbert	54,935	67,440	79,310	91,290	100,850	108,745	122,360	133,640	151,290
*Growth	13.3%	22.8%	17.6%	15.1%	10.4%	7.8%	12.5%	9.2%	13.2%
Glendale	172,155	186,695	191,105	196,820	208,095	211,555	224,970	227,495	230,610
*Growth	4.4%	8.4%	2.4%	3.0%	5.7%	1.7%	6.3%	1.1%	1.4%
Mesa	328,735	343,710	350,555	361,895	374,560	388,185	414,075	427,550	434,215
*Growth	3.1%	4.6%	2.0%	3.2%	3.5%	3.6%	6.7%	3.3%	1.6%
Peoria	69,970	78,310	83,505	89,930	101,235	108,295	117,200	122,655	126,410
*Growth	6.8%	12.0%	6.6%	7.7%	12.6%	7.0%	8.2%	4.7%	3.1%
Phoenix	1,082,610	1,180,740	1,205,285	1,220,710	1,240,775	1,249,450	1,344,775	1,365,675	1,387,670
*Growth	3.0%	9.1%	2.1%	1.3%	1.6%	0.7%	7.6%	1.6%	1.6%
Scottsdale	163,700	178,525	186,610	195,495	204,660	207,145	209,960	214,090	217,555
*Growth	6.2%	9.1%	4.5%	4.8%	4.7%	1.2%	1.4%	2.0%	1.6%
Tempe	155,610	156,000	158,135	159,220	161,995	162,000	159,435	159,425	159,615
*Growth	3.3%	0.3%	1.4%	1.0%	1.7%	0.00003%	-1.6%	0.0%	0.1%
Other	298,772	301,480	314,700	330,575	350,306	378,905	412,475	451,330	481,060
*Growth	4.2%	1.0%	4.4%	5.0%	6.0%	8.2%	8.9%	9.4%	6.6%
Maricopa Co.	2,454,525	2,634,625	2,720,575	2,806,100	2,913,475	2,991,250	3,192,125	3,296,250	3,396,875
	4.2%	7.3%	3.3%	3.1%	3.8%	2.7%	6.7%	3.3%	

Source: Arizona Department of Economic Security/Percentages represent the growth rate from the previous year.

Though employment growth has been slow the past few years, approximately 1.6 million people are employed in Metropolitan Phoenix. Table 7 provides an employment summary for the past 10 years.

TABLE NO. 7

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Manufacturing	137,800	153,200	153,700	154,000	169,300	167,100	169,000	161,300	145,700	130,200
Mining	4,500	5,100	6,700	7,100	5,900	900	3,000	2,500	2,300	2,300
Construction	71,300	79,000	91,500	89,900	103,500	115,800	117,900	121,200	117,100	128,700
TCPU*	56,200	61,900	66,900	67,600	76,300	81,000	86,600	84,500	81,800	87,700
Trade	267,400	287,300	319,300	331,900	356,300	376,300	377,100	380,800	384,100	328,000
FIRE**	82,300	91,300	95,900	99,600	117,700	125,900	122,500	123,200	124,800	130,300
Services	323,100	353,800	405,500	414,200	465,400	473,200	525,500	515,900	513,200	576,000
Government	146,800	165,700	162,900	172,400	187,800	181,400	187,500	203,300	209,900	214,200
Total	1,089,400	1,199,295	1,302,400	1,338,697	1,482,200	1,521,600	1,598,100	1,592,700	1,578,900	1,597,400
Job Growth	101,300	107,900	105,100	137,405	145,500	39,400	67,500	-5,400	-13,800	18,500
% Job Growth	10.25%	10%	8.8%	10.28%	10.89%	2.66%	4.44%	-0.34%	-0.86%	1.17%

*TCPU = Transportation, Communication, and Public Utilities
**FIRE = Finance, Insurance, and Real Estate

Although the overall economy has slowed as a result of the latest national recession, the Phoenix real estate market continues to demonstrate its resiliency, particularly within the residential and retail sectors.

METROPOLITAN PHOENIX RESIDENTIAL MARKET

The latest period of growth in the residential housing market began in 1993. In each of the last 5 years, the residential market has reported more than 30,000 new housing permits. Table 8 on the next page provides a summary of the residential permit activity in Metropolitan Phoenix since 1990 with particular attention given to the past 7 years.

The housing sector has been, by far, the strongest real estate sector for the past decade. As other real estate sectors began to slip in the second half of 2001, the residential market posted one of its strongest years. Since 2001, approximately 130,000 residential permits have been issued. The following excerpt taken from the February 1, 2004 *Arizona Republic* illustrates the current performance of the residential market:

> *It is no surprise that home building across Greater Phoenix reached a record last year. What's causing jaws to drop is how much the market shattered 2002's record.*
>
> *Permits for new homes reached 47,720, a jump of more than 22 percent from 2002's record pace of 38,914, according to housing analyst R.L. Brown. That's the biggest annual increase in the past decade.*
>
> *Resales, which make up two-thirds of the market, also set a record last year with 87,109 existing homes changing hands, compared with 75,982 in 2002. Closings for new homes hit 39,489 last year, another record.*
>
> *Brown's numbers include the Valley's newest suburbs in rapidly growing Pinal County. Until a few years ago, the area's housing market was confined to Maricopa County.*
>
> *Greg Burger, a principal in Brown's consulting firm, said that the hottest new-home submarket last year was comprised of Mesa, Tempe, Chandler, Gilbert and Queen Creek. He expects that to change as growth shifts to the West Valley.*
>
> *Burger expects metro Phoenix housing starts to increase slightly this year, fall off that pace for 2005 to 2007 and rebound to 48,000 or more in 2008. Fueling the market: population growth, low mortgage rates and affordable land.*
>
> *The breakneck pace of home sales and starts isn't unique to Greater Phoenix. Home building nationally hit its highest level in 25 years last year, according to the U.S. Commerce Department.*

TABLE NO. 8

RESIDENTIAL BUILDING PERMITS
Metropolitan Phoenix
1990 – 1Q2004

	Single-Family		Townhouse		Multi-Family		Residential	
Year	Total	Percent	Total	Percent	Total	Percent	Total	% Change
1990	10,633	81.9%	449	3.5%	1,891	14.6%	12,973	-4.1%*
1991	13,510	91.9%	485	3.3%	710	4.8%	14,705	13.4%*
1992	18,329	91.1%	566	2.8%	1,234	6.1%	20,153	36.9%*
1993	21,896	90.1%	607	2.5%	1,799	7.4%	24,302	20.7%*
1994	26,614	78.7%	1,212	3.6%	6,015	17.8%	33,853	39.3%*
1995	26,824	73.7%	1,599	4.4%	7,991	21.9%	36,414	7.6%*
1996	28,157	73.8%	1,456	3.8%	8,533	22.4%	38,146	4.8%*
1997	29,124	74.5%	2,174	5.6%	7,799	19.9%	39,097	2.5%*
1998-Q1	8,144	79.4%	415	3.5%	1,652	17.1%	10,211	4.6%*
1998-Q2	9,651	79.0%	226	2.0%	2,272	19.0%	12,149	40.2%*
1998-Q3	8,650	75.3%	392	3.4%	2,439	21.2%	11,481	5.2%*
1998-Q4	7,366	78.6%	492	5.2%	1,514	16.2%	9,372	-4.0%*
1998	33,811	78.2%	1,525	3.5%	7,877	18.2%	43,213	10.5%*
1999-Q1	8,873	79.1%	566	5.0%	1,773	15.9%	11,212	9.8%*
1999-Q2	9,300	79.5%	246	2.1%	2,149	18.4%	11,695	-3.7%*
1999-Q3	8,224	81.6%	270	2.7%	1,590	15.7%	10,084	-12.2%*
1999-Q4	6,855	72.4%	372	3.9%	2,247	23.7%	9,474	1.1%*
1999	33,252	78.3%	1,454	3.4%	7,759	18.3%	42,465	-1.7%*
2000-Q1	8,164	71.8%	673	5.9%	2,535	22.3%	11,372	1.4%*
2000-Q2	9,605	78.4%	398	3.2%	2,254	18.4%	12,257	4.8%*
2000-Q3	8,331	77.5%	705	6.6%	1,711	15.9%	10,747	6.6%*
2000-Q4	6,394	76.5%	458	5.5%	1,509	18.0%	8,361	-11.7%*
2000	32,494	76.1%	2,234	5.2%	8,009	18.7%	42,737	1.0%*
2001-Q1	8,783	69.1%	696	5.5%	3,227	25.4%	12,706	11.7%*
2001-Q2	9,393	83.7%	302	2.7%	1,531	13.6%	11,226	-8.4%*
2001-Q3	8,385	76.9%	548	5.0%	1,966	18.1%	10,899	1.4%*
2001-Q4	6,306	89.6%	255	3.6%	477	6.8%	7,038	-15.8%*
2001	32,867	78.5%	1,801	4.3%	7,201	17.2%	41,869	1.3%*
2002-Q1	7,682	86.1%	299	3.3%	950	10.6%	8,931	-29.7%*
2002-Q2	9,667	82.8%	566	4.8%	1,439	12.4%	11,672	4.0%*
2002-Q3	8,690	76.6%	324	2.9%	2,337	20.5%	11,351	4.1%*
2002 Q4	8,273	87.8%	278	3.6%	881	9.3%	9,432	34.0%*
2002	34,309	82.9%	1,467	3.5%	5,607	13.6%	41,386	-1.2%*
2003 Q1	8,030	90.3%	343	3.8%	521	5.9%	8,894	-0.4%*
2003 Q2	10,612	83.8%	441	3.5%	1,612	12.7%	12,665	8.5%*
2003 Q3	11,192	90.1%	561	4.5%	670	5.4%	12,423	9.4%*
2003 Q4	9,818	79.2%	549	4.4%	2,033	16.4%	12,400	31.5%*
2003	39,652	85.5%	1,894	4.1%	4,836	10.4%	46,382	12.1%*
2004 Q1	10,046	85.1%	667	5.7%	1,089	9.2%	11,802	32.7%*

* Percentage change is from the same quarter previous year

Source: Arizona Real Estate Center, ASU; Phoenix Metropolitan Housing Study Committee; Data provided through the cooperation of 26 permit issuing agencies.

Contrary to the weak economy, the outlook for the residential sector remains strong due in large part to historically low interest rates.

METROPOLITAN PHOENIX OFFICE MARKET

The following discussion regarding the Metropolitan Phoenix office market is based upon information supplied by CB Richard Ellis for the first quarter 2004. The survey covers multi-tenant office buildings over 10,000 square feet in each of Metropolitan Phoenix's 24 geographical submarkets.

In the first quarter 2004, a total of 41,429 square feet of multi-tenant space was added to the market bring the total office inventory to 60,311,978 square feet. Currently, 1,037,515 square feet of office space are under construction with the majority projects to be delivered in 2004 or early 2005. The two Scottsdale submarkets represent 67% of the new construction. Additionally, approximately 3,544,780 square feet of new construction are currently pending.

Overall office vacancy improved slightly in the first quarter of 2004. At the end of first quarter 2004, vacancy stood at 17.6%, compared with 18.3% at the end of 2003. This is the fourth consecutive quarterly decrease in the vacancy rate.

The result of improved occupancy will be upward pressure on rental rates. North Scottsdale and Scottsdale Airpark will see the most pressure, while other submarkets including Downtown Phoenix, Downtown Tempe, Camelback Corridor and Deer Valley will begin to see some upward movement in rents.

Net absorption in the first quarter was 379,281 square feet compared to 302,195 square feet for the same period in 2003. Class "A" properties accounted for 451,971 square feet of absorption, Class "B" properties had 4,407 square feet of absorption, and Class "C" properties had negative absorption of 77,097 square feet in the quarter.

METROPOLITAN PHOENIX RETAIL REVIEW

The Metropolitan Phoenix retail market continued its expansion during the first quarter of 2004. Population growth and new housing continue to drive the market. With a growing base of approximately 111 million square feet in 864 centers (including regional malls), the overall

vacancy rate is 7.21%, down from the 7.38% rate at year-end 2003. Net absorption in the first quarter was 1,553,697 square feet compared to 1,609,447 square feet for the same period one year ago. In the first quarter, 1,445,809 square feet of new retail space was completed, while 3,709,061 square feet of new retail space is under construction and planned projects total 24,299,985 square feet in the area.

The average rental rate in Metropolitan Phoenix remained above $14.00 per square foot triple net with rents for new space in the range of $20.00 to $26.00, while second generation space leased at rates between $10.00 and $20.00 per square foot.

Metropolitan Phoenix attracts national tenants looking for expansion in the Southwest. These range from electronics to home improvement to department stores. Grocery and drug stores continually rise up in the area.

Besides the new Kohl's store openings at the end of 2003, numerous grocery-anchored neighborhood centers have been constructed within the past 12 months. In total, just under 2 million square feet of retail space was completed throughout the metropolitan area in 2003.

METROPOLITAN PHOENIX INDUSTRIAL REVIEW

During the past few years, the industrial market has experienced tremendous expansion. The fundamentals of the real estate market were healthy throughout most of 2001, however increasing pressure from the local and national economies began to stress the industrial sector in 2002. Overall vacancy in 2002 went above 10% and remained at just over 10% for most of 2003. During the fourth quarter 2003, vacancy decreased to 9.71%, a direct result of two consecutive quarters of strong net absorption. During the first quarter 2004, vacancy improved to 8.95%.

The improvement in overall vacancy was the result of 2,94,737 square feet of positive net absorption during the first quarter. This was the third consecutive quarter with absorption above 2 million square feet. By comparison, net absorption for the first quarter 2003 was 101,136 square feet.

New development is also returning to the market. During the quarter, there were 767,282 square feet of building completions. Of this figure, 77% was speculative projects. Completions for the same period a year ago were 614,565 square feet. Approximately 3.4 million square feet were under construction at the end of the quarter, as opposed to 2.0 million square feet the prior year. Speculative projects account for 57% of the new space. More than 6.25 million square feet are planned throughout the Metropolitan Phoenix area.

METROPOLITAN PHOENIX MULTI-FAMILY REVIEW

Multi-family residential building permits for the past 7 years are summarized in Table 9.

TABLE NO. 9

Year	Multi-Family Permits	Year	Multi-Family Permits
1997-Q1	2,250	2001-Q1	3,227
1997-Q2	778	2001-Q2	1,531
1997-Q3	1,810	2001-Q3	1,966
1997-Q4	2,961	2001 Total	6,724
1997 Total	7,799		
1998-Q1	1,652	2002-Q1	950
1998-Q2	2,272	2002-Q2	1,439
1998-Q3	2,439	2002-Q3	2,337
1998-Q4	1,514	2002-Q4	881
1998 Total	7,877	2002 Total	5,607
1999-Q1	1,773	2003-Q1	521
1999-Q2	2,149	2003-Q2	1,612
1999-Q3	1,590	2003-Q3	670
1999-Q4	2,247	2003-Q4	2,033
1999 Total	7,759	2003 Total	4,836
2000-Q1	2,535	2004-Q1	1,089
2000-Q2	2,254		
2000-Q3	1,711		
2000-Q4	1,509		
2000 Total	8,009		

Although permits in the first quarter 2004 were greater than the first quarter the past two years, the number of new permits is at the low end of the range for the past seven years. Development of new apartment projects have been limited due to significant overbuilding in a number of submarkets. Additionally, the apartment market has been struggling with an exodus of residents

being lured by home ownership. The limited new construction will bolster both occupancy and rental rates for existing projects.

The following comments have been extracted from a mid-year 2004 report issued by Marcus & Millichap, a national real estate brokerage firm active in the Phoenix apartment market.

> *The sun will shine brighter on the Phoenix apartment market in 2004. Lingering weakness from 2003 will persist during the first half of the year, but by year end, apartment market fundamentals are expected to show improvement. The encouraging employment market, coupled with a reduction in completions, will help drive own the metro-area vacancy rate. As a result, apartment operators are likely to report higher net operating incomes by year end and investment activity is expected to remain robust..*

CITY DATA CONCLUSION

Metropolitan Phoenix population growth was one of the highest in the country over a 10-year period (1994-2003), with an increase of more than 1 million people. The market added over 600,000 new jobs during the same period. As a result, Metropolitan Phoenix has become one of the fastest growing metropolitan areas in the country.

Although the Metropolitan Phoenix market has been affected by the recent recession, it appears its economy, as well as the national economy, began to return to a growth pattern in late 2003. With the exception of the residential sector, which almost ignored the recession, recovery of the local real estate market will continue to be a drawn-out process, particularly for overbuilt sectors such as professional office and multi-family.

GENERAL AREA AND NEIGHBORHOOD DESCRIPTION

This section of the report is organized under two major headings; "The General Area" and "The Immediate Neighborhood" i.e., Sundance. The first heading includes a description of other developments within the town of Buckeye and West Maricopa County judged to have some impact on subject's immediate neighborhood or the adjacent area.

GENERAL AREA DESCRIPTION

The general area includes the incorporated areas of Buckeye, Goodyear, Litchfield Park, Avondale and parts of Glendale, Phoenix and Tolleson. Its boundaries are not clearly defined and for purposes of this discussion, they are identified as follows:

North:	Camelback Road
East:	El Mirage Road
South:	Beloat Road
West:	Miller Road

Subject's location within this 150 square mile section of western metropolitan Phoenix and its location to the various communities within the area is illustrated on Exhibit 5.

The west part of this general area is best described as "being on the fringe" of residential development in west Phoenix. This is changing and will continue to do so as the rate of residential development in the West Valley continues to increase.

RESIDENTIAL DEVELOPMENT

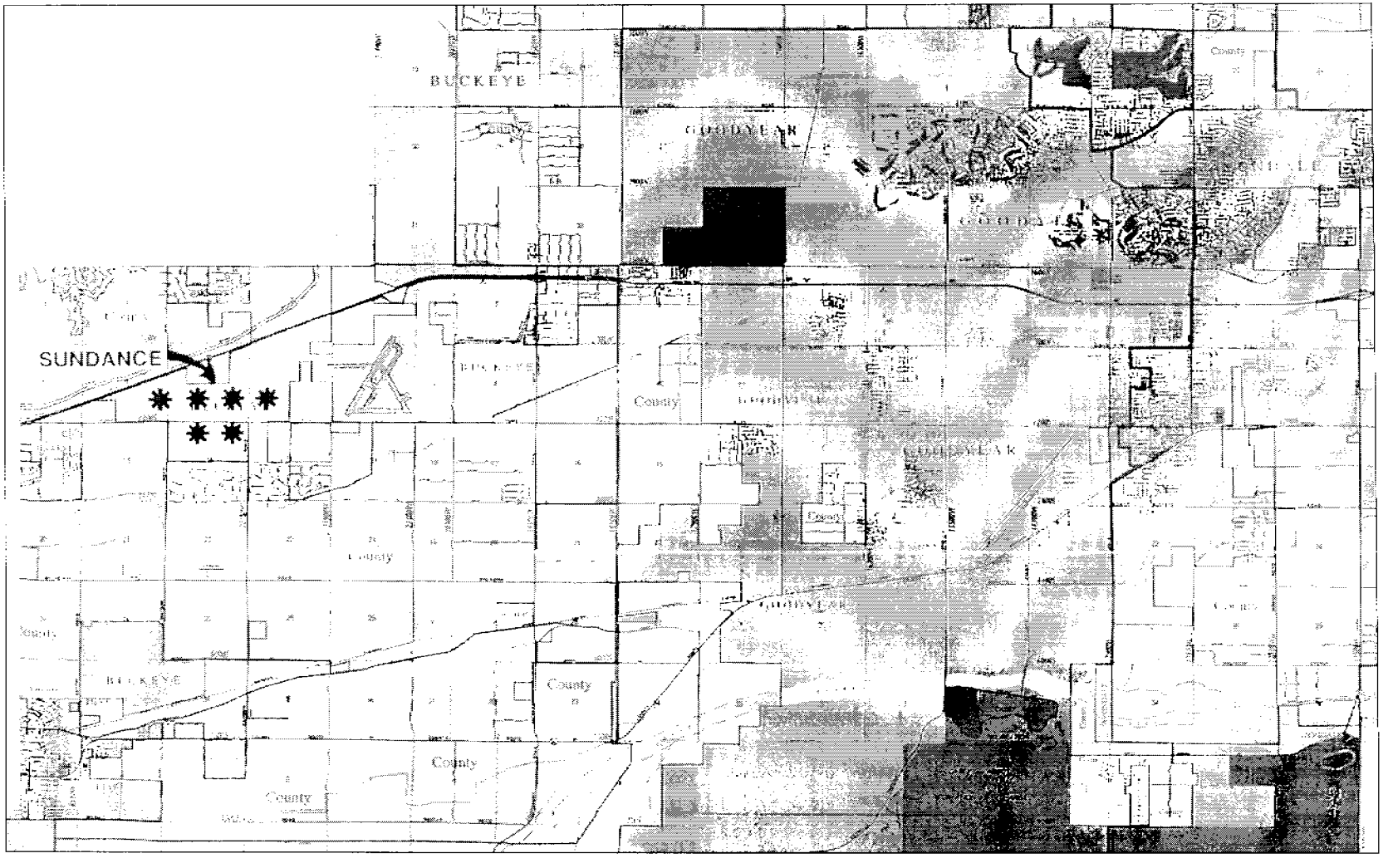
The west side of metropolitan Phoenix and particularly the southwest section has garnered considerable attention from residential developers in the past 12 to 24 months. The dwindling supply of available land in the eastern half of metropolitan Phoenix has shifted the focus of residential development to the west side. For example, the Town of Buckeye approved seven master planned communities in 2000, which includes roughly 160,000 housing units. A few of the more sizable projects approved by the town include:

- *Verrado* is an approximate 8,800-acre master-planned community located generally west of Tuthill Road, between Interstate 10 and Northern Avenue. The community has an approved general land use plan with the Town of Buckeye that allows up to 14,080 homes with 325 acres of parks, the possibility of 1,000 resort or hotel rooms and up to four million square feet of commercial space.

  The neighborhoods within Verrado are divided further by amenities. The "Town Neighborhoods" will consist of higher-density housing types, providing a unique style in the West Valley. Residents will be only a few blocks away from shopping, services, dining, community activities and recreation. The street pattern will be grid-like, based on the early neighborhoods of Phoenix, with a slightly more urbane character due to the intimate scale, authentic architecture and housing forms. Many of the product types are alley-loaded in order to maximize the architectural expression on the street.

  The "Park Neighborhoods" provide a supportive setting for traditional family living. They will be designed around community parks with planned elementary and middle schools easily reached by an extensive trailway system. The pattern of these neighborhoods is based on the historic neighborhoods of "old" Phoenix such as Encanto and Palmcroft. Housing types will be medium to low density with variable setbacks and architectural style to create help create a diverse neighborhood design.

EXHIBIT NO. 5
Metropolitan Phoenix Map



The "Golf and Foothills Neighborhoods" will have dramatic views of the White Tank Mountains as well as the proposed 18-hole championship golf course. Streets are connected, generally without cul-de-sacs, to support neighborhood cohesion. Housing types will range from attached golf villas to custom home sites. All homes in these neighborhoods will have the expected premium amenities associated with a golf course setting.

The developer of Verrado is striving to create a small town atmosphere. There will be a main street corridor with dining, shopping, business, and entertainment opportunities; all connected by tree lined streets and a park/trailway system. Phase I of Verrado is 1,145 acres in size, planned for approximately 2,040 homes in distinct neighborhoods. The grand opening occurred in early 2004.

- *Douglas Ranch* is an approximate 36,000-acre master planned community located north and west of subject in the town of Buckeye. The bordering roads are Jomax Road to the north, Cactus Road to the south, 319th Avenue to the East and 355th Avenue to the west. Long held by a series of institutional pension funds, the Douglas Ranch property is being purchased by a development team including Jerry Colangelo and partner David Eaton. While still in the planning stages, preliminary land uses include: 20 golf courses, nearly 80,000 residential units, 8,000,000 square feet of commercial development, 845 acres of parks, 27 elementary schools, and six high schools. Total build-out is expected to take 40 years and at that time population is estimated to be more than 210,000.

- *Sundance (subject)* is a master-planned community is just over 2,000 acres in size. Current land use plans show that there will be 6,777 residential units accompanied by 250 open space acres, which includes an 18-hole championship golf course. Commercial sites add up to 225 acres of land with uses ranging from retail services, civil facilities, community centers, a resort and employment opportunities. School sites are planned throughout the community on 92 acres set aside for elementary and high school buildings. The developer of Sundance is Buckeye Land and residential development is currently underway by several builders.

- *Sun Valley* master-planned community is generally located west and south of Northern Sun Valley Parkway. It occupies 13,282 acres of land and is planned for 34,200 residential units along with 1,800 commercial acres that include retail, industrial and a business park for employment. Open space will occupy 3,760 acres including golf, washes, mountain slopes and the Hassayampa area. Educational buildings have been planned on 510 acres but no mention of the exact breakdown of buildings was given. Development timing is currently unknown.

- *Sun Valley South*, master-planned community has 11,193 acres included and is located adjacent south of Sun Valley. Current planning for Sun Valley South shows 29,220 residential units, 277 acres of commercial use and 3,200 acres of open space. Open space acres include golf courses, neighborhood and community parks, and trailway system. Additionally, 276 acres are planned for school sites: (10) elementary, (4) middle, and (2) high schools. Development timing is currently unknown.

- *Tartesso* master-planned community is approximately 9,000 acres and located on both sides of Sun Valley Parkway, just north of Interstate 10. Development plans include more than 9,500 housing units and approximately five million square feet of commercial space. Amenities include neighborhood and community parks, trailway system, recreational center and sports park. Stardust is the developer of this community and product delivery is expected in late 2004.

- *Festival Ranch* master-planned community contains 10,105 acres of land and is located north of Sun Valley Parkway, generally west of 259th Avenue. Currently 24,180 residential units and more than seven million square feet of commercial development are planned for the area. Amenities include up to 14 championship golf courses, open space, neighborhood and commercial parks and trailway system along the Hassayampa River. The developer is the Lyle Anderson Company. Reportedly, approximately 3,100 acres of Festival Ranch is in escrow with Del Webb as the buyer for a retirement community. No information on the timing of development is available.

The projects detailed above account for over 95,000 residential units. Although all of these projects have received approval from the Town of Buckeye, the development timeline for a few of the projects is uncertain. If development in this area follows that of the other metropolitan Phoenix communities, development will begin within those projects having proximity to the interstate.

To date, most of the residential development has been located to the east of Buckeye in Goodyear – Avondale – Litchfield Park area. The significant developments in this area include:

- *Litchfield Park* – This community is at the northeast corner of Litchfield and Indian School Roads. It was started as a company town by Goodyear Tire & Rubber Company in 1916 who had acquired 16,000 acres which were converted to cotton fields. Today, it is a community of over 4,300 residents with the focal point of the development being the Wigwam Resort and Country Club, a five-star resort with three championship golf courses. Residential development around the resort and golf course fairways has resulted in a high-quality residential community with support facilities within a tightly controlled architectural setting. The quality of the development within Litchfield Park has a favorable impact on the adjacent and surrounding area.

- *Goodyear* – The City of Goodyear also originated in 1916 when Goodyear Tire & Rubber Company purchased and leased land in the Salt River Valley to produce Egyptian cotton. By 1920, the small farms had been merged into a large, corporate farming operation which resulted in the development of the cities of Litchfield Park and Goodyear. Goodyear's growth began during World War II with the Litchfield Naval Air Facility and the adjoining Goodyear Aircraft Facility which is now the Loral Aerospace Corporation. In July 1999, its population was estimated at about 17,000 people. The more recent population growth is attributable to the expansion of Palm Valley,

PebbleCreek, Estrella Mountain Ranch and other residential subdivisions in the area west of Litchfield Road and south of Interstate 10. It is anticipated the population of Goodyear will increase significantly during the next five years.

- *Palm Valley* – In December 1986, SunCor Development Company purchased 11,400 acres adjacent to Litchfield Park including the Wigwam Resort and Country Club. Approximately 9,000 acres were included within a multi-phase, master planned community known as Palm Valley. Phase I of Palm Valley, a 640-acre, golf-oriented, residential community at the northeast corner of McDowell and Litchfield Roads opened for sale to builders in early 1994. Together there were 12 parcels within the Phase I development designed to provide about 1,040 lots with densities varying from about 3 units to 5.9 units per acre. The extent to which Phase I has been developed is illustrated in an October 2003 aerial photograph included as Exhibit 6. The development of Phase II at the northwest corner of Litchfield and McDowell Roads began in 1999.

- *PebbleCreek* – PebbleCreek is a 2,200-acre, multi-phase, age-restricted, master planned community at the southwest corner of Bullard Avenue and Indian School Road, one mile west of Palm Valley, construction of the 5,500-lot active adult community began in 1992 with the initial phase of development encompassing approximately 760 acres and 340 lots. The master plan calls for three golf courses (two regulation and one executive) and a 30,000 square foot clubhouse which is being constructed. Current development within PebbleCreek is illustrated in the September 2002 aerial photograph included as Exhibit 6.

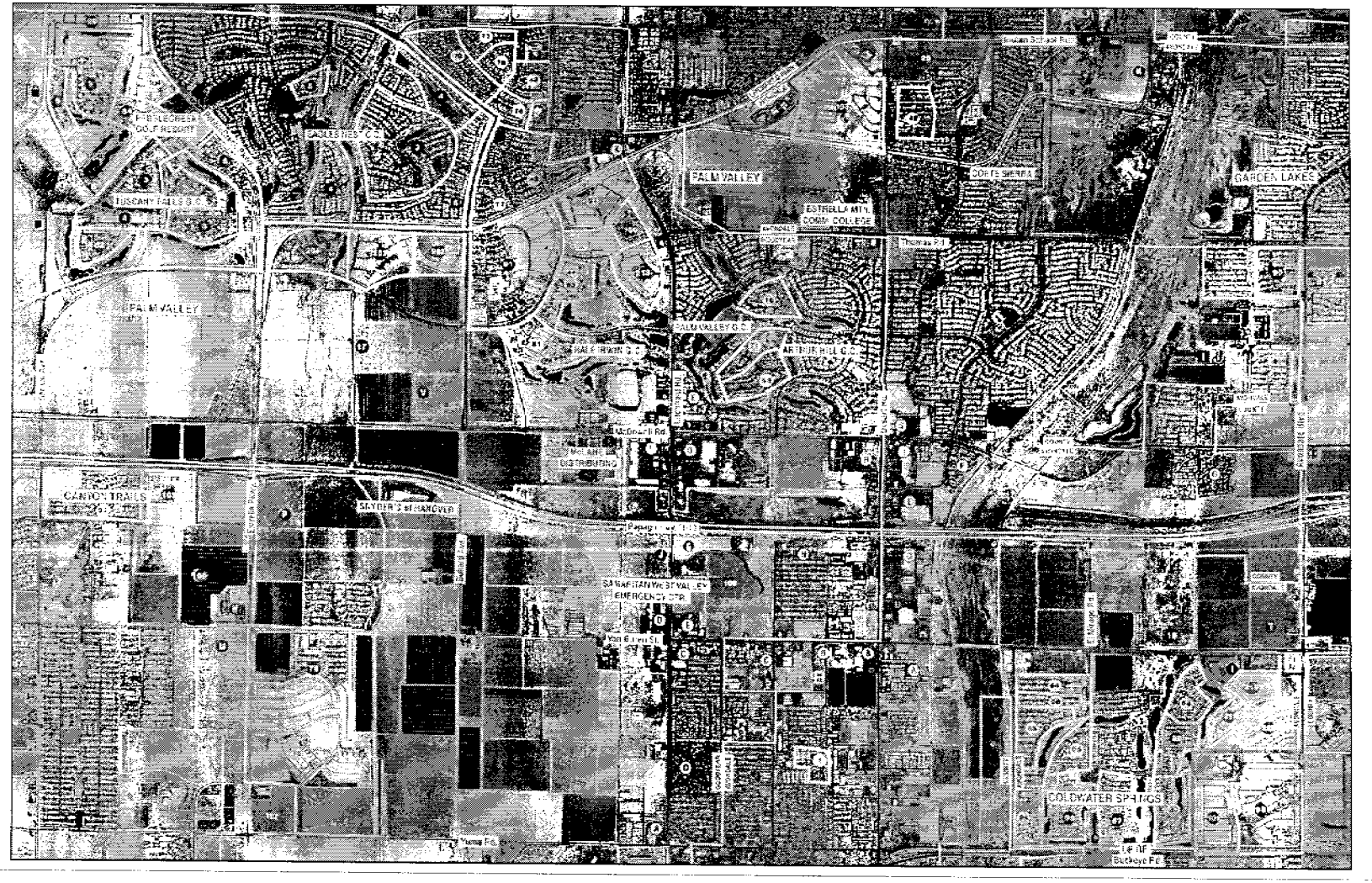
- *Estrella Mountain Ranch* is a 20,000-acre master planned community generally located at Estrella Parkway and Elliot Road. The project was originally planned by American Continental and acquired by Sunchase from the RTC in 1994. The community is oriented around a couple of man-made lakes and a championship golf course designed by Nicklaus Design in 1999. This community is about 7.75 miles south of Interstate 10 and because of its location, measured in terms of travel time, is comparable to that of Sundance; it is discussed in some additional detail later in the report.

- *Rancho Santa Fe* – Rancho Santa Fe is a planned area development by Continental Homes on the east side of Dysart Road, south of Thomas; adjacent west of the defined area. There are four district neighborhoods within the community offering lot sizes ranging from 45-foot wide lots to 70-foot wide lots with home prices ranging from approximately $90,000 to $170,000. Rancho Santa Fe opened for sales in early 1995 and has been very successful.

- *Estrella Vista* – This 320-acre master planned community was originally developed by American Continental at the southwest corner of Estrella Parkway and Yuma Road. The first development phase included about 263 lots, which is built-out. Currently a 106-lot subdivision is being developed by Beazer Homes. Canyon Trails, a 300-unit apartment project is proposed at the northwest corner of Estrella Parkway and Lower Buckeye Road; this parcel is adjacent west of the Phase I development.

EXHIBIT NO. 6

Palm Valley, PebbleCreek Landiscor Aerial (January 2004)



- *Pueblo Verde* – This is a proposed 160-acre residential development at the southeast corner of Yuma Road and Sarival Avenue. The developer is Recorp and current information indicates the 160 acres will be developed with 480 lots.
- *Sarival Village* – This 320-acre development is at the northeast and southeast corners of Sarival Avenue and Lower Buckeye Road; it is adjacent south of Pueblo Verde and west of Estrella Vista. Currently, a 111-lot subdivision is being developed by Ryland Homes.
- *Canyon Trails* – This is a proposed 2,000± acre planned community adjacent south of Interstate 10, west of Sarival Avenue. The developer is Continental Homes and preliminary information indicates there will be a total of 7,000 to 9,000 lots. Grading within the section adjacent south of Interstate 10 has started.
- *Wildflower Ranch* – This is a 380± acre planned community at the northeast corner of Sarival Avenue and Yuma Road. The first phase included about 900 lots of which about 788 have been sold. The second phase will include three subdivisions by Beazer Homes which include 299 lots.

Of the various active master planned communities in west Phoenix, Estrella Mountain Ranch is judged to be one of the more comparable developments in terms of its distance from downtown Phoenix compared to Sundance. As illustrated on Exhibit 7, Estrella Mountain Ranch is about 7.75 miles south and a little west of the Interstate 10-Estrella Parkway interchange. Golf Village which is currently the most active developing area within Estrella Mountain Ranch is about two miles south of this point. In comparison, the eastern boundary of Sundance is about 7.75 miles west of the same interchange; measured in terms of travel time, Sundance is closer to downtown Phoenix than Estrella.

Subject's relationship to the more developed areas of metropolitan Phoenix, in comparison to other active master planned communities is a factor requiring some additional discussion. The market's perception of subject's location has changed over the past few years and will change more significantly during the next few years; i.e., its location is more acceptable expressed in terms of commuting time than it has been at any other time in the past. The marketing success experienced by various builders within Estrella Mountain Ranch supports the suggestion the market will continue to view subject's location as being within an acceptable commute time.

One of the reasons for this is because the market is adjusting to the fact that most new master planned communities have or will have a location relationship to downtown Phoenix similar to that of Sundance.

EXHIBIT NO. 7
Estrella Proximity Map

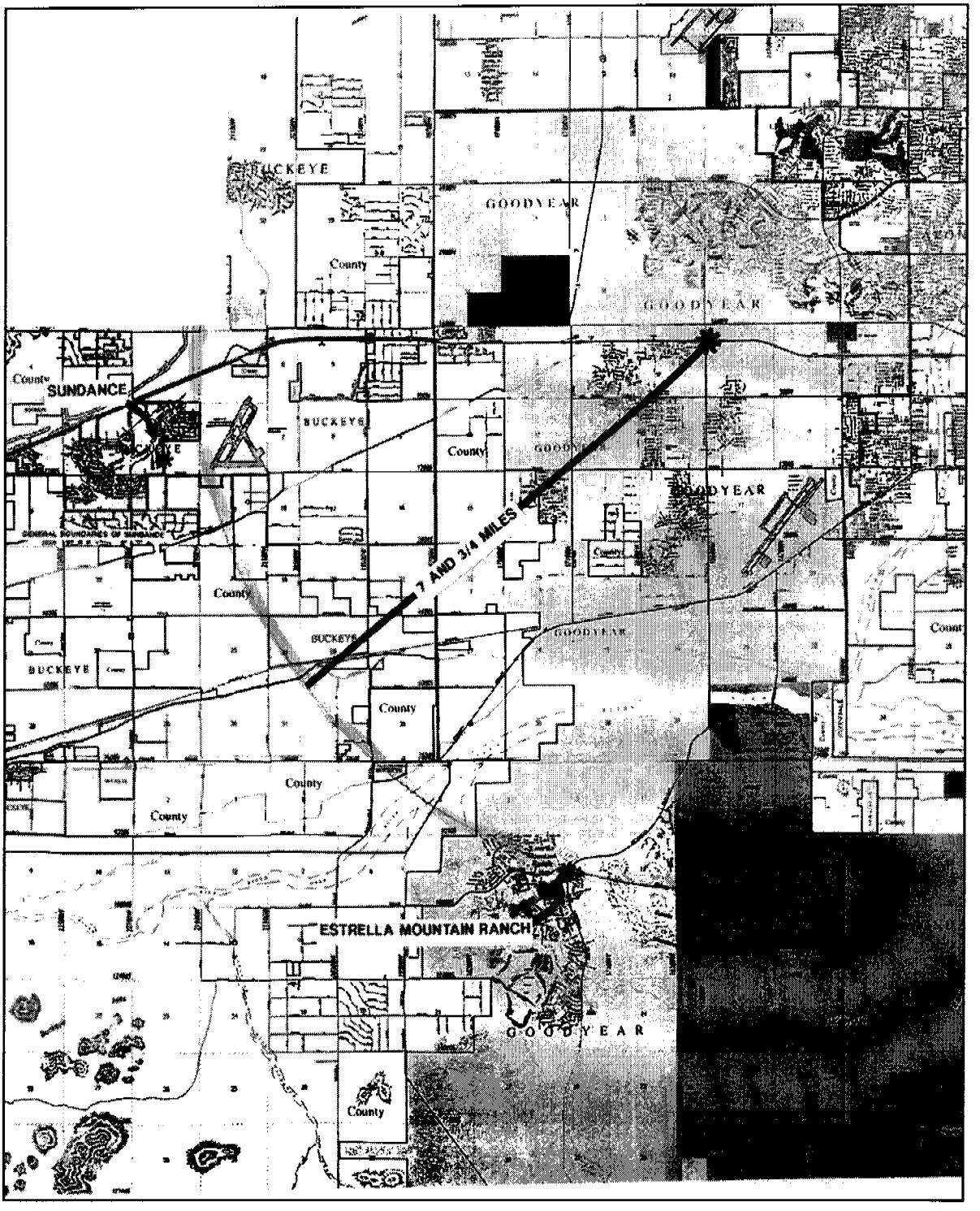


EXHIBIT NO. 8
Master Planned Community Map

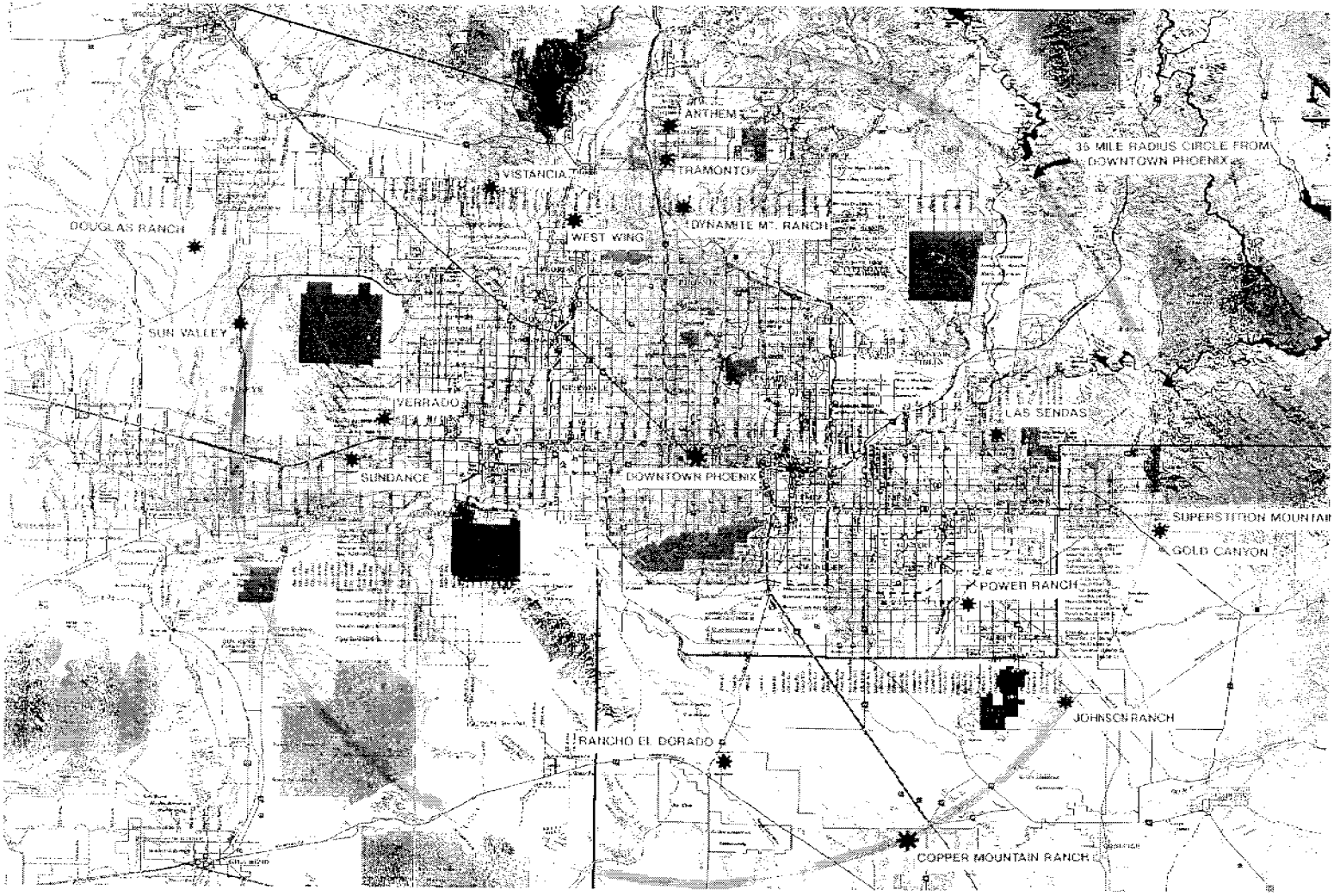
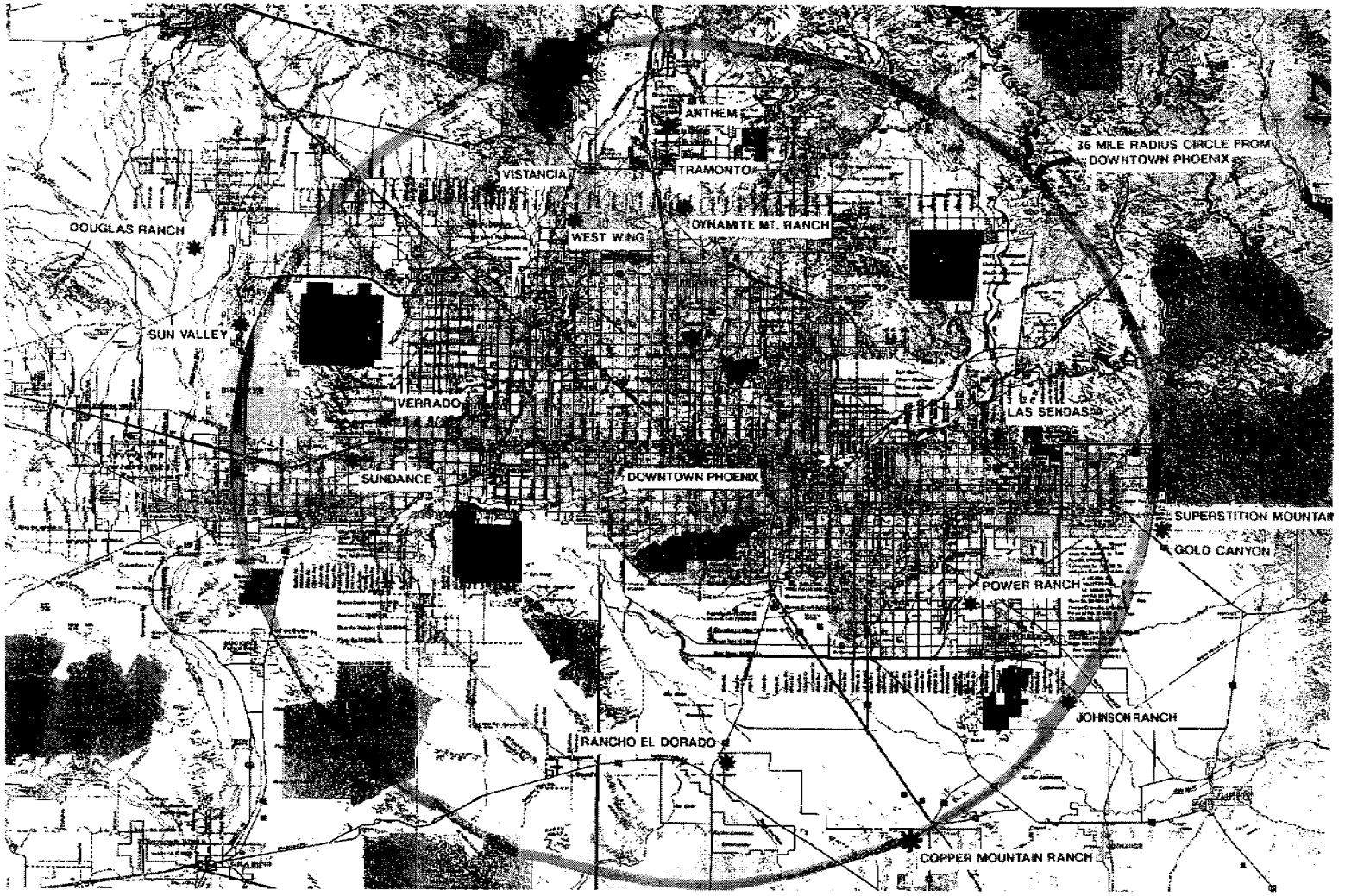


EXHIBIT NO. 8
Master Planned Community Map



COMMERCIAL DEVELOPMENT

To this point, commercial development has been concentrated in the eastern half of the "General Area," i.e., Goodyear, Litchfield Park and Avondale. The following is brief description of the commercial development in the area:

- *Goodyear Village Center* – At the northwest corner of Van Buren Street and Litchfield Road, this 115,000 square foot neighborhood center was constructed in 1989. Anchor tenants include Fry's, Radio Shack, and Auto Checker Parts.
- *Albertson's Center* - At the northeast corner of Van Buren Street and Litchfield Road, this 89,245 square foot neighborhood center was constructed in 1997. Anchor tenants include Albertson's grocery store and Hollywood Video.
- *Avondale Plaza* - This 93,375 square foot neighborhood center is at the southwest corner of Van Buren and Dysart Roads. Constructed in 1987, current anchor tenants include ABCO, Walgreen's, and Payless Shoe Source; ABCO recently closed their store and will be replaced.
- *Southwest Goodyear Center* - At the northwest corner of Yuma and Litchfield Roads, this 77,000 square foot neighborhood center was constructed in 1979. The anchor tenants include Southwest Supermarkets and Factory 2U.
- *Palm Valley Pavillions West* – This facility was completed in 1994 as an outlet center containing about 135,000 square feet. It was re-developed in 2002 as a 260,000 square foot community center.
- *Palm Valley Market Center* - An 110,000 square foot neighborhood center at the southwest corner of Litchfield and Indian School Roads, anchored by Safeway.
- *Palm Valley Pavilions* – This 255,500 square foot center was developed in 1999 at the southeast corner of McDowell and Litchfield Roads; the major tenant is Target.
- *Wal-Mart* – A 101,000 square foot Wal-Mart store was developed in 1998 at the northeast corner of Dysart Road and Interstate 10.
- *Palmilla* – This 161,000 square foot Fry's anchored center was developed in 1998 at the southeast corner of Dysart and McDowell Roads.

None of these centers have meaningful proximity to subject as that term is typically used. The fact five of the ten centers have been developed during the past 4± years in response to the more recent growth is reflective of the type of ongoing commercial development that will occur as the area matures residentially.

In addition to the existing commercial development summarized above, there are a number of additional centers planned for the general area discussed in this section of the report; they include:

- Safeway Center – A planned Safeway Market at the northwest corner of Van Buren Street and Estrella Parkway
- Palm Valley Tower Center – A planned 395,800 square foot Costco Center at the southwest corner of Litchfield Road and Interstate 10
- Galloway/Engle Center – A proposed 300,000 square foot development at the southwest corner of Interstate 10 and Estrella Parkway
- Sam's Club – A proposed Sam's Club at the northeast corner of Van Buren Street and Dysart Road

GENERAL AREA CONCLUSION

The general area referenced above incorporates a 150-square mile section of west metropolitan Phoenix included within a larger area generally referred to as the "West Valley." Historically, the West Valley has not been considered a growth area when compared to northeast Phoenix, north Scottsdale and the Southeast Valley. Although that perception has not always been accurate, it is nevertheless true that the West Valley has not been viewed with the same degree of enthusiasm when compared to several other areas of metropolitan Phoenix.

This is changing, a fact that will be more generally recognized as development of some of the major communities noted previously continues; e.g., Verrado, Canyon Trails, Sundance, etc.

As illustrated in some of the exhibits referenced previously, Exhibit 4 for example, there is a large amount of vacant land available for development; some is under cultivation and some is pristine desert. The continued growth of metropolitan Phoenix is judged a certainty and it is anticipated the West Valley will account for a substantial part of this future growth.

NEIGHBORHOOD DESCRIPTION

As noted previously, subject is part of the larger Sundance master planned community. Sundance is a mixed-use, predominantly residential community of approximately 2,000± acres in Buckeye, Arizona. It is on the south side of Interstate 10 between Dean Road on the east and Miller Road on the west.

Even though the Town of Buckeye is only 30 miles west of downtown Phoenix, it has historically been a farming and ranching community. However, Metropolitan Phoenix development is now beginning to bring this area into its growth boundary. In the past five years, residential growth in

Metropolitan Phoenix has shifted from its eastern half to its western half. With large amounts of land available for development in western Maricopa County, this area will continue to attract the lion's share of the growth.

RESIDENTIAL DEVELOPMENT

Since 2000, the Town of Buckeye has approved seven master planned communities with more than 160,000 housing units. A few of the more notable approved projects include:

- *Verrado* is an approximate 8,800-acre master-planned community located generally west of Tuthill Road, between Interstate 10 and Northern Avenue. The community has an approved general land use plan with the Town of Buckeye that allows up to 14,080 homes with 325 acres of parks, the possibility of 1,000 resort or hotel rooms and up to four million square feet of commercial space.

  The developer of Verrado is striving to create a small town atmosphere. There will be a main street corridor with dining, shopping, business, and entertainment opportunities; all connected by tree lined streets and a park/trailway system. Phase I of Verrado is 1,145 acres in size, planned for approximately 2,040 homes in distinct neighborhoods. The grand opening is scheduled for the fall of 2003.

- *Roston Companies* of California have a 1,060-acre project just south of Interstate 10 on the east and west sides of Rooks Road. The project is approved for 3,235 homes and 195 acres of commercial development.

- *Douglas Ranch* is an approximate 36,000-acre master planned community located north and west of subject in the town of Buckeye. The bordering roads are Jomax Road to the north, Cactus Road to the south, 319th Avenue to the East and 355th Avenue to the west. Long held by a series of institutional pension funds, the Douglas Ranch property is being purchased by a development team including Jerry Colangelo and partner David Eaton. While still in the planning stages, preliminary land uses include: 20 golf courses, nearly 80,000 residential units, 8,000,000 square feet of commercial development, 845 acres of parks, 27 elementary schools, and six high schools. Total build-out is expected to take 40 years and at that time population is estimated to be more than 210,000.

- *Sundance (subject)* is a master-planned community is just over 2,000 acres in size. Current land use plans show that there will be 6,777 residential units accompanied by 250 open space acres, which includes an 18-hole championship golf course. Commercial sites add up to 225 acres of land with uses ranging from retail services, civil facilities, community centers, a resort and employment opportunities. School sites are planned throughout the community on 92 acres set aside for elementary and high school buildings. The developer of Sundance is Buckeye Land and residential development is currently underway by several builders.

- *Sun Valley* master-planned community is generally located west and south of Northern Sun Valley Parkway. It occupies 13,282 acres of land and is planned for 34,200

residential units along with 1,800 commercial acres that include retail, industrial and a business park for employment. Open space will occupy 3,760 acres including golf, washes, mountain slopes and the Hassayampa area. Educational buildings have been planned on 510 acres but no mention of the exact breakdown of buildings was given. Development timing is currently unknown.

- *Sun Valley South*, master-planned community has 11,193 acres included and is located adjacent south of Sun Valley. Current planning for Sun Valley South shows 29,220 residential units, 277 acres of commercial use and 3,200 acres of open space. Open space acres include golf courses, neighborhood and community parks, and trailway system. Additionally, 276 acres are planned for school sites: (10) elementary, (4) middle, and (2) high schools. Development timing is currently unknown.

- *Tartesso* master-planned community is approximately 9,000 acres and located on both sides of Sun Valley Parkway, just north of Interstate 10. Development plans include more than 9,500 housing units and approximately five million square feet of commercial space. Amenities include neighborhood and community parks, trailway system, recreational center and sports park. Stardust is the developer of this community and product delivery is expected in 2004.

- *Festival Ranch* master-planned community contains 10,105 acres of land and is located north of Sun Valley Parkway, generally west of 259th Avenue. Currently 24,180 residential units and more than seven million square feet of commercial development are planned for the area. Amenities include up to 14 championship golf courses, open space, neighborhood and commercial parks and trailway system along the Hassayampa River. The developer is the Lyle Anderson Company. Reportedly, approximately 3,100 acres of Festival Ranch is in escrow with Del Webb as the buyer for a retirement community. No information on the timing of development is available.

Although all of these projects have received approval from the Town of Buckeye, the development timeline for a few of the projects is uncertain. Of the projects noted above, Sundance and Verrado are the two projects furthest along the development timeline. If development in this area follows that of the other metropolitan Phoenix communities, development will begin within those projects having proximity to the interstate.

Subject's Sundance community was the first large scale (almost 2,000 acres) master planned community to be developed in Buckeye. Development of the community began in October 2000 with the approval of the Community Master Plan and Land Development Agreement with the Town of Buckeye. Development of the community began in 2001 with substantial completion of the major infrastructure in 2002. In the summer of 2002, the first model homes were completed, quickly followed by the first sales in the community. The first full year of operation for the

community was 2003. As of December 31, 2003, a total of 1,012 permits were pulled by Hancock Communities (division of Meritage), Pulte Homes (formerly Sivage Thomas), Dietz Crane (division of D.R. Horton), Marlor Homes, and Canterra Homes. During 2003 a total of 1,001 homes were sold at an average price of $124,500. The five active builders through May 2004 sold a total of 678 (135 homes per month).

COMMERCIAL DEVELOPMENT

At present there is no significant commercial development in the subject immediate area. This is projected to change with the continued development of the community and the surrounding area. In terms of the subject property, the most significant of the proposed commercial developments is the retail center within the Sundance community at the northwest corner of Watson and Yuma Roads. The initial phase of development of this center is projected to occur within the next 24 months. A proposed Fry's center will also be constructed at the southwest corner of Watson and Yuma Roads.

EMPLOYMENT

The largest employer in the Buckeye area is the Palo Verde Nuclear Generation Station with 2,500 employees. Other large employers include Schultz Homes, Wal-Mart and a number of transportation related businesses. Table 11 summarizes a number of significant employers in the area.

TABLE NO. 11

MAJOR BUCKEYE AREA EMPLOYERS

Company Name	Employees	Industry
Palo Verde Nuclear (APS)	2,500	Utilities
Schultz Homes	375	Manufactured housing
Wal-Mart	250	Distribution warehouse
Rip Griffin Travel Center	180	Truck stop
Southern Pacific Transportation	130	Inspection and service facility
Wadsworth Golf Construction	125	Golf course construction
Love's Country Store	50	Truck and travel services
Indian Rehabilitation Inc.	45	Rehabilitation services
Wingfield Livestock Transportation	45	Animal transportation services
Rainbow Valley Dairy	40	Milk production

COMMUNITY SERVICES

The area is served by an elementary, middle and high school. Additionally, the town has both local fire and police departments. Medical services are provided by two clinics. The closest hospital facility is just north of Interstate 10 at Litchfield Road in Goodyear. Other community facilities include two libraries, a museum, community center and numerous parks throughout he community. Buckeye Hills Regional Park is approximately 5 miles west of Buckeye and the White Tanks Regional Park is 15 miles northeast.

INFRASTRUCTURE

Because much of the area continues to be used for agricultural purposes, the infrastructure of the community is limited and concentrated near the downtown area. Arizona Public Service provides electrical service and Southwest Gas provides gas. Qwest is the local telephone service provider. The fiber optic infrastructure is not currently in place to provide digital telecommunications services.

WATER AND SEWER

The Town of Buckeye is the provider of water services for some areas of the community; however, much of the area is served by private wells. As new communities are developed the infrastructure of the town will increase. The current condition of the sewer system is similar to that of water. Sewer systems for most existing developments is septic. The development of a sewer system will follow the path of new development. Many of the larger master planned communities will be required to develop water and sewer plants to support their communities.

ACCESS

The most significant traffic artery in the Buckeye area is Interstate 10, which connects Buckeye with other areas of metropolitan Phoenix. As previously indicated, the communities of Goodyear and Avondale are 14 miles east and downtown Phoenix is 30 miles east. State Route 85 is also a major traffic artery in Buckeye. State Route 85 originates in Avondale and terminates in Gila Bend. Another section of State Route 85 along Oglesby Road connects with Interstate 10 two miles west of downtown Buckeye.

Within Buckeye there are a number of significant section line arterials. Oglesby Road, Miller Road, Watson Road and Jackrabbit Road are north/south section line arterials, which have

interchanges with Interstate 10. East/west arterials include Yuma Road, Lower Buckeye Road and Baseline Road (this is also a section of State Route 85). All of the roads with the exception State Route 85 provide one lane of traffic in each direction. The opposing lanes are undivided and have little or no curbs or gutters.

CONCLUSION OF NEIGHBORHOOD DESCRIPTION

From either a historical or relatively recent perspective, Buckeye has been outside the "circle of ongoing development." However, this circle is rapidly expanding to the west. The abundance of available land coupled with relatively low land values in relation to other communities in metropolitan Phoenix is drawing developers to the Buckeye area. Most notably, developers are looking to Buckeye as an area to develop large master planned communities, a concept that has been extremely successful over the past few decades. The development of master planned communities requires a significant amount of contiguous acreage, something that is becoming scarcer in other parts of the metropolitan area.

DESCRIPTION OF THE SUBJECT PROPERTIES

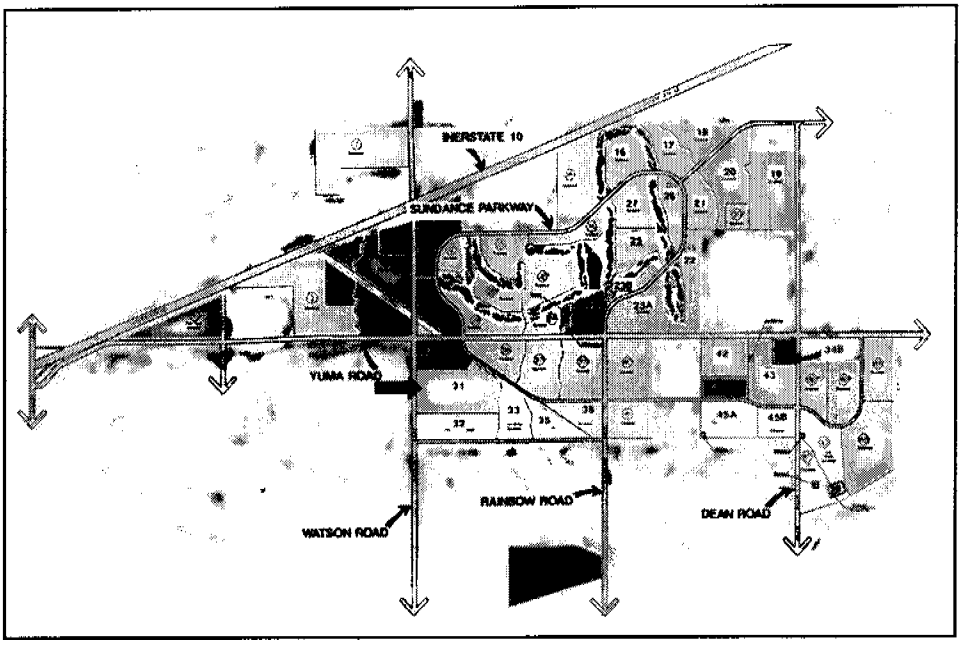
As noted on Page 1, the subject of this report includes four separately identified parcels comprising a part of Sundance, a multi-phased, master planned community on the south side of Interstate 10 extending east and west of Watson Road in Buckeye, Arizona.

All four subject parcels have been designated for residential use with greatly varying densities (1.14 to 4.96 units per acre). The overall average density for the four subject parcels is 3.27 lots per acre. All four of the subject parcels are located south of Yuma Road and therefore do not have any golf course frontage, however, Parcels 32, 33, and 35 include a number of large 1-acre lots. These are located along the southern boundary of the Sundance community. They were provided as a buffer to the neighboring community to the south.

The four subject parcels are listed in Table 12 along with a brief description including the land area and the number of residential lots designated for the each parcel. In addition to the information summarized in Table 12, individual data sheets have been prepared for each of the four subject parcels and are included on the following pages along with a copy of the subdivision plat and some photographs.

TABLE NO. 12

Parcel No.	Description	Size and Number of Lots
31	This parcel has a fairly rectangular shape with frontage along the east side of Watson Road. It lies just south of Parcels 30 and 30A, which are designated for commercial development. The lots in this subdivision are a mix of 40 x 110, 45 x 110 and 50 x 110. The overall density of this parcel is 4.96 unit per acre.	62.54 gross acres 60.37 net acres 310 lots
32	This 37.07-acre parcel is on the east side of Watson Road south of Yuma Road. It has a rectangular shape with approximately 700 feet of frontage along Watson Road. The 86 lots are 70 x 120 or 8,400 square feet. The overall density of this parcel is 2.32 units per acre..	37.07 gross acres 34.26 net acres 86 lots
33	This 21.75-acre parcel is on the south side of Sundance Parkway South. It is also located just south of the overhead power lines, which diagonally bisect the Sundance community from the southeast to the northwest. The lots in the subdivision are 70 x 115 with the exception of a few lots along the southern property line, which are each just over an acre in size. These larger lots were provided as a buffer to the neighborhood to the south.	21.75 gross acres 20.71 net acres 52 lots
35	This 23.71-acre parcel has a triangular shape. It lies to the south of Sundance Parkway South and is preliminarily platted for development with 27 single-family lots. It has a density of 1.14 unit per acre. The lots are 70 x 115 with the exception of five lots along the southern property line which each are in excess of 1 acre.	23.71 gross acres 22.34 net acres 27 lots

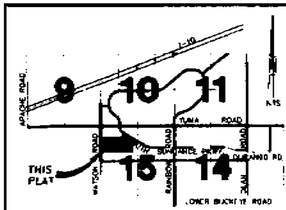


Subject Parcel:	31
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	62.54 gross acres 60.37 net acres
Total Number of Lots:	310
Lot Size:	40 x 110 45 x 110 50 x 110
Premium Lots:	None
Average Density Per Acre:	4.96 lots per gross acre
Comments:	This parcel has been final platted and on-site development is nearing completion.

BOOK 629 PAGE 38
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER HELEN PURCELL
2003-0420717

A FINAL PLAT OF "SUNDANCE PARCEL 31"

A PORTION OF THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.



VICINITY MAP
N.T.S.

BASIS OF BEARING

BEING THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SECTION 10, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, CONSIDERED TO BEAR NORTH 89°57'15" EAST, A DISTANCE OF 2643.23 FEET FROM A 3/8" IRON BAR, THE SOUTHWEST CORNER OF SAID SECTION 10, TO A 3/4" IRON PIPE, THE SOUTH QUARTER CORNER OF SAID SECTION 10, PER HOOK ENGINEERING INC. ALTA, JOB NO. 4281, DATED MAY 22, 2000

REFERENCE DOCUMENTS

1. ALTA FOR "HANCOCK COMMUNITIES SUNDANCE - I-10 AT RAINBOW ROAD" AS PREPARED BY HOOK ENGINEERING COMPANY, DATED MAY 22, 2000, SIGNED BY C. STEVE DURYEA JR. LS #31019, JOB #4281.

2. "SUNDANCE PHASE I MAP OF DEDICATION" AS PREPARED BY RBF CONSULTING, RECORDED AT BOOK 590 OF MAPS, PAGE 38, MARICOPA COUNTY RECORDERS OFFICE.

NOTE:
THIS SUBDIVISION WILL BE SUBJECT TO THE MASTER COVENANTS, CONDITIONS, AND RESTRICTIONS OF THE SUNDANCE MASTER PLANNED COMMUNITY.

LEGAL DESCRIPTION

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 15

THENCE NORTH 00°01'14" WEST ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 705.32 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 1124.58 FEET

THENCE NORTH 89°57'15" EAST, A DISTANCE OF 1410.89 FEET;

THENCE NORTH 32°28'56" EAST, A DISTANCE OF 381.55 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 877.87 FEET;

THENCE SOUTH 34°12'23" EAST, A DISTANCE OF 5.24 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°47'37" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 38°22'02", AN ARC DISTANCE OF 66.96 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 04°09'39" WEST, A DISTANCE OF 73.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 85°50'21" EAST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 15°09'49", AN ARC DISTANCE OF 26.47 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 11°00'10" EAST, A DISTANCE OF 104.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 78°59'50" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 22°13'06", AN ARC DISTANCE OF 38.78 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 11°12'55" WEST, A DISTANCE OF 155.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 78°47'05" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°00'28", AN ARC DISTANCE OF 15.71 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 48°46'38" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 20°40'02", AN ARC DISTANCE OF 10.82 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 20°33'22" WEST, A DISTANCE OF 161.31 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 69°26'38" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 26°59'13", AN ARC DISTANCE OF 23.55 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 06°25'51" EAST, A DISTANCE OF 115.97 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 83°34'09" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 26°17'07", AN ARC DISTANCE OF 14.81 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°17'02" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 32°09'56", AN ARC DISTANCE OF 16.84 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 02°35'02" EAST, A DISTANCE OF 173.90 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 2321.00 FEET TO THE TRUE POINT OF BEGINNING.

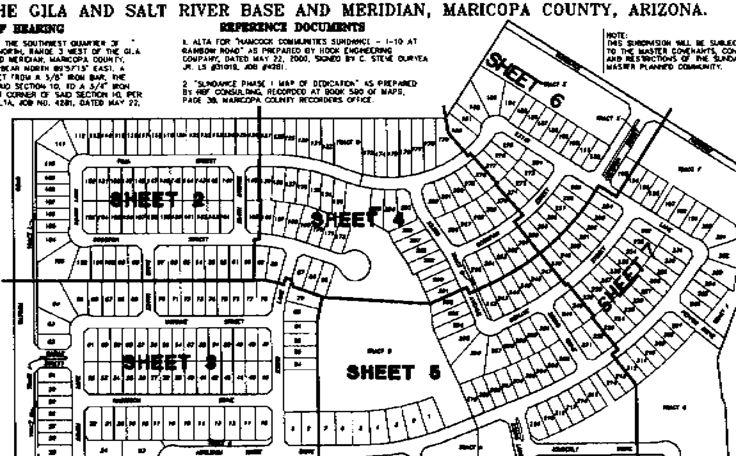
THE ABOVE DESCRIBED PARCEL CONTAINS 2,736,320 SQUARE FEET OR 62.8173 ACRES

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS OF WAY, RESTRICTIONS AND RESERVATION OF RECORD, IF ANY, AND SUBJECT TO ANY DEDICATIONS DESCRIBED ON THE SUNDANCE PHASE 1 MAP OF DEDICATION RECORDED AT BOOK 590 OF MAPS, PAGE 38, MARICOPA COUNTY RECORDER'S OFFICE.

629-38

TRACT AREA TABLE

TRACT	SQUARE FEET	ACREAGE	USE
A	7,027	0.1613	LANDSCAPE/P.U.E.
B	229,561	5.2700	LANDSCAPE/RETENTION/DRAINAGE/MULTI-USE TRAIL/WASH/N.O.S.A.
C	2,087	0.0479	LANDSCAPE/P.U.E.
D	15,908	0.3652	LANDSCAPE/MULTI-USE TRAIL/WASH/N.O.S.A.
E	[illegible]	[illegible]	LANDSCAPE/RETENTION/DRAINAGE/P.U.E.
F	77,110	1.7702	LANDSCAPE/RETENTION/DRAINAGE/MULTI-USE TRAIL/WASH/N.O.S.A./P.U.E.
G	123,359	2.8320	LANDSCAPE/RETENTION/DRAINAGE/MULTI-USE TRAIL/WASH/N.O.S.A.
H	28,612	0.6568	LANDSCAPE/RETENTION/DRAINAGE/MULTI-USE TRAIL/WASH/N.O.S.A.
J	694	0.0159	LANDSCAPE
K	1,722	0.0395	LANDSCAPE
L	10,833	0.2447	LANDSCAPE/P.U.E.
M	2,900	0.0666	LANDSCAPE/P.U.E.
TOTAL	588,277	13.4590	



KEY MAP
NOT TO SCALE

SUNDANCE MASTER COMMUNITY ASSOCIATION RATIFICATION

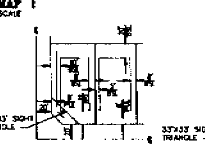
BY THIS RATIFICATION, ______ DULY DESIGNATED DIRECTOR OF THE "SUNDANCE MASTER COMMUNITY ASSOCIATION, INC., AN ARIZONA CORPORATION", ACKNOWLEDGES THE RESPONSIBILITIES DEDICATED HEREIN.

NAME ______ DATE 4/3/03

NOTE: AN ASSOCIATION, INCLUDING ALL PROPERTY OWNERS IN THE DEVELOPMENT, WILL BE FORMED AND HAVE RESPONSIBILITY FOR MAINTAINING ALL COMMON AREAS NOTED AS "TRACTS" OR "EASEMENTS" INCLUDING PRIVATE STREETS, LANDSCAPED AREAS, AND DRAINAGE FACILITIES IN ACCORDANCE WITH APPROVED PLANS.

NOTES

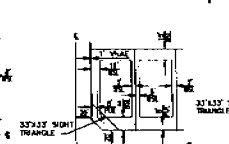
1. EXCEPT FOR CONSTRUCTION AND IMPROVEMENTS BY GOVERNMENTAL ENTITIES AND CERTIFIED PUBLIC UTILITIES, CONSTRUCTION AND IMPROVEMENTS WITH UTILITY EASEMENTS SHALL BE LIMITED TO ONLY THE FOLLOWING:
   A) WOOD, WIRE, OR REMOVABLE SECTION TYPE FENCING.
   B) CONSTRUCTION, STRUCTURES, OR BUILDINGS EXPRESSLY APPROVED IN WRITING BY THE TOWN OF BUCKEYE AND ALL PUBLIC UTILITIES WHICH USE OR MAY USE THE UTILITY EASEMENT.
2. ALL UTILITIES SHALL BE INSTALLED UNDERGROUND.
3. NO STRUCTURE OF ANY KIND MAY BE CONSTRUCTED, NOR ANY VEGETATION BE PLANTED OR ALLOWED TO GROW WITHIN A DRAINAGE TRACT, WHICH WOULD IMPEDE THE FLOW OF WATER OVER, UNDER, OR THROUGH THE DRAINAGE TRACT.
4. A HOMEOWNERS ASSOCIATION INCLUDING ALL LOT OWNERS SHALL BE FORMED AND HAVE THE RESPONSIBILITY OF MAINTAINING THE COMMON AREAS NOTED AS TRACTS, LANDSCAPED AREAS, AND DRAINAGE FACILITIES IN ACCORDANCE WITH THE APPROVED PLANS. THIS RESPONSIBILITY INCLUDES ALL ADJACENT RIGHTS-OF-WAY.
5. THE TOWN OF BUCKEYE IS NOT DESIGNATED AS AN ASSURED WATER PROVIDER PURSUANT TO ARS 45-576.
6. THE PERMITTEE SHALL ENSURE THE REMAINING SECTION 404 JURISDICTIONAL AREAS ARE AVOIDED AND MAINTAINED AS NATURAL OPEN SPACE AREAS. THE PERMITTEE SHALL ACHIEVE THIS BY PLACING THE AVOIDED WASHES WITHIN A 30'-50' WASH CORRIDORS. THESE AREAS SHALL BE MAINTAINED IN AN UNDISTURBED CONDITION FOR THE LIFE OF THE PROJECT. THE PERMITTEE SHALL ENSURE THAT THE AVOIDED SECTION 404 JURISDICTIONAL AREAS ARE IDENTIFIED ON THE FINAL DEVELOPMENT PLAT FOR THE PROPOSED SUNDANCE MASTER-PLANNED COMMUNITY. THE PERMITTEE SHALL MAKE THIS CONDITION KNOWN IN ALL SALES AGREEMENTS.



TYPICAL 55' LOT DETAIL

* 17' LIVING AREA
18' GARAGE
10' SIDE ENTRY GARAGE

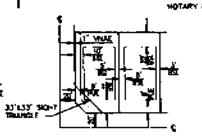
NOTE
1. ALL SETBACKS ARE MEASURED FROM PROPERTY LINE
2. STAGGER FRONT YARD SETBACKS BY 3' WITH NO MORE THAN 2 HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK



TYPICAL 40' LOT DETAIL

* 12' LIVING AREA
18' GARAGE
10' SIDE ENTRY GARAGE

NOTE
1. ALL SETBACKS ARE MEASURED FROM PROPERTY LINE
2. STAGGER FRONT YARD SETBACKS BY 3' WITH NO MORE THAN 2 HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK



TYPICAL 60' LOT DETAIL

* 17' LIVING AREA
18' GARAGE
10' SIDE ENTRY GARAGE

NOTE
1. ALL SETBACKS ARE MEASURED FROM PROPERTY LINE
2. STAGGER FRONT YARD SETBACKS BY 3' WITH NO MORE THAN 2 HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK

ASSURED WATER SUPPLY

CERTIFICATE OF ASSURED WATER SUPPLY NO. 27-400806, ISSUED FOR SUNDANCE PARCEL 31 BY THE ARIZONA DEPARTMENT OF WATER RESOURCES ON ______ 2003.

SITE AREA

GROSS: 2,724,438 SQUARE FEET OR 62.5445 ACRES

LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY

THE LOTS AND PARCELS CREATED, DEFINED OR DEPICTED ON THIS PLAT ARE SUBJECT TO A LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY. NO PERSON MAY OCCUPY A BUILDING OR STRUCTURE ERECTED ON ANY LOT OR PARCEL CREATED, DEFINED OR DEPICTED ON THIS PLAT UNTIL THE TOWN OF BUCKEYE HAS ISSUED A CERTIFICATE OF OCCUPANCY. THE TOWN WILL NOT ISSUE A CERTIFICATE OF OCCUPANCY UNTIL STREET, UTILITY, DRAINAGE AND OTHER IMPROVEMENTS RELATING TO THIS PLAT AS REQUIRED BY THE TOWN'S SUBDIVISION ORDINANCE ARE COMPLETED TO THE TOWN OF BUCKEYE STANDARDS. THIS LIMITATION MAY BE RELEASED IN PHASES. A PROSPECTIVE BUYER OF A LOT OR PARCEL CREATED, DEFINED, OR DEPICTED ON THIS PLAT SHOULD REQUIRE THE SELLER TO PRODUCE A RECORDED RELEASE OF THIS LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY SIGNED BY THE TOWN OF BUCKEYE BEFORE PURCHASING AND/OR CLOSING ESCROW ON THAT LOT OR PARCEL. FAILURE TO OBTAIN SUCH A RELEASE OF THIS LIMITATION MAY RESULT IN THE BUYER BEING PROHIBITED FROM OCCUPYING A HOUSE OR OTHER STRUCTURE BUILT ON THE LOT OR PARCEL. THIS LIMITATION IS SUBJECT TO THE REASONABLE DISCRETION BY THE TOWN AS TO THE COMPLETION STATUS OF OTHER IMPROVEMENTS SUCH AS LANDSCAPING AND PUNCH LIST ITEMS THAT ARE IN PROCESS, OPERATIONAL AND SUBSTANTIALLY COMPLETE. THE HOME BUILDER SHALL BE REQUIRED TO DISCLOSE THIS STATEMENT OF LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY TO A PROSPECTIVE BUYER PRIOR TO THE PURCHASING AND CLOSING ESCROW ON ANY BUILDING OR STRUCTURE ON ANY LOT OR PARCEL.

SURVEYOR

DAVID M. SCHLIEF, RLS
RBF CONSULTING
16605 N. 28TH AVENUE, SUITE 100
PHOENIX, AZ 85053-7550
PHONE (602) 467-2200
FAX (602) 467-2201

OWNER/DEVELOPER

CONTACT: HARRY RENDH
DIETZ-CRANE HOMES
8125 N. 23 AVE. (SUITE 100)
PHOENIX, AZ 85021
PHONE (602) 973-8632
FAX [illegible]

RBF
PLANNING • DESIGN • CONSTRUCTION

DEDICATION

STATE OF ARIZONA
COUNTY OF MARICOPA } SS

KNOW ALL MEN BY THESE PRESENTS:
THAT D.R. HORTON INC-DIETZ-CRANE, A DELAWARE CORPORATION, AND BUCKEYE LAND LLC, A LIMITED LIABILITY COMPANY, HAVE SUBDIVIDED UNDER THE NAME OF "SUNDANCE PARCEL 31", A PORTION OF THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, AS SHOWN PLATTED HEREON, AND HEREBY PUBLISHES THIS PLAT FOR SAID "SUNDANCE PARCEL 31", A SUBDIVISION, AND HEREBY DECLARES THAT SAID PLAT SETS FOR THE LOCATION AND GIVES THE DIMENSIONS OF THE LOTS, TRACTS, STREETS AND EASEMENT CONSTITUTING SAME, AND THAT EACH LOT, TRACT AND STREET SHALL BE KNOWN BY THE NUMBER, LETTER OR NAME GIVEN EACH, RESPECTIVELY, ON SAID PLAT AND THAT D.R. HORTON INC.-DIETZ-CRANE, A DELAWARE CORPORATION, AND BUCKEYE LAND LLC, A LIMITED LIABILITY COMPANY, DEDICATES TO THE TOWN OF BUCKEYE, FOR USE AS SUCH, THE STREETS AND PUBLIC UTILITY EASEMENTS, AS SHOWN ON SAID PLAT AND INCLUDED IN THE ABOVE DESCRIBED PREMISES. THE EASEMENTS ARE HEREBY DEDICATED AS SHOWN HEREON. TRACTS A, B, C, D, E, F, G, H, J, K, L, AND M ARE HEREBY DEDICATED FOR THE PURPOSE OF LANDSCAPING. TRACTS B, E, F, G, AND H ARE HEREBY DEDICATED FOR THE PURPOSE OF RETENTION. TRACTS B, E, F, G AND H ARE HEREBY DEDICATED FOR THE PURPOSE OF DRAINAGE. A PUBLIC UTILITY EASEMENT IS HEREBY DEDICATED OVER A PORTION OF TRACTS A, C, E, F, L AND M. TRACTS B, D, F, G AND H ARE HEREBY DEDICATED FOR THE PURPOSE OF A WASH. TRACTS B, D, F, G AND H ARE HEREBY DEDICATED FOR THE PURPOSE OF A MULTI-USE TRAIL. PORTIONS OF TRACTS B, D, F, G AND H ARE HEREBY DEDICATED FOR THE PURPOSE OF NATURAL OPEN SPACE AREA.

TRACTS A, B, C, D, E, F, G, H, J, K, L, AND M ARE TO BE OWNED AND MAINTAINED BY THE SUNDANCE MASTER COMMUNITY ASSOCIATION, INC.

IN WITNESS WHEREOF: D.R. HORTON INC-DIETZ-CRANE, A DELAWARE CORPORATION AS TO 33.6836 ACRES, AS OWNER, HAS CAUSED ITS NAME TO BE AFFIXED AND THE SAME TO BE ATTESTED BY THE SIGNATURE OF THE UNDERSIGNED DULY AUTHORIZED THIS 24 DAY OF January 2003

BY: ______ PHILIP J. POLICH

TITLE: DIVISION PRESIDENT

IN WITNESS WHEREOF: BUCKEYE LAND L.L.C., AN ARIZONA LIABILITY COMPANY AS TO 28.8606 ACRES, AS OWNER, HAS CAUSED ITS NAME TO BE AFFIXED AND THE SAME TO BE ATTESTED BY THE SIGNATURE OF THE UNDERSIGNED DULY AUTHORIZED THIS 31st DAY OF January, 2003

BY: ______

ACKNOWLEDGMENT

STATE OF ARIZONA
COUNTY OF MARICOPA } SS

ON THIS THE 24 DAY OF January 2003, BEFORE ME THE UNDERSIGNED NOTARY, PERSONALLY APPEARED PHILIP J. POLICH WHO ACKNOWLEDGED HIMSELF TO BE THE DIVISION PRESIDENT OF D.R. HORTON, INC.-DIETZ-CRANE, A DELAWARE CORPORATION, AS OWNER, AND ACKNOWLEDGED THAT HE AS SUCH DIVISION PRESIDENT, BEING AUTHORIZED TO DO SO, EXECUTED THE FOREGOING INSTRUMENT ON BEHALF OF THE CORPORATION, FOR THE PURPOSES HEREIN CONTAINED.

IN WITNESS WHEREOF: I HEREUNTO SET MY HAND AND OFFICIAL SEAL.

NOTARY PUBLIC ______

ACKNOWLEDGMENT

STATE OF ARIZONA
COUNTY OF MARICOPA } SS

ON THIS, THE 31 DAY OF JANUARY, 2003, BEFORE ME THE UNDERSIGNED NOTARY PUBLIC, PERSONALLY APPEARED ______ WHO ACKNOWLEDGED HIMSELF TO BE THE ______ OF BUCKEYE LAND L.L.C. AN ARIZONA LIMITED LIABILITY COMPANY, AS OWNER, AND ACKNOWLEDGED THAT HE, AS SUCH OFFICER, BEING AUTHORIZED TO DO SO, EXECUTED THE FOREGOING INSTRUMENT ON BEHALF OF ______ FOR THE PURPOSES THEREIN CONTAINED.

IN WITNESS WHEREOF: I HEREUNTO SET MY HAND AND OFFICIAL SEAL.

NOTARY PUBLIC ______

CERTIFICATIONS

THIS PLAT REVIEWED AND APPROVED BY THE TOWN ENGINEER OF BUCKEYE, ARIZONA THIS 16 DAY OF ______ 2003.

BY ______ TOWN ENGINEER

THIS PLAT APPROVED BY THE TOWN ADMINISTRATOR OF BUCKEYE, ARIZONA THIS THE ______ DAY OF MARCH 2003.

BY ______ TOWN ADMINISTRATOR

THIS PLAT APPROVED BY THE TOWN COUNCIL OF BUCKEYE, ARIZONA THIS THE ______ DAY OF March 2003.

BY: ______ MAYOR ATTEST: ______ TOWN CLERK

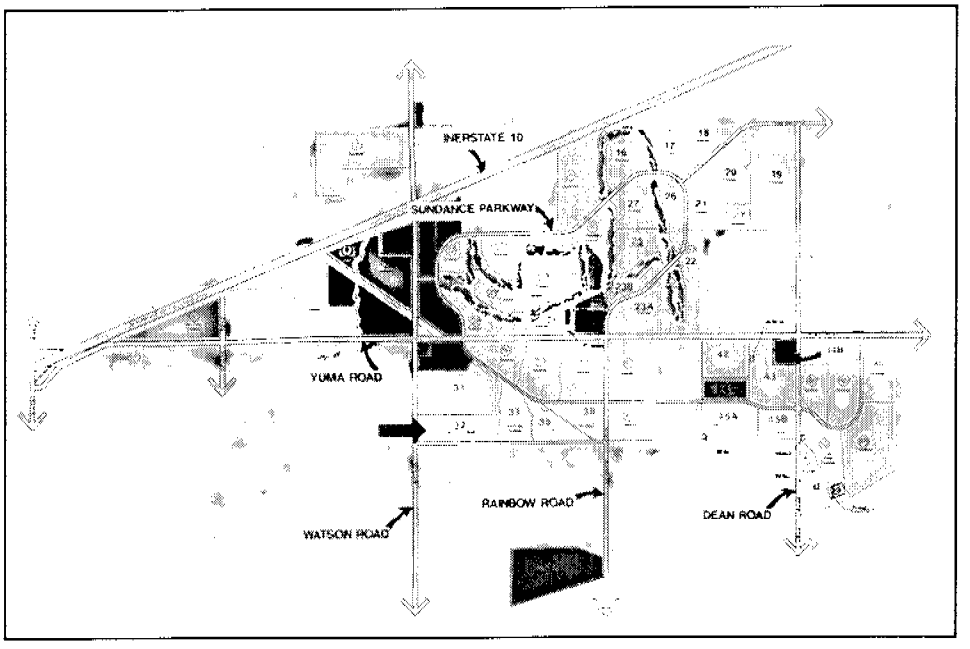
CERTIFICATE

THIS IS TO CERTIFY THAT THE SURVEY AND SUBDIVISION OF THE PREMISES DESCRIBED AND PLATTED HEREON WAS MADE UNDER MY DIRECTION DURING THE MONTH OF MAY 2002, AND THAT THE PLAT IS CORRECT AND ACCURATE, AND THE MONUMENTS DESCRIBED IN IT HAVE BEEN LOCATED OR WILL BE LOCATED AS SHOWN HEREON.

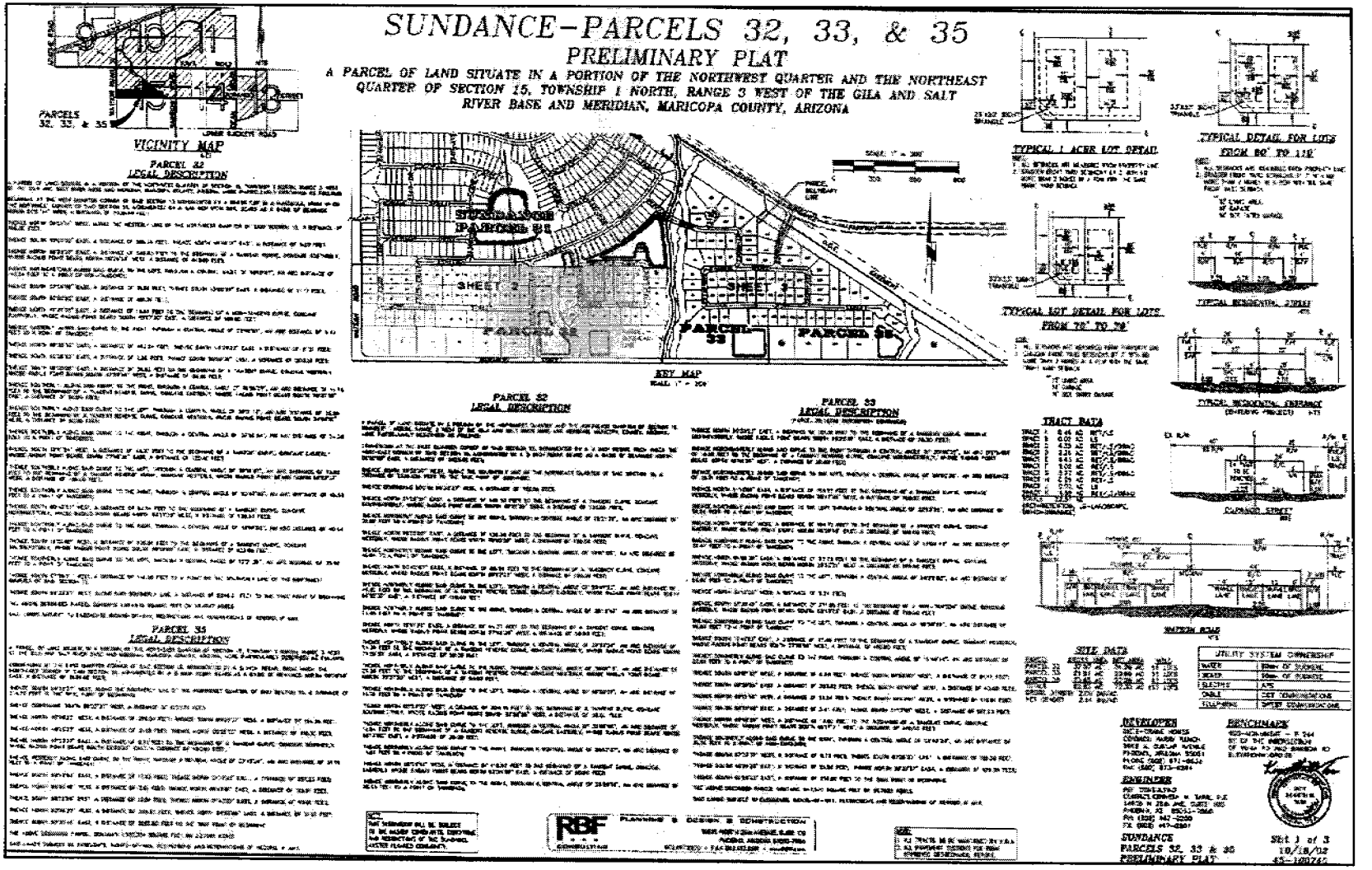
DAVID M. SCHLIEF R.L.S. #31034 ______ 1-23-03 DATE

SUNDANCE PARCEL 31
RBF # 45-101219 DATE: 01/23/2003

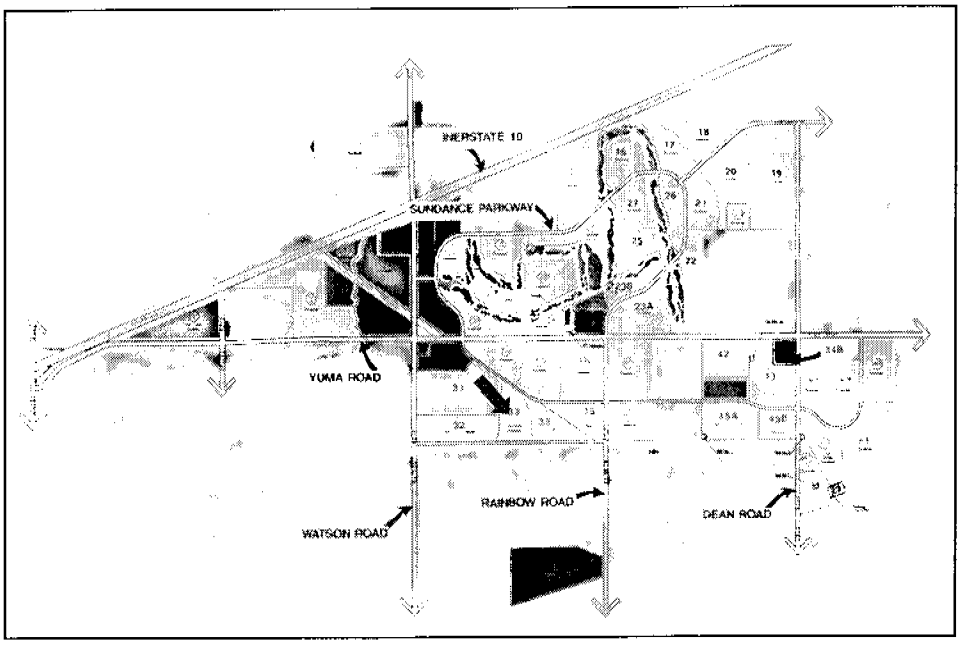
LOOKING SOUTHEASTERLY ACROSS PARCEL 31



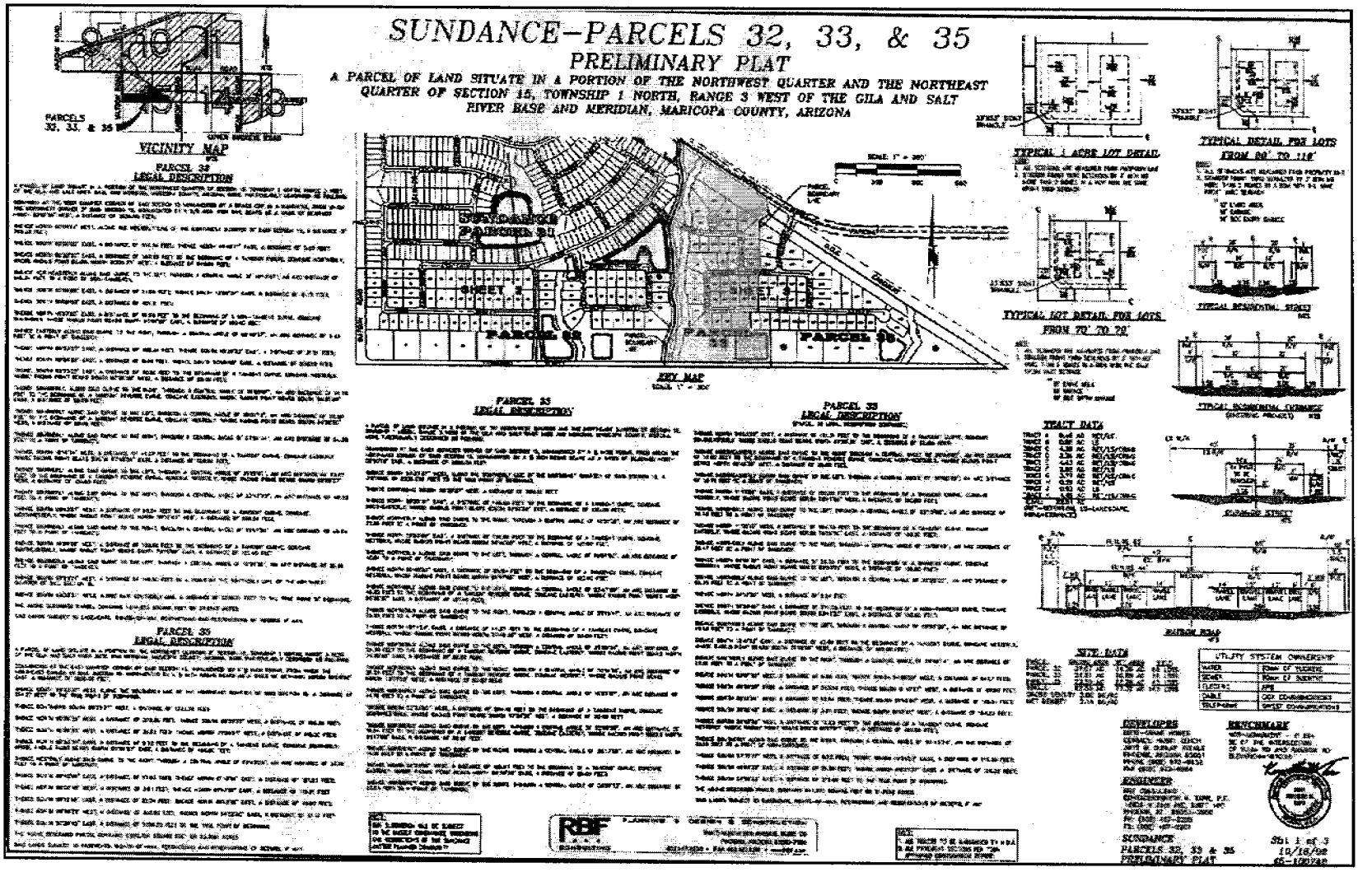
Subject Parcel:	32
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	37.07 gross acres 34.26 net acres
Total Number of Lots:	86
Lot Size:	70 x 120
Premium Lots:	6 - 1-acre lots 7 - open space lots
Average Density Per Acre:	2.32 lots per gross acre
Comments:	This parcel has a preliminary plat. Six of the 86 lots are 1.00 acre or more. These lots were established as a concession with the adjacent neighborhood.


SUNDANCE–PARCELS 32, 33, & 35
PRELIMINARY PLAT
A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA
VICINITY MAP
PARCEL 32 LEGAL DESCRIPTION
KEY MAP
PARCEL 32 LEGAL DESCRIPTION
PARCEL 33 LEGAL DESCRIPTION
PARCEL 35 LEGAL DESCRIPTION
TYPICAL 1 ACRE LOT DETAIL
TYPICAL DETAIL FOR LOTS FROM 80' TO 110'
TYPICAL LOT DETAIL FOR LOTS FROM 70' TO 79'
TYPICAL RESIDENTIAL STREET
TYPICAL RESIDENTIAL ENTRANCE
TRACT DATA
SITE DATA
UTILITY SYSTEM OWNERSHIP
DEVELOPER
ENGINEER
BENCHMARK
SUNDANCE
PARCELS 32, 33 & 35
PRELIMINARY PLAT
Sht 1 of 3
10/18/02

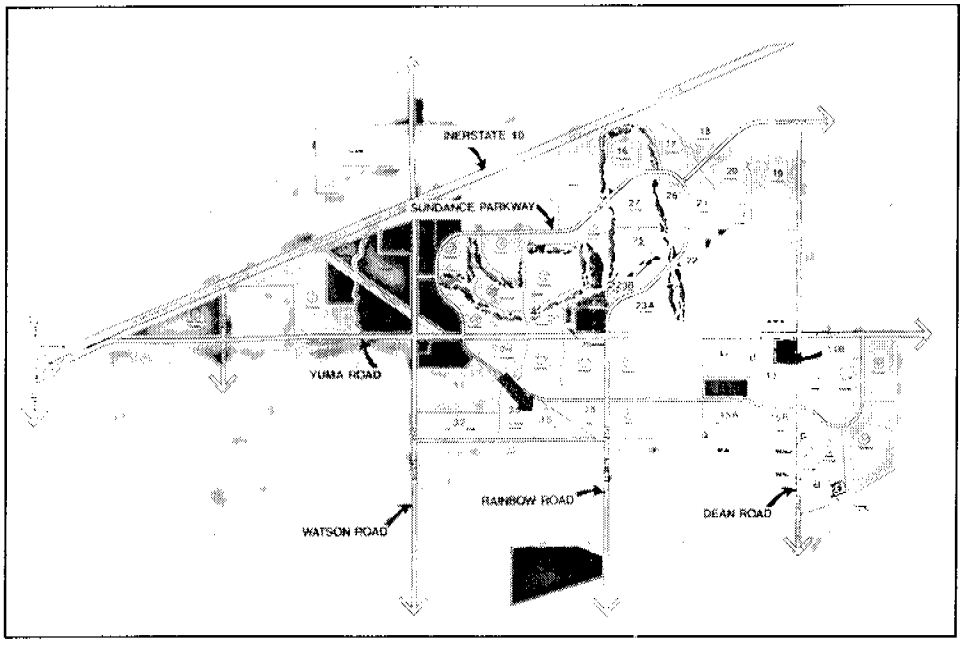
LOOKING SOUTHEASTERLY ACROSS PARCEL 32 FROM PARCEL 31



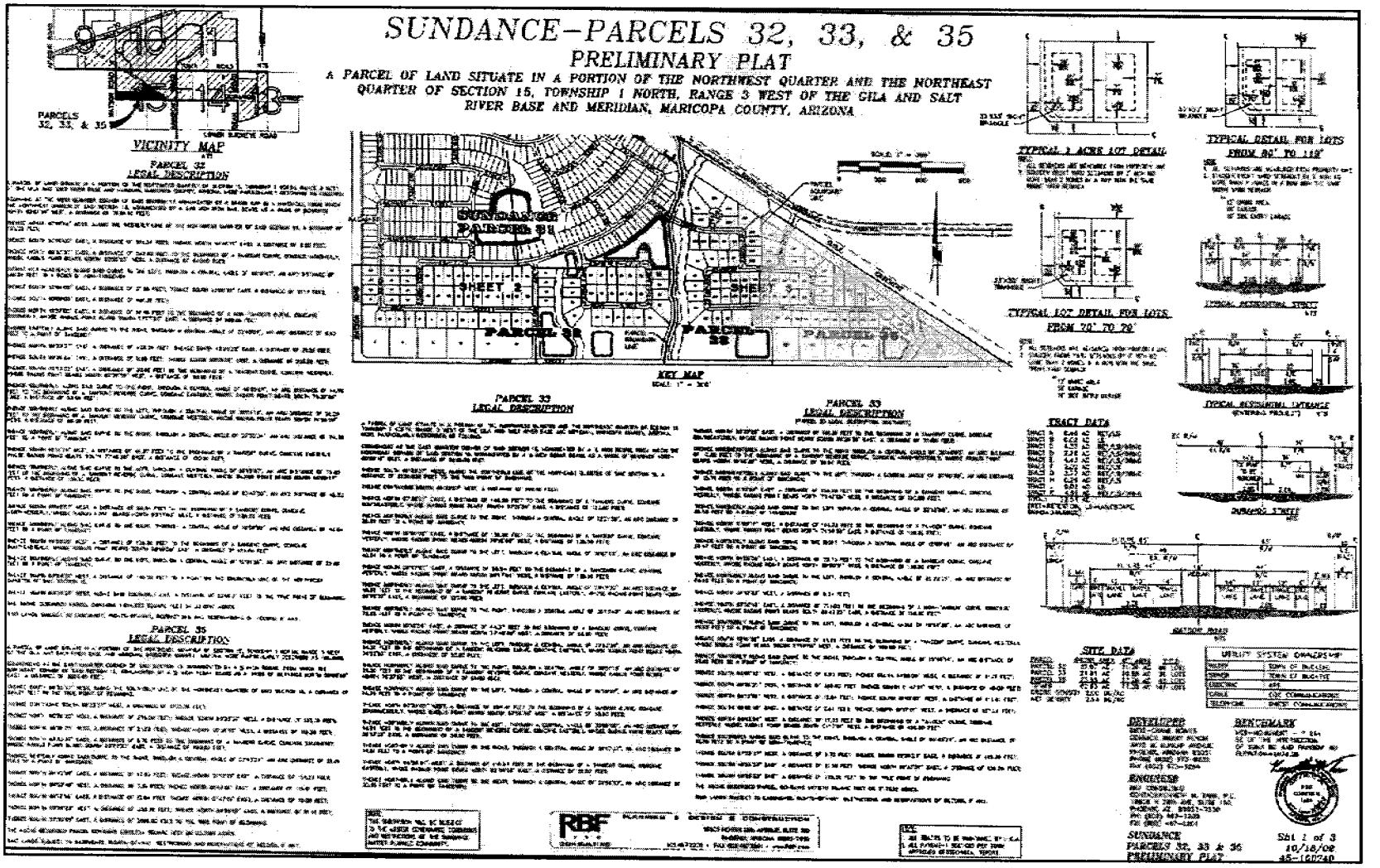
Subject Parcel:	33
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	21.75 gross acres 20.71 net acres
Total Number of Lots:	52
Lot Size:	70 X 115
Premium Lots:	5 – open space lots
Average Density Per Acre:	2.39 lots per acre
Comments:	This parcel has a preliminary plat for 52 lots. The majority of the retention for the parcel has been placed at the southern end as a buffer to the neighborhood to the south.


SUNDANCE–PARCELS 32, 33, & 35
PRELIMINARY PLAT
A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA
VICINITY MAP
PARCEL 32
LEGAL DESCRIPTION
PARCEL 33
LEGAL DESCRIPTION
PARCEL 35
LEGAL DESCRIPTION
KEY MAP
TYPICAL 1 ACRE LOT DETAIL
TYPICAL DETAIL FOR LOTS FROM 90' TO 110'
TYPICAL LOT DETAIL FOR LOTS FROM 70' TO 70'
TYPICAL RESIDENTIAL STREET
TYPICAL RESIDENTIAL CUSHMAN
TEAST DATA
SITE DATA
UTILITY SYSTEM OWNERSHIP
DEVELOPER
ENGINEER
RENCHMARK
SUNDANCE
PARCELS 32, 33 & 35
PRELIMINARY PLAT

LOOKING SOUTH ACROSS PARCEL 33



Subject Parcel:	35
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	23.71 gross acres 22.34 net acres
Total Number of Lots:	27
Lot Size:	70 X 115
Average Density Per Acre:	1.14 lots per acre
Premium Lots:	5 – 1-acre lots 2 – open space lots
Comments:	This parcel is on the south side of Sundance Parkway South. It is a triangular shaped parcel that most likely will be developed in conjunction with Parcel 33. Five of the 27 lots are located along the southern property line and contain 1-acre or more of land area.


SUNDANCE–PARCELS 32, 33, & 35
PRELIMINARY PLAT
A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA
VICINITY MAP
PARCEL 32
LEGAL DESCRIPTION
PARCEL 35
LEGAL DESCRIPTION
KEY MAP
PARCEL 33
LEGAL DESCRIPTION
PARCEL 33
LEGAL DESCRIPTION
TYPICAL 1 ACRE LOT DETAIL
TYPICAL DETAIL FOR LOTS FROM 80' TO 119'
TYPICAL LOT DETAIL FOR LOTS FROM 70' TO 79'
TRACT DATA
SITE DATA
DEVELOPER
BENCHMARK
ENGINEER
SUNDANCE
PARCELS 32, 33 & 35
PRELIMINARY PLAT
Sht 1 of 3
10/18/02
45-160740

LOOKING SOUTHEASTERLY TOWARD PARCEL 35

GENERAL DESCRIPTIVE DATA

The following subsections provide additional details regarding the four subject properties collectively.

Topography

The terrain of the 145± acres comprising the four subject parcels is level as partially illustrated in various photographs (all taken in June 2004) included in this report. While there are cost advantages in developing level land when compared to the costs connected with developing a similarly sized parcel with varying topography, the level land project does not provide the opportunity to develop lot premiums typically associated with a project with varying topography.

Soil

A soil report was not provided in connection with this assignment; however, soils testing has been completed as part of the engineering and design work. Based on this work it is assumed there are no soil conditions, which would limit, in a meaningful way, either physically or economically, the development of the four subject parcels as discussed in this report.

Utilities

All utilities will be placed underground within dedicated public utility easements. The utilities will be provided by:

Electricity -	Arizona Public Service
Natural Gas -	None
Sewer -	Town of Buckeye
Water -	Town of Buckeye
Telephone -	Qwest

Floodplain and Drainage

The subject parcels are part of a larger area that does not require flood insurance. The four subject parcels have been engineered to provide both for drainage and required retention. The location of the retention areas within each parcel is shown on the individual subdivision plats.

Easements and Restrictions

A title report was not furnished in connection with this assignment and it is assumed there are no easements or restrictions, which would limit, in a meaningful way, the development of each parcel to the uses discussed in this report. Having stated that, there are or will be covenants, conditions and restrictions (CC&R's) which will be recorded as development of the community

proceeds which will have some impact on the subject parcels. The overall impact of CC&R's will have on the community as well as the four subject parcels is positive; i.e., they will ensure the long-term maintenance of common areas and as a consequence enhance the long-term street appeal of the community.

Environmental Hazards and Concerns

A Phase I Study has been completed but was not reviewed in connection with the preparation of this appraisal. It is reported there are no environmental concerns, i.e., hazards anywhere on or immediately adjacent to the four subject parcels.

HIGHEST AND BEST USE

Subject's zoning, physical and location characteristics most relevant to a discussion of its highest and best use have been outlined in some detail previously in this report.

The four subject parcels are part of a larger 2,000± acre master planned community known as Sundance. Under the town's planned residential zoning, various land uses have been approved within the boundaries of Sundance, these include: single-family residential use with densities varying from 1.00 to 8.00 dwelling units per acre; multi-family residential with densities varying from 8.00 to 20.00 units per acre; golf course/open space; school; employment; commercial; community and public facility.

The developer describes the overall planning concept embodied in the Sundance community master plan is to:

> *"...create a community organized around an open space and trails network that links a mix of neighborhoods to schools, community facilities, parks, employment and shopping and that heightens resident and visitor opportunities for social activity, recreation and visual enjoyment of the White Tank Mountains and other scenic resources. The design of Sundance also seeks to provide the Town with new gateways and desert landscape streetscapes highlighted with details making symbolic connections to the area's rural heritage and sense of community."*

Under the town's zoning, all of the land included within the four subject parcels falls under a single-family residential use category with varying densities.

As addressed previously, all four subject parcels, encompassing about 145 gross acres have been designated for residential use and have been approved for a total of 475 lots. The overall density of the four subject parcels equates to 3.27 lots per acre.

In addressing the highest and best use of the four subject parcels, consideration has been given to the following four factors:

- Is the proposed use legally permissible;
- Is the proposed use physically possible;
- Is the proposed use economically and financially feasible; and
- Does the proposed use represent the most profitable among the alternative uses that legally permissible, physically possible and economically feasible.

LEGALLY PERMISSIBLE

The single-family use described above for the four subject properties reflect the zoning currently in place and is consistent with the Buckeye General Development Plan and the 1995 Brookridge Specific Plan. The residential development of the four subject parcels, to the densities outlined above, represents a legally conforming use under their current zoning.

PHYSICALLY POSSIBLE

The boundaries of the four subject parcels have been established within a larger property containing 2,000± acres. The size of each, while probably reflecting some physical constraints tied to existing roadways and easements, are more accurately the results of a general layout design to maximize the physical layout and net efficiency of each parcel. The number of lots, their width and depth, have been a consideration and if the parcel did not work, from a physical standpoint, the design would have been altered to make them work. Preliminary or final plats have been prepared for all four subject parcels. It is concluded the residential use designated for the four subject parcels is physically possible.

FINANCIALLY FEASIBLE

Given the current success of the community, it is difficult to dispute the financial feasibility of the four subject parcels, which are a continuation of the community. A critical factor in discussing the financial feasibility of a proposed project is a determination of the absorption of units. During 2003, a total of 1,001 homes were sold, which equates to more than 80 home sales per month.

In addition to favorable market conditions, i.e., stable economy and historically low interest rates, the Sundance community offers some of the most affordable single family housing in metropolitan Phoenix. Base pricing ranges from a low of $92,990 to a high of $171,900 with the majority of the home pricing falling within a range of $100,000 to $140,000. The average sales price for the 1,001 sales in 2003 was $124,500. The five active builders through May 2004 sold a total of 678 homes (135 homes per month).

Because of escalating land prices for available properties with closer proximity to central Phoenix, affordable housing opportunities have been pushed further toward the fringes of the metropolitan area in such areas as Buckeye, Maricopa, and Queen Creek. Because of its proximity to Interstate 10 and employment opportunities in the west Valley, Sundance is a strong competitor in the market for more affordable single-family housing. As long as the pricing of finished product remains competitive in the entry-level market segment, Sundance will continue to thrive.

MAXIMALLY PRODUCTIVE

Is there a use to which the four subject properties could be put that would result in a higher return than that to be realized from their residential development? In answering this, consideration is given to the following:

- Size -- the four residential parcels vary in size from 21.75 to 62.54 acres.
- Location within Sundance, a mixed-use master planned community.
- Success of the first and second phases of Sundance, i.e., more than 80 home sales per month during 2003 and 135 homes per month during the first five months of 2004.

Based on the characteristics summarized above, it is concluded that without a significant change in one of these characteristics, which is unlikely, the maximally productive use of the four subject residential parcels is for residential development.

HIGHEST AND BEST USE CONCLUSION

Reflecting the facts and reasoning outlined above, it is concluded the highest and best use of the four subject parcels is single-family development to densities at or close to those summarized above; there is no reasonable alternative.

THE VALUATION DISCUSSION

As noted on page 1, the purpose of this appraisal is to form an opinion of the wholesale (bulk) value of the four subject parcels, all of which are characterized as either finished residential lots subdivisions or platted and engineered "super pads." The following facts and/or hypothetical conditions have been discussed previously and are noted again because of their relevance to the opinion of value.

- The boundaries and projected use of each parcel has been determined; all four parcels will be developed for single-family residential use.
- The allowable density of the four residential parcels varies from 1.14 to 4.96 lots per acre; together the four residential parcels have been approved for 475 lots which equates to an overall average density of 3.27 lots per acre.
- The assumptions reflected in the values estimated in this report include:

  A Two of the four parcels have been platted and engineered and on-site infrastructure has been installed to the individual lots, i.e., finished lots, while preliminary plats have been completed for Parcels 33 and 35. Because the engineering work complies with the requirements of the Town of Buckeye, it is assumed the recording of the preliminary plats is merely a formality.

  B Additionally, it is assumed all of the on-site work has been completed within Parcel 32. It appears that installation of curbs, gutters and asphalt paving are the only remaining on-sites that are not complete. Based upon information furnished by the developer, the remaining on-site construction of Parcel 32 will be completed prior to the issuance of bonds for Special Assessment Area No. 3. Given this fact, the value of Parcel 32 is based upon its anticipated finished lot condition. Because Parcel 32 is not a finished lot subdivision at the date of valuation, it is necessary to note this hypothetical condition. Parcels 33 and 35 are being valued as residential as platted and engineered "super pads."

The appraisal process can include three approaches to value; they are the Cost Approach, Income Approach and the Sales Comparison Approach.

<u>The Cost Approach:</u> The current cost of reproducing or replacing the improvements, less loss in value from depreciation (if appropriate), added to the estimated land value.

<u>The Income Capitalization Approach:</u> The property's estimated net operating income capitalized into a value indication.

<u>The Sales Comparison Approach:</u> The value indicated by comparison of subject to recent market sales of similar properties.

Of the three valuation approaches, the Sales Comparison Approach has the most meaningful application for valuing the subject's four residential parcels. The following valuation discussions address the estimated value of each of the four subject parcels as platted and engineered residential super pads or subdivisions of finished residential lots.

ESTIMATED WHOLESALE (BULK) VALUE OF SUBJECT'S SUPER PAD PARCELS (PARCELS 33 AND 35)

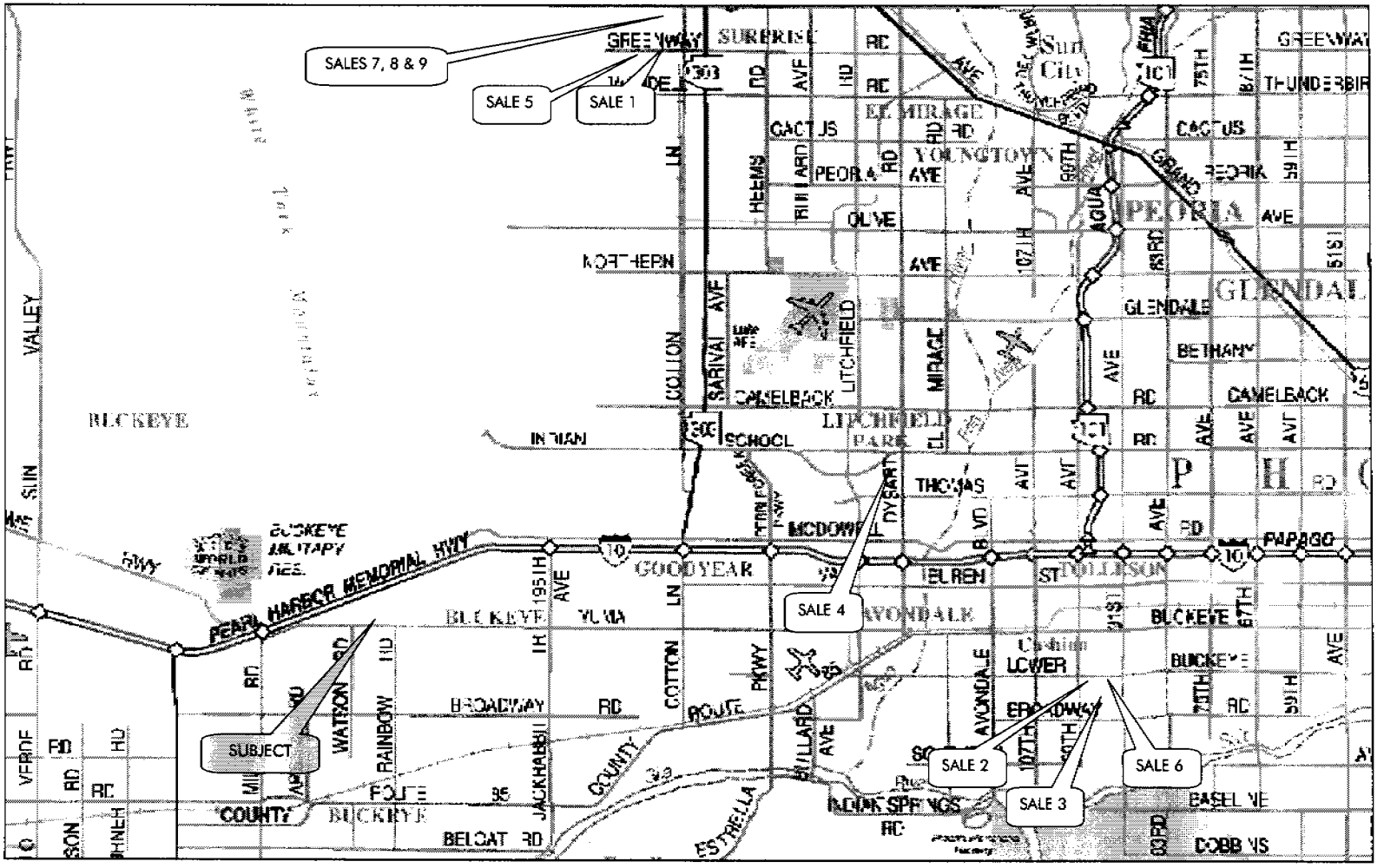
In order to estimate the market value of the subject's two residential super pads, a search was conducted for sales of super pads in western Maricopa County. The western Maricopa County search included the areas of Buckeye, Goodyear, Avondale, Surprise and west Phoenix. The most meaningful sales discovered in this search are summarized in Table 13. Detail sheets for the comparables are included on the following pages. Exhibit 9 is a map illustrating the location of the comparable sales.

TABLE NO. 13

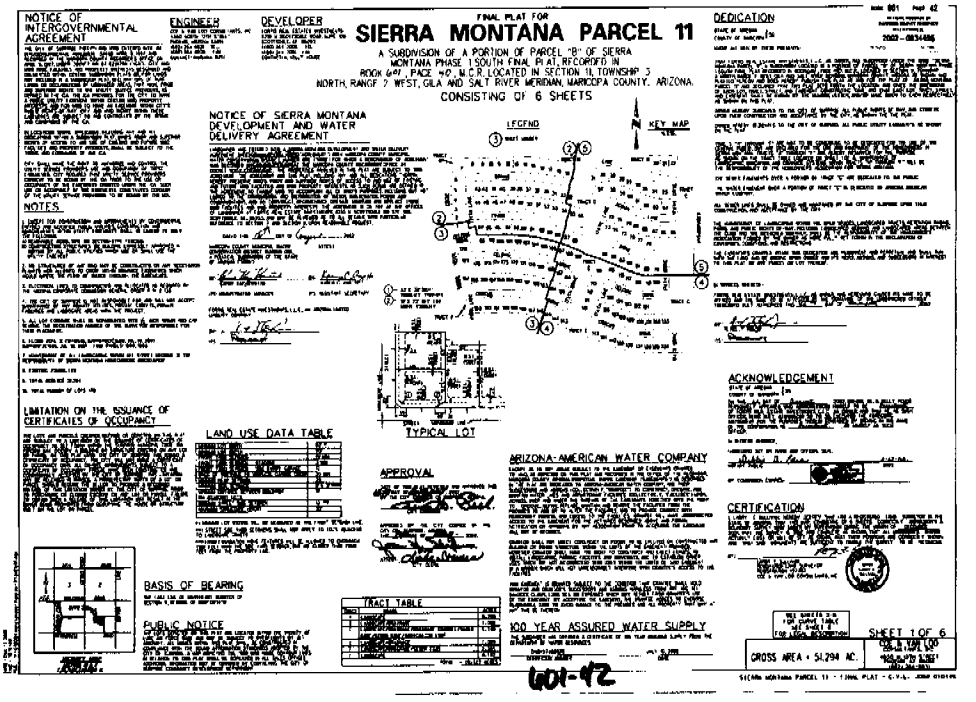
SUMMARY OF WESTERN MARICOPA COUNTY SUPER PAD SALES

Sale No.	Sale Date	Project Name/Location	Sale Price	Buyer/ Seller	Total Area Gross Acres	Total Area No. of Lots	Density	Sales Price per Lot	Sales Price per Acre	Average Lot Size
1	11/02	Sierra Montana Parcel 11 SWC of Greenway & Cotton Ln Surprise	$2,877,904	Taylor Woodrow Canterra Sierra Montana I	51.29	178	3.47	$16,168	$56,106	60x110
2	06/03	Country Place 2B Parcel 25 SE of 99th Ave & Lower Buckeye Phoenix	$1,786,005	Country Place LLC Beazer Homes	22.72	93	4.09	$19,204	$78,620	45x110
3	06/03	Country Place 2B Parcel 28/29 SE of 99th Ave & Lower Buckeye Phoenix	$2,004,141	Country Place LLC Beazer Homes	22.13	102	4.61	$19,648	$90,562	50x110
4	12/02	Dysart Ranch Elling SWC of Dysart & Indian School Avondale	$6,220,500	SunCor Development Co. CPH Dysart Ranch	83.88	293	3.49	$21,230	$74,160	50x110 60x110 70x110
5	07/03	Sierra Montana Parcel 6 SWC of Greenway & Cotton Ln Surprise	$2,038,400	Taylor Woodrow Beazer Homes	38.84	91	2.34	$22,400	$52,489	80x120
6	08/03	Country Place 2B Parcel 26 SE of 99th Ave & Lower Buckeye Phoenix	$3,092,710	Country Place Richmond American	36.63	134	3.66	$23,080	$84,426	60x110
7	02/04	Surprise Farms Parcel 6 SW of Bell Rd & 175th Ave Surprise	$3,022,200	Surprise Village Co. Standard Pacific	26.70	138	5.17	$21,900	$113,191	45x110
8	02/04	Surprise Farms Parcel 5 NW 175th Ave & Greenway Surprise	$2,673,000	Surprise Village Co. Greystone Homes	23.39	110	4.70	$24,300	$114,280	50x110
9	02/04	Surprise Farms Parcel 3 NW Greenway and 175th Ave Surprise	$3,388,700	Surprise Village Co. U.S. Home	33.85	103	3.04	$32,900	$100,109	75x125

EXHIBIT NO. 9
Comparable Sales Map



Super Pad Sale No. 1



Location Data

Project Name:	Sierra Montana Parcel 11
Location:	SWC of Greenway & Cotton Ln
City:	Surprise
County:	Maricopa
State/Zip:	Arizona 85379
Submarket	Sun City
Assessor's Parcel #:	502-01-12,13,14
Atlas Ref:	100-143/LH

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	PAD, Avondale
Gross Land Area	51.29 acres
Net Site Area	41.12 acres
Net Site Area (SF)	1,791,057 square feet
No. of Lots	178
Density	3.47 lots per acre
Avg. Lot Size	6,000 square feet
Avg. Lot Dimensions	60x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Nov-02
Escrow/Under Contract:	N/A
On Market:	N/A
Record Date:	November 6, 2002
Grantor:	Taylor Woodrow
Grantee:	Canterra Sierra Montana
Document No.:	1175435
Sale Price:	$2,877,904
Financing	Cash to Seller
Cash Equivalent Price:	$2,877,904
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$2,877,904
Verification:	Kelly House, seller

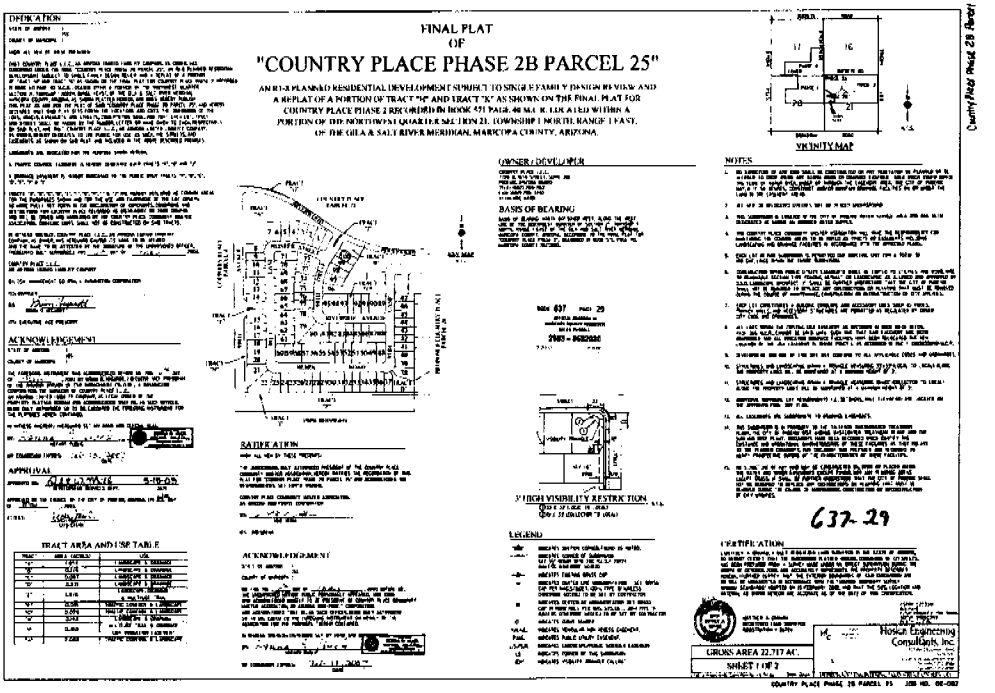
Analysis

Price per Acre:	$56,106
Price per SF/Land Area:	$1.29
Price per Lot	$16,168

Comments

This sales represent the combination of two transactions for 178 lots. The first transaction closed on November 6, 2002 for 88 lots and the second closed June 30, 2003 for an additional 88 lots. The 178 lots comprise all the lots within Parcel 11 at Sierra Montana.

Super Pad Sale No. 2



Location Data

Project Name:	Country Place 2B Parcel 25
Location:	SE of 99th Ave & Lower Buckeye
City:	Phoenix
County:	Maricopa
State/Zip:	Arizona 85353
Submarket	West County
Assessor's Parcel #:	101-26-1B, 1E
Atlas Ref:	146-153/LX

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	R1-8 PRD
Gross Land Area	22.72 acres
Net Site Area	18.05 acres
Net Site Area (SF)	786,084 square feet
No. of Lots	93
Density	4.09 lots per acre
Avg. Lot Size	4,950 square feet
Avg. Lot Dimensions	45x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Jun-03
Escrow/Under Contract:	N/A
On Market:	N/A
Record Date:	June 6, 2003
Grantor:	Country Place LLC
Grantee:	Beazer Homes
Document No.:	734666
Sale Price:	$1,786,005
Financing	Cash to Seller
Cash Equivalent Price:	$1,786,005
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$1,786,005
Verification:	

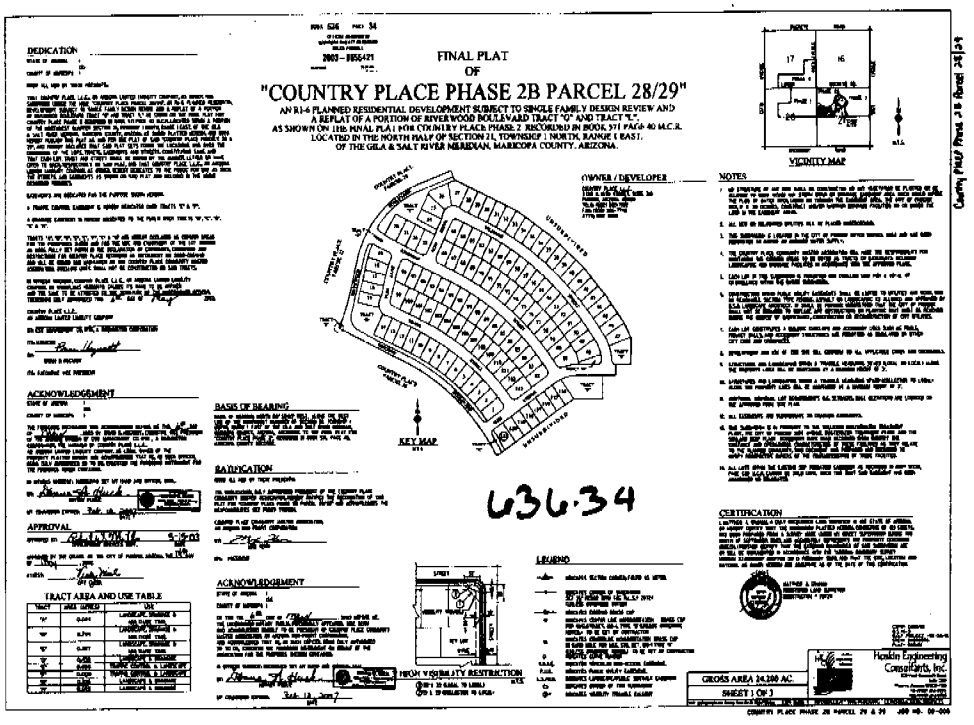
Analysis

Price per Acre:	$78,620
Price per SF/Land Area:	$1.80
Price per Lot	$19,204

Comments

There are no lot premiums for golf course or lakes in this development.

Super Pad Sale No. 3



Location Data

Project Name:	Country Place 2B Parcel 28/29
Location:	SE of 99th Ave & Lower Buckeye
City:	Phoenix
County:	Maricopa
State/Zip:	Arizona 85353
Submarket	West County
Assessor's Parcel #:	101-26-1D, 4B
Atlas Ref:	146-153/LX

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	R1-8
Gross Land Area	22.13 acres
Net Site Area	17.50 acres
Net Site Area (SF)	762,300 square feet
No. of Lots	102
Density	4.61 lots per acre
Avg. Lot Size	5,500 square feet
Avg. Lot Dimensions	50x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Jun-03
Escrow/Under Contract:	N/A
On Market:	N/A
Record Date:	June 6, 2003
Grantor:	Country Place LLC
Grantee:	Beazer Homes
Document No.:	734667
Sale Price:	$2,004,141
Financing	Cash to Seller
Cash Equivalent Price:	$2,004,141
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$2,004,141
Verification:	

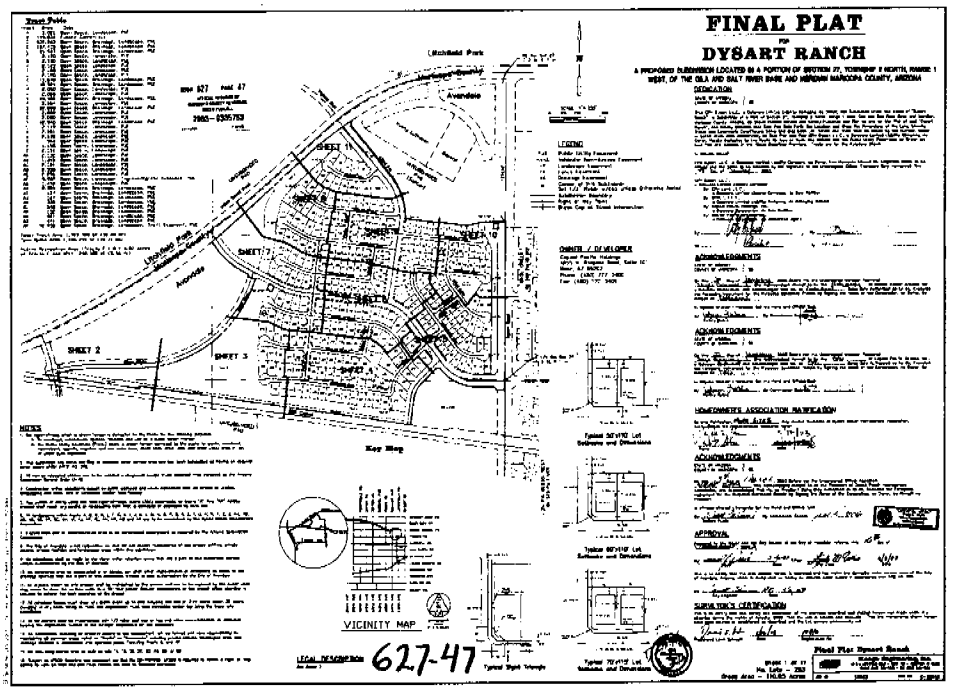
Analysis

Price per Acre:	$90,562
Price per SF/Land Area:	$2.08
Price per Lot	$19,648

Comments

There are no lot premiums for golf course or lakes in this development.

Super Pad Sale No. 4



Location Data

Project Name:	Dysart Ranch
Location:	Elling SWC of Dysart & Indian School
City:	Avondale
County:	Maricopa
State/Zip:	Arizona
Submarket	West County
Assessor's Parcel #:	N/A
Atlas Ref:	123-148/LS

Physical Data

Type:	Raw residential acreage
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	PAD
Gross Land Area	83.88 acres
Net Site Area	83.88 acres
Net Site Area (SF)	3,653,813 square feet
No. of Lots	293
Density	3.49 lots per acre
Avg. Lot Size	N/A
Avg. Lot Dimensions	50x110
	60x110
	70x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Dec-02
Escrow/Under Contract:	4 month(s)
On Market:	N/A
Record Date:	December 31, 2002
Grantor:	SunCor Development Co.
Grantee:	CPH Dysart Ranch
Document No.:	1428888
Sale Price:	$6,220,500
Financing	Cash to Seller
Cash Equivalent Price:	$6,220,500
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$6,220,500
Verification:	Jay Ellingson, Suncor

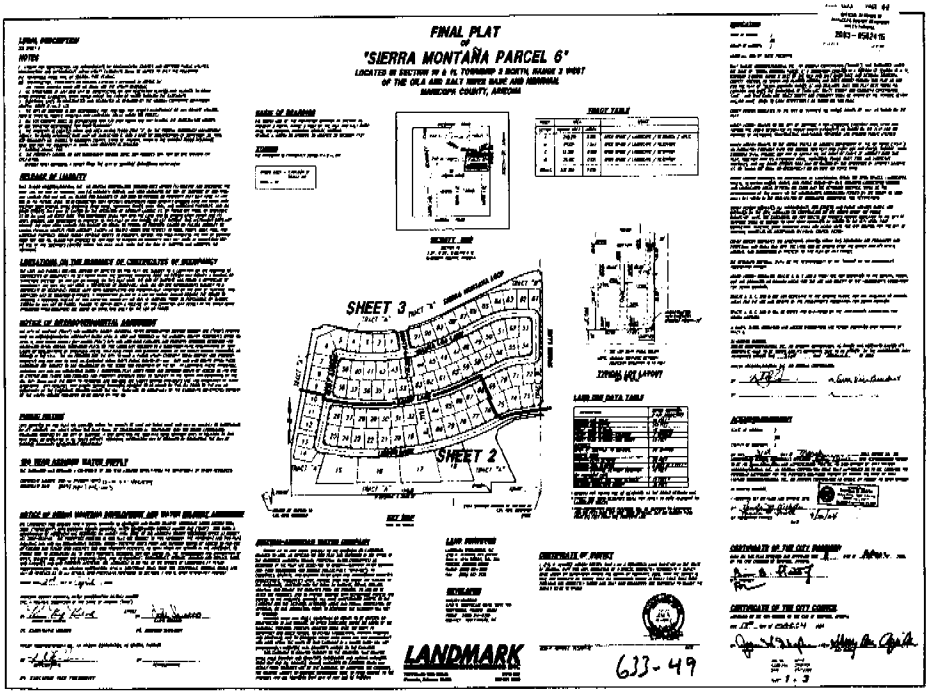
Analysis

Price per Acre:	$74,160
Price per SF/Land Area:	$1.70
Price per Lot	$21,230

Comments

Capital Pacific Home will be building multiple product lines on this property.

Super Pad Sale No. 5



Location Data

Project Name:	Sierra Montana Parcel 6
Location:	SWC of Greenway & Cotton Ln
City:	Surprise
County:	Maricopa
State/Zip:	Arizona 85379
Submarket	Sun City
Assessor's Parcel #:	502-02-7B,8B
Atlas Ref:	100-142/LH

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	PAD, Avondale
Gross Land Area	38.84 acres
Net Site Area	31.16 acres
Net Site Area (SF)	1,357,330 square feet
No. of Lots	91
Density	2.34 lots per acre
Avg. Lot Size	9,600 square feet
Avg. Lot Dimensions	80x120

Sale Data

Transaction Type:	Sale
Date of Transaction:	Jul-03
Escrow/Under Contract:	3 month(s)
On Market:	N/A
Record Date:	July 3, 2003
Grantor:	Taylor Woodrow
Grantee:	Beazer Homes
Document No.:	877474
Sale Price:	$2,038,400
Financing	Cash to Seller
Cash Equivalent Price:	$2,038,400
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$2,038,400
Verification:	Kelly House, seller

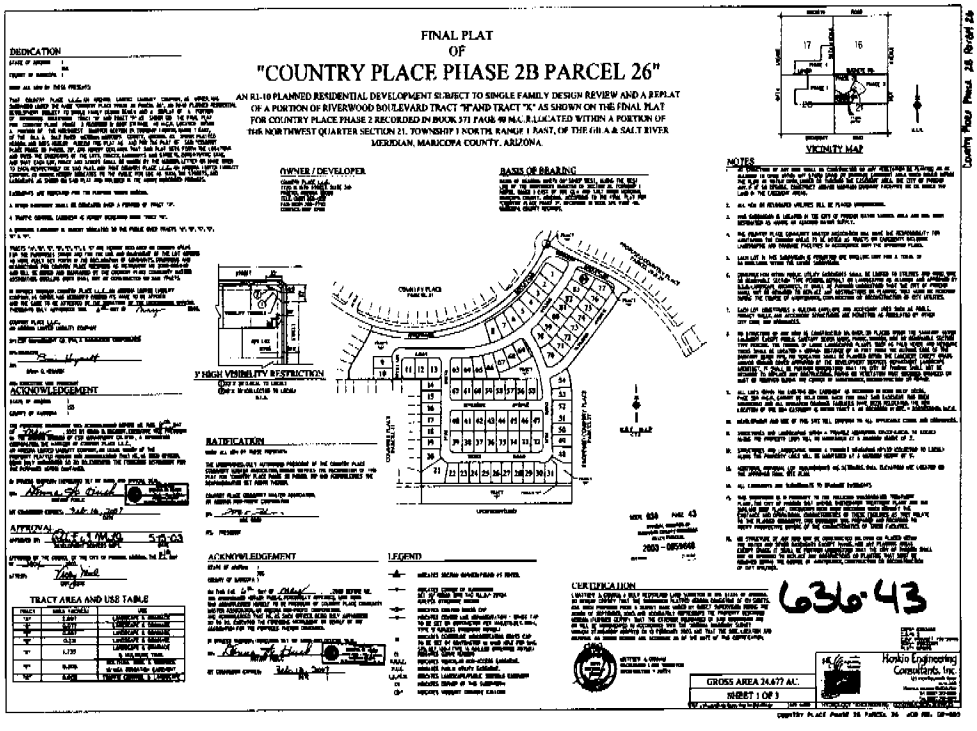
Analysis

Price per Acre:	$52,489
Price per SF/Land Area:	$1.20
Price per Lot	$22,400

Comments

Shea Homes will build on 55 by 115 foot lots. Product will range from 1,410 to 2,382 square feet with pricing of $130,000 to $170,000.

Super Pad Sale No. 6



Location Data

Project Name:	Country Place 2B Parcel 26
Location:	SE of 99th Ave & Lower Buckeye
City:	Phoenix
County:	Maricopa
State/Zip:	Arizona 85353
Submarket	West County
Assessor's Parcel #:	101-26-1B,1D, 1E
Atlas Ref:	146-153/LX

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Rectangular
Utilities:	All Available
Zoning:	R1-6
Gross Land Area	36.63 acres
Net Site Area	31.34 acres
Net Site Area (SF)	1,365,301 square feet
No. of Lots	134
Density	3.66 lots per acre
Avg. Lot Size	6,600 square feet
Avg. Lot Dimensions	60x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Aug-03
Escrow/Under Contract:	N/A
On Market:	N/A
Record Date:	August 13, 2003
Grantor:	Country Place
Grantee:	Richmond American
Document No.:	1107061/1107045
Sale Price:	$3,092,710
Financing	Cash to Seller
Cash Equivalent Price:	$3,092,710
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$3,092,710
Verification:	

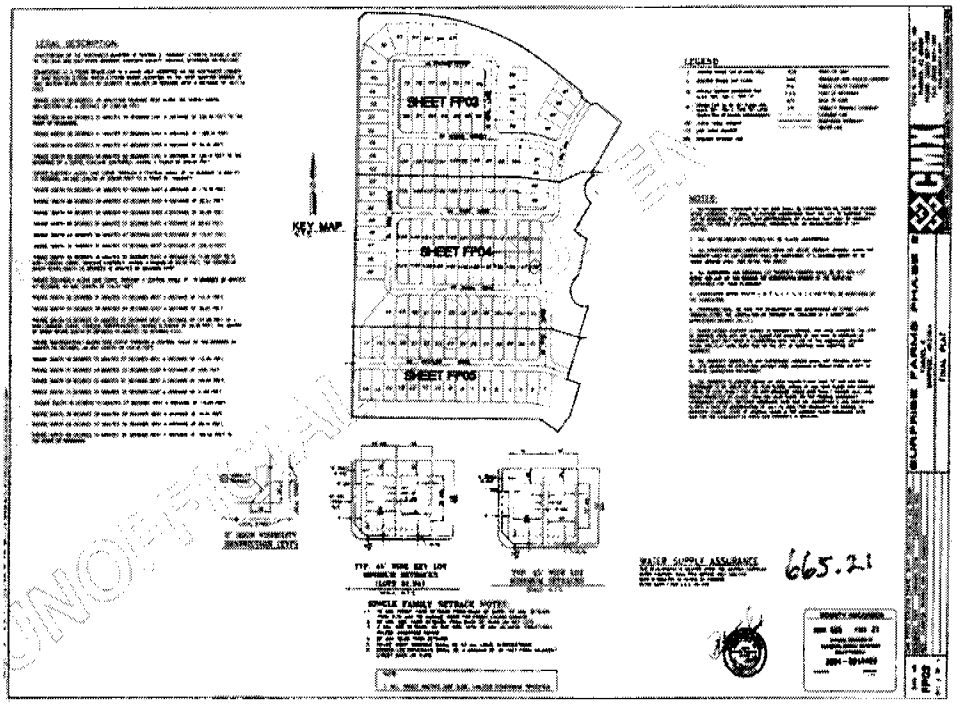
Analysis

Price per Acre:	$84,426
Price per SF/Land Area:	$1.94
Price per Lot	$23,080

Comments

This sale is the combination of two purchases by Richmond American on the same day in the Country Place MPC for the development of a 134 lot subdivision to be called Summerset at Country Place.

Super Pad Sale No. 7



Location Data

Project Name:	Surprise Farms Parcel 6
Location:	SW of Bell Rd & 175th Ave
City:	Surprise
County:	Maricopa
State/Zip:	Arizona 85374
Submarket	Sun City
Assessor's Parcel #:	502-01-002W
Atlas Ref:	100-143/LG

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Irregular
Utilities:	All Available
Zoning:	PAD, Surprise
Gross Land Area	26.70 acres
Net Site Area	26.70 acres
Net Site Area (SF)	1,163,052 square feet
No. of Lots	138
Density	N/Av
Avg. Lot Size	4,950 square feet
Avg. Lot Dimensions	45x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Feb-04
Escrow/Under Contract:	N/Av
On Market:	N/Ap
Record Date:	February 2, 2004
Grantor:	Surprise Village Co.
Grantee:	Standard Pacific
Document No.:	105309
Sale Price:	$3,022,200
Financing	Cash to Seller
Cash Equivalent Price:	$3,022,200
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$3,022,200
Verification:	Nate Nathan (480) 367-0700

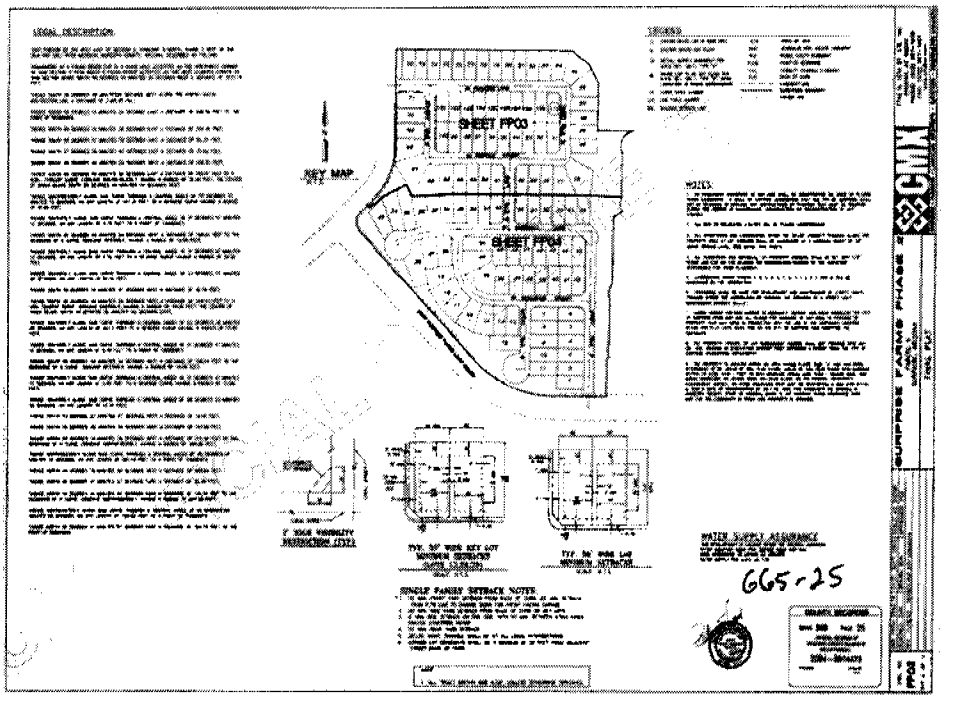
Analysis

Price per Acre:	$113,191
Price per SF/Land Area:	$2.60
Price per Lot	$21,900

Comments

This Standard Pacific's second development within the community. Standard Pacific has two active subdivisions in the first phase of Surprise Farms.

Super Pad Sale No. 8



Location Data

Project Name:	Surprise Farms Parcel 5
Location:	NW 175th Ave & Greenway
City:	Surprise
County:	Maricopa
State/Zip:	Arizona 85374
Submarket	Sun City
Assessor's Parcel #:	502-01-002W
Atlas Ref:	100-143/LG

Physical Data

Type:	P & E Lots
Topography:	Level
Shape:	Irregular
Utilities:	All Available
Zoning:	PAD, Surprise
Gross Land Area	23.39 acres
Net Site Area	23.39 acres
Net Site Area (SF)	1,018,868 square feet
No. of Lots	110
Density	N/Av
Avg. Lot Size	5,500 square feet
Avg. Lot Dimensions	50x110

Sale Data

Transaction Type:	Sale
Date of Transaction:	Feb-04
Escrow/Under Contract:	N/Av
On Market:	N/A
Record Date:	February 2, 2004
Grantor:	Surprise Village Co.
Grantee:	Greystone Homes
Document No.:	105303
Sale Price:	$2,673,000
Financing	Cash to Seller
Cash Equivalent Price:	$2,673,000
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$2,673,000
Verification:	Nate Nathan (480) 367-0700

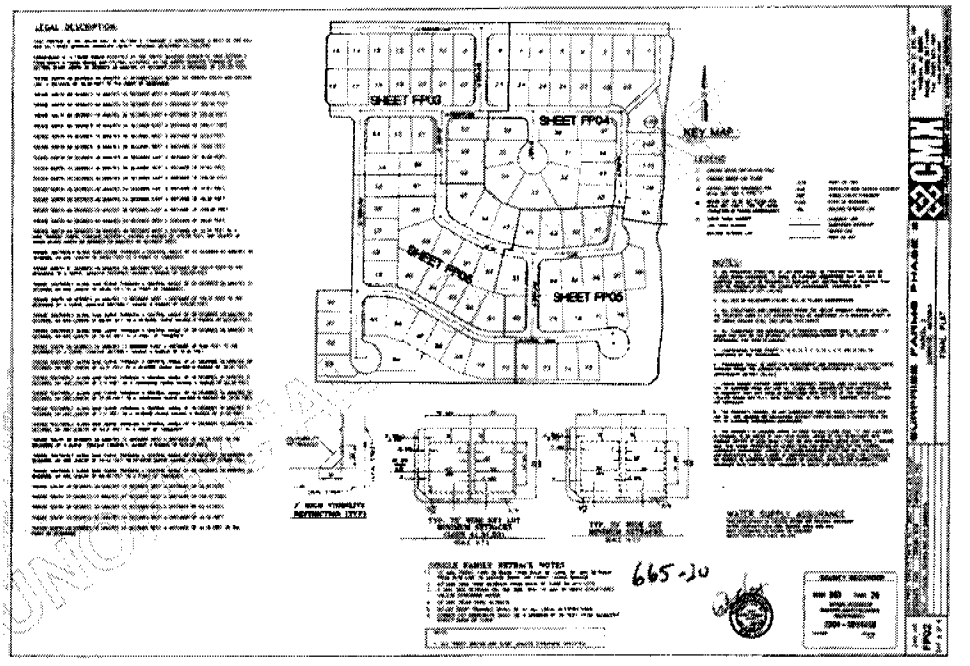
Analysis

Price per Acre:	$114,280
Price per SF/Land Area:	$2.62
Price per Lot	$24,300

Comments

This parcel is within the second phase of Surprise Farms. Greystone has an active subdivision within the first phase.

Super Pad Sale No. 9



Location Data

Project Name:	Surprise Farms Parcel 3
Location:	NW Greenway and 175th Ave
City:	Surprise
County:	Maricopa
State/Zip:	Arizona 85374
Submarket	Sun City
Assessor's Parcel #:	502-01-002W
Atlas Ref:	100-143/LG

Physical Data

Type:	Platted & Engineered Lots
Topography:	Level
Shape:	Irregular
Utilities:	All Available
Zoning:	PAD, Surprise
Gross Land Area	33.85 acres
Net Site Area	33.85 acres
Net Site Area (SF)	1,474,506 square feet
No. of Lots	103
Density	3.04 lots per acre
Avg. Lot Size	9,375 square feet
Avg. Lot Dimensions	75x125

Sale Data

Transaction Type:	Sale
Date of Transaction:	Feb-04
Escrow/Under Contract:	
On Market:	N/A
Record Date:	February 2, 2004
Grantor:	Surprise Village Co.
Grantee:	U.S. Home
Document No.:	105300
Sale Price:	$3,388,700
Financing	Cash to Seller
Cash Equivalent Price:	$3,388,700
Onsite/Offsite Costs:	$0
Adjusted Sale Price:	$3,388,700
Verification:	Nate Nathan (480) 367-0700

Analysis

Price per Acre:	$100,109
Price per SF/Land Area:	$2.30
Price per Lot	$32,900

Comments

This parcel is in the second phase of Surprise Farms. US Home is currently active in phase one of the development.

DISCUSSION OF COMPARABLE SALES

Sale 1 is the November 2002 purchase of Parcel 11 at Sierra Montana, a 750-acre, 2,600-lot master planned community at the southwest corner of Greenway Road and Cotton Lane in Surprise. The buyer, Canterra Homes of Scottsdale, acquired a total of 178 platted and engineered lots in two transactions with a total purchase price of $2,877,904, or $16,168 per lot. The first 88 lots closed escrow in November 2002 and the second 88 lots closed June 2003.

The 178 lots are all 60 feet by 110 feet. The buyer intends to construct 1,635 to 2,412 square foot homes with base pricing between $148,900 and $174,900. There is no golf course or other amenity providing significant lot premiums.

Sale 2 is the June 2003 purchase of 93 within Parcel 25 at Country Place, a master planned community near 99th Avenue and Lower Buckeye Road in west Phoenix. The buyer, Beazer Homes, purchased the 93 platted and engineered lots for $1,786,005, or $19,204 per lot.

The 93 lots are all 45 feet by 110 feet. This project does not have a golf course, lakes or topography, which would indicate additional lot premiums.

Sale 3 is the June 2003 purchase of 102 platted and engineered lots within Parcels 28 & 29 at Country Place. The buyer, Beazer Homes, purchased the 102-lots for $2,004,141, or $19,648 per platted and engineered lot.

The lots are 50 feet by 110 feet (5,500 square feet). Based upon a gross land area of 22.13 acres, this parcel has a density of 4.61 dwelling units per acre.

Sale 4 is the December 2002 purchase of a 83.88 acres at the southwest corner of Dysart Road and Indian School Road Bypass in Avondale. The property is in the northeast quadrant of the Palm Valley master plan. It is adjacent north of Estrella Mountain Community College and just south of the Wigwam Resort.

Capital Pacific Homes purchased the property for $6,220,500, or $74,160 per acre. Based upon a plat of 293 acres, the purchase price equates to $21,230 per platted and engineered lot. The property has a density of 3.49 units per acre.

Sale 5 is the July 2003 purchase of a Sierra Montana Parcel 6, a 91-lot platted and engineered subdivision in Surprise. The buyer, Beazer Homes, purchased the 91 platted and engineered lots for $2,038,400, or $22,400 per lot.

The 91 lots are 80 feet by 120 feet (9,600 square feet). Based upon its gross acreage of 38.84 acres, this property has an overall density of 2.34 dwelling units per acre.

Sale 6 is the August 2003 purchase of Parcel 26 and Parcel 4 South at Country Place in west Phoenix. The buyer, Richmond American Homes acquired the 36.36-acre parcel for $3,092,710, or $23,080 per platted and engineered lot based upon a subdivision plat of 134 lots.

The 134 lots are 60 feet by 110 feet (6,600 square feet). The buyer intends to develop the lots with single-family homes ranging from 1,371 to 2,702 square feet. Basing pricing starts at $130,000. These parcels have a density of 3.66 dwelling units per acre.

Sale 7 is the February 2004 purchase of Parcel 6 in Phase II of Surprise Farms in Surprise, which is generally located at the southwest corner of Bell Road and Loop 303 (Cotton Lane). The buyer, Standard Pacific, acquired the 26.70-acre parcel for $3,022,200, or $21,900 per platted and engineered lot based upon a subdivision of 138 lots. The 138 lots average 4,950 square feet (45 feet x 110 feet).

Sale 8 is the February 2004 purchase of Parcel 5 in Phase II of Surprise Farms. The buyer, Greystone Homes, acquired the 23.39-acre residential parcel for $2,673,000, or $24,300 per platted and engineered lot based upon a total of 110 single-family lots. The 110 lots average 5,500 square feet with dimensions of 50 feet by 110 feet.

Sale 9 is the February 2004 purchase of Parcel 3 in Phase II of Surprise Farms. The buyer, U.S. Home Corporation, purchased the 33.85-acre property for $3,388,700, or $32,900 per platted and engineered lot based upon a total of 103 lots. The lots within this subdivision average 9,375 square feet with dimensions of 75 feet by 125 feet.

CONCLUSION OF ANALYSIS OF COMPARABLES SALES

The nine sales discussed above range in size from 22.13 to 83.88 acres with projected lot sizes ranging from 45'x110' to 80'x120'. The lots sizes of the comparable sales are consistent with those of the subject's four platted subdivisions. Table 14 summarizes the lot sizes for each of the subject parcels.

TABLE NO. 14

SUMMARY OF AVERAGE LOT SIZES

Parcel	Gross Acreage	Net Acreage	Lot Count	Gross Density	Avg. Lot Sizes
33	21.75	20.71	52	2.39	70x115
35	23.71	22.34	27	1.14	70x115
Total	45.46	43.05	79	1.74	

Parcels 33, and 35 have lots within an average size of more than 7,000 square feet (70 feet x 115 feet). While in analyzing the comparable sale it is relevant to note the price paid per acre, the more important unit of comparison is the price per platted lot. The nine sales indicated a range of per lot prices from $16,168 to $32,900. As a general rule, lot size and plot price are highly correlated, i.e., the smaller the average lot dimensions, the lower the per lot price and vice versa. Noting this trend in the lot prices, we have analyzed the subject's two super pad parcels based upon their projected lot mix. Other factors analyzed include overall parcel density, inclusion within a master planned community, overall location as well as location within the community. Additional consideration was also given to the five 1± acre lots along the southern boundary line of Parcel 35. Clearly, these larger lots have a higher per lot value than the standard lots within Parcel 35. The difficultly in estimating the value of the five larger lots is their location within a community of affordably priced single-family homes. Given the fact these five lots are considerably larger that the standard lots, the platted and engineered value of these lots has been estimated at twice the value of a standard lot.

Based upon the various value influencing factors (size, density, location, etc.), we have estimated the wholesale value of the platted and engineered lots within Parcel 33 and 35. Table 15 summarized the value estimates for Parcels 33 and 35.

TABLE NO. 15

ESTIMATED VALUE OF SUNDANCE PARCELS 33 AND 35

Parcel	Acreage	Density	No. of Lots	Lot Value	Estimated Wholesale Value
33	21.75	2.39	52	$ 26,000	$ 1,352,000
35	23.71	1.14	27	$ 31,000	$ 837,000
Total	45.46	1.74	79	$ 27,709	$ 2,189,000

As illustrated in Table 15 the estimated value of the subject's two super pad parcels range from $26,000 to $31,000 per platted and engineered lot. Because the subject properties are being appraised in connection with the Sundance Community Facilities District, a special assumption deducting an administrative fee of 5% has been incorporated. ***This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs.*** The implication of this charge against the values estimated in Table 15 is reflected in the final value estimates summarized in Table 16.

TABLE NO. 16

ESTIMATED WHOLESALE (BULK) VALUE OF PARCELS 33 AND 35

Parcel	Acreage	Density	No. of Lots	Lot Value	Total Value	Per Acre Value	5% Admin. Costs (1)	Estimated Wholesale Bulk Value
33	21.75	2.39	52	$ 26,000	$ 1,352,000	$ 62,152	$ (68,000)	$ 1,280,000
35	23.71	1.14	27	$ 31,000	$ 837,000	$ 35,304	$ (42,000)	$ 800,000
Total	45.46	1.74	79	$ 27,709	$ 2,189,000	$ 48,151	$ (110,000)	$ 2,080,000

(1) Administrative costs of 5% is a special assumption. This fee is included to cover the general, administrative and sales commissions is a sale of the property were to occur as a result of the District foreclosing on the property.

Therefore, the value of Parcel 33 is estimated at $1,280,000, or approximately $24,600 per platted and engineered lot, while the value of Parcel 35 is estimated a $800,000, or approximately $29,600 per platted and engineered lot.

ESTIMATED WHOLESALE (BULK) VALUE OF SUBJECT'S FINISHED LOT SUBDIVISIONS (PARCELS 31 AND 32)

As indicated previously, all on-site infrastructure has been installed within Parcel 31 and the on-sites within Parcel 32 are nearing completion. The value of each of the these parcels is based upon their status as residential parcels containing finished lots, i.e., each individual residential lot is ready for improvement with a single family residence. The Sales Comparison Approach is employed to estimate the wholesale value of each of these finished lot subdivisions. The search for sales of comparable bulk finished lot sales encompasses all of the greater Metropolitan Phoenix area due to the fact that the more affordable housing which is comparable to the product being offered within Sundance is located at the outer edge of development area. Comparable areas include Surprise and northeast Maricopa County, Casa Grande, the Town of Maricopa and Northeastern Pinal County (Queen Creek – Hunt Highway corridor toward Florence).

Supportive market data were obtained for recent sales within Desert Oasis, a new residential community in Surprise and sales within the Town of Maricopa. The bulk finished lots sales within Desert Oasis are summarized in Table 17.

TABLE NO. 17

DESERT OASIS BULK FINISHED LOT SALES

Property Name	Builder	No. of Lots	Lot Size(s)	Base Price/ Finished Lot	Home Price Range	Home Size
Parcel B4	Homes by Towne	144	55x110	$35,500	$160-240,000	1,500-3,500 SF
Parcel B5	Homes by Towne	98	60x110	$37,500	$160-240,000	1,500-3,500 SF
Parcel B7	KB Home	138	55x110	$35,500	$127-226,000	1,323-3,800 SF
Parcel B6	KB Home	144	65x115	$39,500	$127-226,000	1,323-3,800 SF

The four sales within Desert Oasis range from $35,500 to $39,500 per lot and vary based upon lot size (the larger the lot, the higher the per lot purchase price). Desert Oasis is a 587-acre

master planned community located approximately 2 miles north of Grand Avenue (US 60) at 163 Avenue (west of Loop 303). No major or notable amenities are associated with this community.

The second set of market data is the sales within the area of Maricopa, which is approximately 16 miles southwest of Phoenix and Chandler. The recent market activity within the Maricopa area is summarized in Table 18.

TABLE NO. 18

TOWN OF MARICOPA BULK LOT SALES SUMMARY

Property Name	Builder	No. of Lots	Lot Size(s)	Base Price/ Finished Lot	Home Price Range	Home Size Range
Parcel 2 at Rancho El Dorado	Maracay Homes	178	50' x 110'	$32,000	$125,000 – $155,000	1,237 – 2,219
Parcel 3 at Rancho El Dorado	Centex Homes	178	45' x 110'	$29,000	N/A	N/A
Parcel 4 at Rancho El Dorado	Hacienda Builders, Inc.	167	50' x 110'	$32,000	N/A	1,340 – 2,600
Parcel 5 at Rancho El Dorado	Engle Homes	123	60' x 110'	$36,000	$154,990 - $203,990	1,650 – 3,097
Parcel 7 at Rancho El Dorado	Centex Homes	191	55' x 110'	$34,000	N/A	N/A
Parcel 9 at Rancho El Dorado	Hacienda Builders, Inc.	110	70' x 120'	$38,500	N/A	2,533 – 3,923
Parcel 13A at Rancho El Dorado	Brown Family Communities	171	45' x 110'	$29,000	$117,390 - $137,390	1,138 – 1,688
Maricopa Meadows Parcel 3	KB Homes	113	45' x 115'	$26,100	N/A	N/A
Maricopa Meadows Parcel 4	Homelife Homes	109	45' X 115'	$26,100	$99,990 - $151,990	1,028 – 2,600
Maricopa Meadows Parcel 5	Courtland Homes	110	45' X 115'	$26,100	$105,000 - $160,000	1,000 – 2,600
Maricopa Meadows Parcel 7	Turner Dunn Homes	108	45' x 115'	$26,100	$110,900 - $154,900	1,150 – 2,250
Maricopa Meadows Parcel 8	Elite Homes	115	65' X 115'	$37,700	N/A	N/A
Maricopa Meadows Parcel 9	Turner Dunn Homes	124	65' x 115'	$35,750	$161,900 - $219,900	1,850 – 3,000
Maricopa Meadows Parcel 10	Elite Homes	90	55' X 115'	$32,400	$127,900 - $158,900	1,339 – 2,469
Maricopa Meadows Parcel 11	Standard Pacific	114	45' X 115'	$26,100	N/A	N/A
Maricopa Meadows Parcel 12	Homelife Homes	98	55' X 115'	$31,900	$144,990 - $185,990	2,100 – 3,100
Maricopa Meadows Parcel 13	Elite Homes	108	45' X 115'	$26,100	N/A	N/A
Maricopa Meadows Parcel 14	Continental Homes	99	55' X 115'	$32,203	N/A	N/A
Maricopa Meadows Parcel 15	Elite Homes	118	45' X 115'	$26,354	$105,990 - $120,990	1,062 – 1,453
Maricopa Meadows Parcel 16	Richmond American	120	45' X 115'	$26,100	N/A	N/A
Maricopa Meadows Parcel 17	Richmond American	83	55' X 115'	$31,900	N/A	N/A
Acacia Crossings Parcel 2	US Home Corp	99	50' X 115'	$36,348	$116,000 - $141,000	1,225 – 2,067
Acacia Crossings Parcel 3	Greystone Homes	101	45' X 115'	$33,096	$120,990 - $138,990	1,322 – 1,754
Acacia Crossings Parcel 7	Greystone Homes	75	50' X 115'	$36,348	$120,990 - $138,990	1,322 – 1,754
Alterra North & South	Greystone Homes	102	55' x 110'	$33,000	N/A	N/A
Alterra North & South	Greystone Homes	105	45' x 110'	$27,000	N/A	N/A
Alterra North & South	Capital Pacific Holdings	86	55' x 110'	$33,000	$147,990 - $206,990	1,687 – 3,310
Alterra North & South	Capital Pacific Holdings	110	45' x 110'	$27,000	$121,990 - $149,990	1,286 – 2,275
Alterra North & South	Great Western Homes	145	55' x 110'	$33,000	N/A	N/A
Alterra North & South	Hacienda Builders, Inc.	147	55' x 110'	$33,000	N/A	N/A

As illustrated in Table 18, the Maricopa area is a strong residential submarket offering product comparable to that offered in the subject's Sundance area. The sales in Table 18 indicate prices for bulk finished lots ranging from $26,100 (45′ x 115′) for the smaller lots to $38,500 (70′ x 120′) for the larger lots.

The sales within Desert Oasis and Maricopa provide strong support for subject's lots within Parcels 31 and 32. Parcel 31 is a 60+-acre parcel containing 310 lots, which range from 40 feet by 110 feet to 50 feet by 110 feet. Based upon the comparable sales, the value of the subject's 310 lots within Parcel 31 falls within a range of $26,000 to $36,000 per lot. Due to the

collection of lot size with Parcel 31, a value estimate of $30,000 per lot is concluded. The per lot estimate of $30,000 is equivalent to a wholesale (bulk) value for Parcel 31 of $9,300,000.

Parcel 32 is comprised of 86 finished lots with average lot dimensions 70 feet by 120 feet. Based upon the comparable sales, the value of these larger lots fall at the upper end of the value range ($37,000 to $39,500 per lot). A single per lot value of $39,000 is concluded. The per lot estimate of $39,000 per lot is equivalent to a wholesale (bulk) value for Parcel 32 of $3,354,000.

Because the subject properties are being appraised in connection with the Sundance Community Facilities District, a special assumption deducting an administrative fee of 5% has been incorporated. *This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs.* The implication of this charge against the values estimated above is reflected in the final value estimates summarized in Table 19.

TABLE NO. 19

ESTIMATED WHOLESALE (BULK) VALUE OF PARCELS 31 AND 32

Parcel	Acreage	Density	No. of Lots	Lot Value	Total Value	Per Acre Value	5% Admin. Costs (1)	Estimated Wholesale Bulk Value
31	62.54	4.96	310	$ 30,000	$ 9,300,000	$148,694	$ (465,000)	$ 8,835,000
32	37.07	2.32	86	$ 39,000	$ 3,354,000	$ 90,466	$ (168,000)	$ 3,190,000
Total	99.62	3.98	396	$ 31,955	$12,654,000	$127,024	$ (633,000)	$ 12,025,000

(1) Administrative costs of 5% is a special assumption. This fee is included to cover the general, administrative and sales commissions is a sale of the property were to occur as a result of the District foreclosing on the property.

Therefore, the value of Parcel 31 is estimated at $8,835,000, or $28,500 per platted and engineered lot, while the value of Parcel 32 is estimated a $3,190,000, or approximately $37,000 per platted and engineered lot.

SUMMARY OF VALUE ESTIMATES

The purpose of this appraisal has been to estimate the wholesale (bulk) value of four parcels within Sundance, a 2,000± acre master planned community in Buckeye, Arizona. All four parcels are designated and have been planned for residential development. Parcels 33 and 35 are valued in the present condition as residential super pads, while Parcels 31 and 32 are valued as finished lot subdivisions. Because not all of the on-site infrastructure has been completed within Parcel 32, its estimate value incorporate the hypothetical assumption that all of the necessary on-site work is complete. Therefore, its wholesale (bulk) value estimate is "as if complete." The completion of the remaining on-site work is anticipated to occur prior to the issuance of the bond for Sundance Special Assessment #3.

All four subject parcels were valued using the Sales Comparison Approach. Bulk sales of platted and engineered subdivisions and bulk sale of finished residential lots were used to value the parcels. Utilizing the market data, the wholesale (bulk) value of each of the subject's four parcels, as of June 18, 2004, were estimated as follows:

PARCEL 31
EIGHT MILLION EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS
($8,835,000)

PARCEL 32 ("AS IF COMPLETE")
THREE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS
($3,190,000)

PARCEL 33
ONE MILLION TWO HUNDRED EIGHTY THOUSAND DOLLARS
($1,280,000)

PARCEL 35
EIGHT HUNDRED THOUSAND DOLLARS
($800,000)

(This page intentionally left blank)

ADDENDA

APPRAISER'S QUALIFICATIONS

FRANK R. KLEINMAN, MAI, CRE

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Bachelor of Science – Business Administration, Arizona State University, Tempe, 1957. Selected as the outstanding military student in the Class of 1957.

Continuing Education: Successfully completed the required courses of The Appraisal Institute. Attended numerous seminars and courses as part of the Appraisal Institute Professional Education/Certification program.

PROFESSIONAL AFFILIATIONS

MAI, Member, The Appraisal Institute since November 1970
State of Arizona, Certified General Real Estate Appraiser, Certificate No. 30207
CRE, Member, The American Society of Real Estate Counselors since January 1977

BUSINESS EXPERIENCE

2000 to Present, Appraiser, *Burke Hansen, LLC*
1983 to 2000, Partner, *Burke Hansen, Inc.*
1978 to 1983, Independent Fee Appraiser, *DICOR, Inc.*, retained as a consultant in charge of commercial real estate development
1967 to 1978, Manager of Appraisal Department, *Coldwell Banker & Company and Coldwell Banker Management Corporation*
1963 to 1978, Real Estate Appraiser, *Coldwell Banker & Company and Coldwell Banker Management Corporation*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Market and absorption studies and expert witness testimony.

Product Types: Master planned communities; apartments; neighborhood shopping centers; community shopping centers; historical Indian lands; office buildings; industrial buildings; and residential subdivisions.

A list of clients for whom assignments have been completed would include:

City of Peoria
Fortis Private Capital
Shimizu America Corporation
Suncor
Fry's
Nathan & Associates, Inc.
Maricopa Water District
Northern Trust Bank
Pinnacle West Capital Corp
The Mitsui Trust and Banking Co. Ltd.
Harris Trust Bank
Johnson Bank, N.A.
Snell & Wilmer

STEPHEN E. NIEBLING

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Master of Business Administration. Arizona State University, Tempe, Arizona, 1998.
Bachelors of Science in Economics. Santa Clara University, Santa Clara, California, 1992.

CERTIFICATION/ LICENSURE

State of Arizona, Certified General Real Estate Appraiser, Certificate (#30879)
Arizona Licensed Real Estate Sales Agent

PROFESSIONAL AFFILIATIONS

Associate Member, The Appraisal Institute
Associate Member of the American Bar Association

BUSINESS EXPERIENCE

2001 to Present, Appraiser, *Burke Hansen, LLC*
1999 to 2001, *Real Estate Consultant, PricewaterhouseCoopers LLP*
1993 to 1999, Appraiser, *Burke Hansen, Inc.*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Majority of the assignments have been appraisals for conventional financing and/or CFD financing. Other appraisal assignments have included estate tax and litigation matters (eminent domain, lost profits, partnership disputes, CERCLA, etc.). Consulting assignments have been prepared for affordable housing, financial feasibility and market analyses.

Product Types: Master-planned communities; apartments; neighborhood and community shopping centers; professional and medical office buildings; industrial buildings; residential subdivisions, hotels and golf courses.

APPENDIX E

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE UNDERTAKING
(OWNER)

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

(CUSIP BASE NUMBER 867241)

This Undertaking is executed and delivered by D.R. Horton, Inc.-Dietz-Crane, a Delaware corporation (hereinafter referred to as the "Owner"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

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

"Assessment Area" shall have meaning provided thereto in the Limited Offering Memorandum.

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

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

"Issuer" shall mean Sundance Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona.

"Limited Offering Memorandum" shall mean the Limited Offering Memorandum, dated September 15, 2004, with respect to the Securities.

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

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

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

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

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

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

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

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

"Objective Criteria" shall mean, as to any owner of land within the boundaries of the Assessment Area in question at the time in question, that the unpaid portions of the Special Assessments levied against such land owned by such owner equals or exceeds twenty percent (20%) of the total principal amount of the Securities then outstanding.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Special Assessments" shall have the meaning provided thereto in the Limited Offering Memorandum.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Owner shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.)*** Currently, no State Repositories exist for the State of Arizona. ***The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking***.

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2005, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF EACH ANNUAL REPORT TO THE ISSUER.***

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

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

(A) Information with respect to (I) single family lot closings and issuance of building permits within the boundaries of the portion of the Assessment Area owned by the Owner, (II) the full cash value for taxation purposes of the land within the Assessment Area owned by the Owner, (III) update of the land sales, land development (including particularly the status of completion of the items included in TABLE 4 of the Limited Offering Memorandum), (IV) any conveyance in a single transaction by the Owner to any entity of five percent (5%) or more of the total residential lots within the boundaries of the Assessment Area (based on the recorded final plats of the land within the boundaries of the Assessment Area or, to the

extent that any portion of the land within the boundaries of the Assessment Area is not subject to a recorded final plat, then based on the most recent preliminary plat submitted for approval) including identity of the entity and location of property conveyed and (V) changes in the description of residential product mix, development and sale of lots, project financing and encumbrances of the Owner set forth in the relevant sections of the Limited Offering Memorandum.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis generally accepted accounting principles. (The Owner does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE OWNER CHANGES, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of the following events (the "Material Events") with respect to the Securities:

(i) The conveyance in a single transaction by the Owner to any entity of twenty percent (20%) or more of the total residential lots within the boundaries of the Assessment Area (based on the recorded final plats of the land within the boundaries of the Assessment Area or, to the extent that any portion of the land within the boundaries of the Assessment Area is not subject to a recorded final plat, then based on the most recent preliminary plat submitted for approval) including identity of the entity and location of property conveyed.

(ii) Any failure by the Owner to pay, prior to delinquency, general property taxes, special taxes or assessments with respect to property of the Owner within the boundaries of the Issuer.

(b) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF THE OCCURRENCE OF A MATERIAL EVENT WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE OF MATERIAL EVENT TO THE ISSUER.***

Section 4. Termination of Reporting Obligation. The obligations of the Owner pursuant to this Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of all of the Securities or (ii) the failure of the Owner to satisfy the Objective Criteria. ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Owner may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Owner or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Owner or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Document at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative

discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE OWNER CHANGE, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Owner from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Owner chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Owner shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 7. Default. In the event of a failure of the Owner to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Owner to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Document, and the sole remedy under this Undertaking in the event of any failure of the Owner to comply with this Undertaking shall be an action to compel performance.

Section 8. Dissemination Agent. The Owner may, from time to time, appoint or engage a Dissemination Agent to assist it in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Recordkeeping. The Owner shall maintain copies of each Annual Report and Notice Material Event as well as the names of the entities with whom the same was filed and the date of filing thereof.

Section 10. Subsequent Transfers of Owner's Land. Upon any sale by the Owner of land within the boundaries of the Assessment Area such that the acquiring owner of land within the boundaries of the Assessment Area then satisfies the Objective Criteria, the Owner shall require such acquiring owner of land within the boundaries of the Assessment Area to execute an undertaking substantially similar to this Undertaking and in compliance with the Rule prior to the convey-

ance of title to such acquiring owner of such land within the boundaries of the Assessment Area.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and the Owner shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or wilful misconduct of the Dissemination Agent. The obligations of the Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 12. Copies for Issuer. Any copy provided by this Undertaking to be given or furnished to the Issuer by the Owner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Issuer addressed to it at c/o Town of Buckeye, Arizona, Suite A, 100 North Apache, Buckeye, Arizona 85326, Attention: District Clerk or at any other address furnished previously in writing to the Owner by the Issuer.

Dated: September 23, 2004

D.R. HORTON, INC. - DIETZ-CRANE, a Delaware corporation

By.....

Printed Name:.....

Title:.....

CONTINUING DISCLOSURE UNDERTAKING
(ISSUER)

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

(CUSIP BASE NUMBER 867241)

This Undertaking is executed and delivered by Sundance 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 Document" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A. with respect to the Securities.

"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 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
E-mail: nrmsir@ftid.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 or environmental tax.

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2005, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

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

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

(A) Information of the type in TABLES 1, 2 and 4 of the Limited Offering Memorandum, dated September 15, 2004, with respect to the Securities.

(B) Information with respect to status of ownership, amounts of delinquencies and parcels delinquent (including amount of penalties and interest) and status of foreclosure sales by tax parcel identification number as such matters relate to the "Special Assessments" which are the subject of TABLE 7.

(C) Current balances in the funds held pursuant to the "Indenture of Trust" described in such Limited Offering Memorandum.

(D) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principals as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The

Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the "Listed Events") with respect to the Securities:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Securities (including particularly, but not by way of limitation,

(A) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Securities is not Tax-exempt or

(B) Any event adversely affecting the Tax-exempt status of the Securities, including but not limited to:

(I) Any 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. 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 5. 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 Document 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 6. 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 7. 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 Document, 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 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Owner hereunder and may discharge

any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or wilful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: September 23, 2004

SUNDANCE COMMUNITY FACILITIES DISTRICT

By.....
Chairman, District Board

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions of Certain Terms

The following is a summary of certain provisions of the Indenture to which reference is hereby made for a more complete description of its terms. The following are certain terms defined in the Indenture and used in this Offering Memorandum.

"Bondholder" means a Holder of a Bond.

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

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

"Costs of Acquisition and Construction" means all items of expense directly or indirectly relating to the cost of the public infrastructure purposes (as such term is defined in the Enabling Act) and in a study prepared for the District as required by the Enabling Act.

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

"Debt Service" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds, when due, (ii) fees and costs of registrars, trustees, paying agents or other agents necessary to handle the Bonds, and (iii) amounts due with regard to Rebate.

"Governmental Obligations" means (1) direct obligations of the United States of America or (2) obligations described in Section 103(a) of the Internal Revenue Code of 1954, provision for the payment of which shall have been made by the deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clause (1) the maturing principal of and interest on which, when due, will provide sufficient moneys to pay when due the principal of, premium, and interest on such

obligations, and which securities described in clause (1) are not available to satisfy any other claim which, at the time of deposit, have been assigned ratings in the highest rating categories of S&P and Moody's, but in the case of both Clause (1) and Clause (2) of this paragraph, only if such obligations are noncallable prior to the Maturity of the Bonds or (3) REFCORP STRIPS as defined in "Permitted Investments". Governmental Obligations also includes a "no load," open-end management investment company or trust (mutual fund), registered with the Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States of America, and repurchase agreements secured by the same and which money market fund has a rating by S&P of AAAm-G; AAAm; or AAm or better and a rating by Moody's of "VMIG-1" or better.

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

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

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

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

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

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

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

3. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture;

4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in the Indenture; and

5. Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or an escrow agent with the effect specified in under the heading "Defeasance" below.

"Permitted Investments" means:

A. Direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

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

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

2. *Farmers Home Administration*
   Certificates of beneficial ownership

3. *Federal Financing Bank*

4. *Federal Housing Administration Debentures*

5. *General Services Administration*
   Participation certificates

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

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

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

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

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

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

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

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

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

4. *Student Loan Marketing Association*
   Senior debt obligations

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

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

F. Investment agreements provided by entities with ratings on their long term obligations or claims paying ability of "AA" or better by S&P and "Aa" or better by Moody's and required to be collateralized to the then current requirements of S&P and Moody's to always have a rating of at least "A".

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

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

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

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

Repurchase Agreements must satisfy the following criteria.

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

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

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

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

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

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

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

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

   d. *Valuation of Collateral*

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

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

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

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

K. Governmental Obligations.

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

M. State and Local Government Investment Pool, managed by the Treasurer of the State.

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

"Redemption Price" when used with respect to any Bond to be redeemed means the amount to be paid on any Redemption Date for such redemption pursuant to the Indenture, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"S&P" means Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, or any successor thereto.

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

Trust Estate Under the Indenture

The District has granted a security interest to the Trustee in all money and investments held for the credit of the Bond Fund, Issuance and Expense Fund and the Reserve Fund. The Trustee is required to hold all such property in trust for the benefit of all the Bondholders.

Funds

Bond Fund. The money deposited to the Bond Fund shall be held by the Trustee and applied solely as provided in the Indenture. The Bond Fund will be comprised of the Principal Account, the Interest Account and the Prepayment Account

The District shall deposit with the Trustee and the Trustee shall deposit to the Bond Fund to the credit of the applicable accounts or subaccounts:

(1) to the Principal and Interest Accounts, as applicable, all amounts collected by the Issuer from collections of the Assessments, to be applied to pay principal and interest then due on the Bonds;

(2) to the Prepayment Account all prepayments of the Assessments;

(3) to the Prepayment Account all proceeds from any foreclosure sale of any assessed property not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement; and

(4) such other funds as the District shall, from time to time, deem advisable.

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

(1) to the Interest Account, all accrued interest and interest capitalized;

(2) to the Prepayment Account, amounts transferred from the Acquisition and Construction Fund to the extent provided in the Indenture;

(3) to the Principal and Interest Accounts, amounts transferred from the Reserve Fund pursuant to the Indenture;

(4) to the Interest Account, any amounts transferred from the Reserve Fund as investment profits to be held in the Interest Account to be used to pay Bond interest not paid from Assessments as a result of prepayment or foreclosure of any Assessments; and

(5) to the Prepayment Account, any amounts transferred from the Reserve Fund as a result of a reduction in the Reserve Fund Requirement due to prepayment of Assessments or in the event the amount in the Reserve fund and Bond Fund is sufficient to pay all Bonds.

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

Acquisition and Construction Fund. Deposits to the Acquisition and Construction Fund shall be applied as follows:

Funds in the Acquisition and Construction Fund shall be used to pay the Costs of Acquisition and Construction and to pay all incidental expenses including, but not limited to, the Costs of the Acquisition or Construction. Upon compliance, amounts on deposit in the

Acquisition and Construction Fund shall be applied by the Trustee as set forth in an Issuer Request.

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

1. in every case, a Disbursement Request (as defined in the Indenture) certifying that the work to which the payment relates has been accomplished in a manner satisfactory to the District. The Disbursement Request may be based upon certificates satisfactory to the Assessment District Engineer and the District Engineer;

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

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

The date of completion of any portion of the Projects (the "Completion Date") shall be evidenced to the Trustee by a certificate signed by the District Engineer and the District Manager or a Responsible Officer of the Issuer stating that:

1. The Projects or any portion thereof, as applicable, have been completed in accordance with the plans and specifications therefor and all labor, services, materials and supplies used in the Projects or any portion thereof, as applicable, have been paid for and acknowledgments of such payments have been obtained from all contractors and suppliers; and

2. All other facilities necessary in connection with the applicable portion of the Projects have been constructed, acquired and installed in accordance with the plans and specifications therefor and all Costs of Acquisition and Construction for and incurred in connection therewith have been paid.

Within 10 days following the Completion Date, the Trustee shall transfer any balance in the Acquisition and Construction Fund (except

moneys retained for expenses not yet due and payable) into the Prepayment Account in the Bond Fund for application to the redemption of Bonds.

On September 1, 2007, any amounts remaining in the Acquisition and Construction Fund shall be transferred to the Prepayment Account of the Bond Fund.

Issuance and Expenses Fund. The money deposited to the Issuance and Expenses Fund and investments thereof shall be applied solely to pay all Costs of Issuance identified in an Issuer Request. On April 1, 2004, the Trustee shall transfer any balance to the Acquisition and Construction Fund.

Reserve Fund. The money deposited to the Reserve Fund and investments thereof shall be held in trust and applied solely as follows:

A. The District shall deposit to the credit of the Reserve Fund $93,187.

B. On, or before June 29 and December 30 of each year, the Trustee shall, to the extent there are sufficient moneys in the Reserve Fund, transfer from the Reserve Fund to the Principal and Interest Accounts of the Bond Fund the difference between the amount in the Bond Fund and the amount necessary to pay the principal of and interest on the Bonds on the next succeeding July 1 or January 1, as the case may be.

C. The Trustee shall examine the Reserve Fund Requirement on May 1 of each year to determine if any prepaid assessments and corresponding redemption of Bonds has allowed the Reserve Fund Requirement to be reduced. On May 1 of each year, the Trustee shall determine the value of the Reserve Fund investments, excluding any moneys which constitute investment earnings and shall thereafter deposit in the Prepayment Account, in $1,000 multiples, any moneys in the Reserve Fund in excess of the Reserve Fund Requirement. On May 1, 2029, moneys in the Reserve Fund shall be transferred to the Bond Fund.

D. After a Reserve Fund withdrawal, if the Reserve Fund is less than the Reserve Fund Requirement, the District shall reimburse the Reserve Fund from either the proceeds from the sale of delinquent assessments, or from all future installment payments on the assessments, but only to the extent that such portion of such installment payments is not required for the payment of Debt Service.

E. Any investment profits realized from the investment of moneys in the Reserve Fund in excess of the Reserve Fund Requirement shall be transferred to the Interest Account.

F. If the amount held in the Reserve Fund together with the amount held in the Bond Fund is sufficient to pay the principal amount of all Bonds and any premium on the next Interest Payment Date,

together with accrued interest on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Prepayment Account of the Bond Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

Investment of and Security for Funds.

A. Money held in the Bond Fund shall be continuously invested and reinvested by the Trustee in Governmental Obligations as directed in writing by the District.

B. Money held in the Acquisition and Construction Fund, Reserve Fund and Issuance and Expenses Fund shall be continuously invested and reinvested by the Trustee in Permitted Investments as directed in writing by the District.

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

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

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

Remedies under the Trust Indenture

The Trustee in its discretion, pursuant to the Indenture, may proceed to protect and enforce its rights and the rights of the Bondholders under the Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted in the Indenture or for the enforcement of any other remedy, as the Trustee deems most effectual to protect and enforce any of the rights of the Trustee or the Bondholders. The Indenture provides that, in addition to all rights and remedies of any Bondholder

provided therein, in the event the District defaults in the payment of the principal of, premium or interest on any of the Bonds when due, or defaults in the performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution or the Indenture, the Trustee will be entitled to a writ of mandamus compelling and requiring the District to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution or the Indenture. The Indenture contains no provision for acceleration of maturity of principal of the Bonds in the event of default. The remedy of mandamus described above would have to be exercised upon each separate default and may prove costly, time consuming, and difficult to enforce. The rights and remedies of Bondholders and the enforceability of the Bonds may also be limited by bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally. SEE "RISK FACTORS."

If default occurs in the payment of any principal of or interest on any Bond when due and payable or at maturity, then upon demand of the Trustee, the District will cause to be paid to the Trustee the amount so due and payable and an amount sufficient to cover the costs and expenses of administration and collection, including reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the District fails to cause to be paid such amounts upon demand, the Trustee will be entitled to sue for and recover judgment against the District for the amount then so due and unpaid.

The Trustee will be entitled to sue and recover judgment as aforesaid either before, after, or during the pendency of any proceedings for the enforcement of the lien of the Indenture, and in case of a sale of the Trust Estate and application of the proceeds as aforesaid, the Trustee will be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Bonds, for the Holders, and will be entitled to recover judgment for the same. No recovery of judgment upon any the District will affect or impair the lien on the Indenture upon the trust estate or any rights, powers, or remedies of the Trustee or the Holders.

Application of Money Collected

Any money collected by the Trustee pursuant to the "Remedies under the Trust Indenture" above, together with any other sums then held by the Trustee as part of the Trust Estate, will be applied as follows:

> First: To the payment of all unpaid amounts due the Trustee under the Indenture;
>
> Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds, for principal, premium and interest and (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable) on overdue principal and in case such proceeds will be sufficient

to pay in full the whole amount due and unpaid, then to the payment of such principal and interest without any preference or priority;

Third: To the extraordinary redemption of Bonds; and

Fourth: To the payment of the remainder, if any, to whosoever may be lawfully entitled to receive the same, or as a court may direct.

Control by Bondholders

The Holders of a majority in principal amount of any Outstanding Bonds will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to enforce the Indenture, either by judicial proceedings, the sale of the Trust Estate or otherwise; and

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

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

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

   c. the Trustee has not determined that the action would be unjustly prejudicial to the Holders not taking part in such direction, and

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

Before taking action pursuant to the Indenture, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability resulting from its negligence or wilful misconduct. The Trustee may take action without that indemnity, and in that case, the District will reimburse the Trustee (but only from amounts pledged under the Indenture) for all of the expenses of the Trustee pursuant to the Indenture.

Each Holder of any Bond by his acceptance thereof will be deemed to have agreed that any court may require, in any suit for the enforcement of any right or remedy under the Indenture, or in any suit

against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. However, the provisions of the Indenture will not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondholder, or group of Bondholders of the series affected thereby, holding in the aggregate more than ten percent in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the redemption date of such Bond).

Supplemental Indentures

Without the consent of the Holders of any Bonds and, under certain circumstances described in the Indenture, the District and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to convey unto the Trustee any property subject to the lien of the Indenture, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of Bonds any additional conditions, limitations and restrictions thereafter to be observed; (iii) to evidence the succession of another entity to the District and the assumption by any such successor of the covenants of the District in the Indenture or the Bond Resolution; (iv) to add to the covenants of the District for the benefit of the Holders of all the Bonds; or (v) to cure any ambiguity, to correct or supplement any provision in the Indenture or the Bond Resolution which may be inconsistent with any other provisions thereof, or to make any other provisions for matters arising thereunder not inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Bondholders.

With the consent of the Holders of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or resolutions amending the Bond Resolution for the purpose of adding provisions to or changing in any other manner or eliminating any provisions of the Indenture or of modifying in another manner the rights of the Bondholders under the Indenture or the Bond Resolution. However, no supplemental indenture or amending resolution, without the consent of the Holder of each Outstanding Bond affected thereby, is permitted by the Indenture to (i) change the Stated Maturity of the principal of, or interest on, any Bond, or

reduce the principal amount of or the interest on, any Bond, or change any place of payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); (ii) reduce the percentage in principal amount of Outstanding Bonds the consent of the Holders of which is required for any supplemental indenture, or any waiver provided for in the Indenture of compliance with certain provisions of or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the definition of the term "Outstanding" in the Indenture; or (iv) modify any of the provisions of the Indenture concerning approval of supplemental indentures or amending resolution except to increase any percentage of the Holders of Bonds necessary for approval or to provide that certain provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby. The Trustee may determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution and any such determination will be conclusive upon each Bondholder. The Trustee will not be liable for any such determination made in good faith.

Concerning the Trustee

The Trustee has undertaken to perform such duties as are specifically set forth in the Indenture, and no implied covenants or obligations should be read into the Indenture against the Trustee. In the absence of bad faith on its part, the Trustee may conclusively rely upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture. However, in the case of any such certificates or opinions which are specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.

No provision of the Indenture will be construed to relieve the Trustee from liability for its own negligent action, failure to act, or wilful misconduct, except that (1) this paragraph will not limit the effect of the preceding paragraph; (2) the Trustee will not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent; (3) the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith upon direction of the Holders of a majority in principal amount of the Outstanding Bonds or to the time, method, and place of conducting any proceeding for any available remedy or exercising any trust or power conferred upon the Trustee under the Indenture; and (4) no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in the Indenture.

Except as otherwise provided in the Indenture:

1. the Trustee may rely and will be protected in acting or refraining from acting upon:

   a. any resolution or other paper, document, or communication reasonably believed by it to be genuine and to have been signed or presented by the proper persons; and

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

2. any request or direction of the District mentioned in the Indenture will be sufficiently evidenced by a District request and any District order or resolution may be sufficiently evidenced by a resolution of the District board;

3. whenever in the administration of the Indenture the Trustee deems it desirable that a matter be proved or established prior to taking or omitting any action described in the Indenture, the Trustee (unless other evidence is specifically prescribed) may rely upon a certificate of a District officer;

4. the Trustee may consult with legal counsel and the written advice of such counsel will be full and complete authorization and protection in respect of any action taken or omitted by the Trustee in good faith and in reliance on the Indenture;

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

6. the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution or other paper or document, but the Trustee may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry, it will be entitled to examine the books, records, and premises of the District, personally or by agent or attorney; and

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

There will at all times be a trustee under the Indenture which will be a bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, subject to supervision or examination by federal or State authority, and having an office in the Town of Buckeye, Arizona. If such corporation publishes reports of condition at least annually, the combined capital and surplus of such corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee ceases to be eligible in accordance with provisions of the Indenture, it will resign immediately in the manner and with the effect specified in the Indenture.

The Trustee may resign at any time by giving written notice thereof to the District. If an instrument of acceptance by a successor Trustee will not have been delivered to the Trustee within 30 days after giving such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

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

If at any time:

1. the Trustee ceases to be eligible under the Indenture and fails to resign after written request therefor by the District or a Bondholder, or

2. the Trustee becomes incapable of acting or adjudged insolvent or a receiver is appointed or any public officer takes charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, the District may remove the Trustee, or subject to certain provisions of the Indenture, any Bondholder who has been a bona fide Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor.

If the Trustee resigns, is removed, or becomes incapable of acting, the District will promptly appoint a successor. In case all or

substantially all of the Trust Estate will be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee is appointed by the Bondholders. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee is appointed by act of the Holders of a majority in principal amount of the Outstanding Bonds and delivered to the District and the retiring Trustee, then the successor will become the successor Trustee and supersede the successor Trustee appointed by the District or by such receiver or trustee. If no successor Trustee is so appointed by the District or the Bondholders and has accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

Defeasance

The Indenture, and the lien, rights, and interests created thereby, will terminate, at the request of the District, when all Bonds previously authenticated and delivered under the Indenture have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding certain Bonds as provided in the Indenture or the District has paid or caused to be paid all other sums payable by the District under the Indenture.

Any Bond will be deemed no longer outstanding when payment of the principal of such Bond, plus interest thereon to its Maturity (whether by reason of the Stated Maturity or by call for redemption, if notice of such call has been given or waived or irrevocable arrangements for such notice satisfactory to the Trustee have been made), calculated at the maximum permitted rate for any period in which the rate of interest on the Bonds is unknown and has been provided by depositing (i) money sufficient to make such payment or (ii) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as will, without further investment or reinvestment, be sufficient to make such payment, provided that all necessary and proper fees, compensation and expenses of the Trustee and paying agents pertaining to the Bonds have been paid or the payment thereof has been provided for to the satisfaction of the Trustee. Any deposit described above must be made either with the Trustee or, if notice is given to the Trustee or with a state or nationally chartered bank with a minimum combined capital surplus or $10,000,000 as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or to the paying agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the Trustee is required to select the Outstanding Bonds with respect to which such deposit is

made in the same manner as provided in the Indenture for the selection of Bonds to be redeemed.

No such deposit will have the effect specified above, (i) if made during the existence of a default under the Indenture, unless made with respect to all of the Bonds then Outstanding, and (ii) unless there is delivered to the Trustee an opinion of counsel to the effect that such deposit will not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose is required to be held by the Trustee in a segregated account in trust for the Holders of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, is required to be disbursed solely to pay the principal of and interest on such Bonds when due.

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

This information concerning DTC and DTC's book-entry system has been obtained from DTC and the District takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S., equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to other such as both U.S. and non-U.S, securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating AAA. The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as

periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices of the Bonds shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of and information funds and corresponding detail information from the Bond Registrar and 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 Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bonds will be printed and delivered.

Under DTC's rules, DTC now advises that upon receipt of a withdrawal request from an issuer, such as the District, DTC will take the following actions: (1) DTC will issue an Important Notice notifying its participants of the receipt of a withdrawal request from the issuer reminding participants that they may utilize DTC's withdrawal procedures if they wish to withdraw their securities from DTC; and (2) DTC will process withdrawal requests submitted by participants in the ordinary course of business, but will not effectuate withdrawals based upon a request from the issuer.

(This page intentionally left blank)

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2004

CONSENT OF BURKE HANSEN, LLC.

Burke Hansen, LLC hereby consents to the inclusion in the Limited Offering Memorandum related to the sale of Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 of the Appraisal prepared by Burke Hansen, LLC and addressed to Sundance Community Facilities District (Town of Buckeye, Arizona), dated June 21, 2004, and further represents and warrants that such Appraisal is true and correct in all respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading, and no event affecting such Appraisal has occurred since the date of such 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.

Dated: September 23, 2004

BURKE HANSEN, LLC

By: _____

SWR:gmh 543710 09/15/04

APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

SUNDANCE COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

1. Please be advised that the undersigned is a Qualified Investor (as hereafter defined) and is purchasing, either directly or as beneficial owner in the case the bonds are held by a securities depository, not less than $25,000 aggregate principal amount of the captioned bonds (hereinafter referred to as the "Bonds"), such Bond 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 an intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of _____ 1, 2004 (the "Indenture"), from the captioned District (hereinafter referred to as the "Issuer") to the captioned Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "Trustee") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor (as defined below), purchase not less than $25,000 aggregate principal amount of the Bonds and must sign a letter in the form of this letter.

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

(i) a "qualified institutional buyer", as such term is defined in Rule 144A, of the Securities Act of 1933, as amended (the "Securities Act"); or

(ii) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission; or

(iii) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i) 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 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 Qualified Investor 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 Qualified Investor 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 Qualified Investor acknowledges that it is experienced, knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The Qualified Investor is not relying on the Issuer or the Town of Buckeye, Arizona (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 Qualified Investor 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 Qualified Investor acknowledges that the Qualified Investor has either been supplied with or has had access to the information, including the preliminary limited offering memorandum, the financial statements, the appraisal and other financial information received from the respective developers of the assessed land. The Qualified Investor 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 Qualified Investor requested, any other

information, or to as certain the accuracy or completeness of the appraisal and any other information that may have been furnished by the developer or any other third party.

.....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

APPENDIX C-2

FORM OF INVESTOR LETTER (SMMP)

.....

SUNDANCE COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

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 ....., 2004, 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 connec-

tion 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:.....

Greenberg
Traurig

September 23, 2004

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: $2,050,000 Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004

This opinion is rendered pursuant to the Purchase Contract, dated September 15, 2004 (the "Purchase Contract"), by and between Sundance Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "District") and RBC Dain Rauscher Inc. (hereinafter referred to as the "Underwriter"), relating to the purchase by the Underwriter from the District of its $2,050,000 Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (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 (hereinafter referred to as the "Limited Offering Memorandum"). We also have examined originals, or copies certified or otherwise identified to our satisfaction, of other documents, resolutions, instruments, records, certificates and opinions, have reviewed other laws and information and have made investigations, as we have considered necessary or appropriate, for the purpose of rendering this opinion.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigations pertaining to, and your participation in the preparation of, the Limited Offering Memorandum. That assistance involved, among other things, inquiries concerning various legal and related matters, our

ALBANY
AMSTERDAM
ATLANTA
BOCA RATON
BOSTON
CHICAGO
DALLAS
DENVER
FORT LAUDERDALE
LOS ANGELES
MIAMI
NEW JERSEY
NEW YORK
ORANGE COUNTY, CA
ORLANDO
PHILADELPHIA
PHOENIX
SILICON VALLEY
TALLAHASSEE
TYSONS CORNER
WASHINGTON, D.C.
WEST PALM BEACH
WILMINGTON
ZURICH

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 and the Owners and Stonebridge (as such terms are defined in the Limited Offering Memorandum) 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 hereinabove and without having undertaken to verify independently that accuracy, completeness or fairness, nothing has come to our attention which leads us to believe that the 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 such statements were made, not misleading. Reference in this paragraph to the Limited Offering Memorandum does not include the information contained in the Limited Offering Memorandum on the cover thereof, under the headings "INTRODUCTION," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS," "THE PUBLIC INFRASTRUCTURE," "LAND DEVELOPMENT," "THE OWNER," "RISK FACTORS," "LITIGATION," "TAX EXEMPTION," "CONTINUING DISCLOSURE" and "RELATIONSHIPS AMONG PARTIES" therein and in Appendix B - "FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL," Appendix C - "FORMS OF INVESTOR LETTERS," Appendix D - "APPRAISAL," Appendix E - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" thereto nor the financial information or other technical or statistical data included in the Limited Offering Memorandum or its Appendices, as to all of which we express no opinion.

Respectfully submitted,

Greenberg Traurig, LLP

LAW OFFICES
FENNEMORE CRAIG
A PROFESSIONAL CORPORATION

OFFICES IN:
PHOENIX, TUCSON,
NOGALES, AZ; LINCOLN, NE

3003 NORTH CENTRAL AVENUE
SUITE 2600
PHOENIX, ARIZONA 85012-2913
PHONE: (602) 916-5000
FAX: (602) 916-5999

September 23, 2004

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

District Board
Sundance Community Facilities District
(Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Re: $2,050,000 Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (the "Bonds")

Ladies and Gentlemen:

We have acted as special counsel to D.R. Horton, Inc. – Dietz-Crane, a Delaware corporation ("Owner"), in connection with the transactions provided for by the documents referred to herein in connection with the issuance and sale of the captioned Bonds sold pursuant to a Purchase Contract, dated September 15, 2004 ("Purchase Contract"), by and between RBC Dain Rauscher Inc. ("Underwriter") and Sundance Community Facilities District (Town of Buckeye, Arizona) ("District"). Any capitalized terms used herein and not defined shall have the meaning assigned to it in the Purchase Contract.

In this connection, we have reviewed the following documents, each of which is dated as of the date hereof unless otherwise indicated (the "Documents"):

1. Limited Offering Memorandum dated September 15, 2004 issued by the District (the "Limited Offering Memorandum");

2. The Sundance Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement recorded on July 21, 2004 as Instrument No. 2004-0836032, Records of Maricopa County, Arizona (the "Waiver Agreement");

3. The Letter of Indemnity dated September 15, 2004 (the "Indemnity Agreement") from the Owner to the District and the Underwriter;

4. The Continuing Disclosure Undertaking (Owner) from the Owner (the "Continuing Disclosure Undertaking");

5. The Dissemination Agency Agreement dated as of September 1, 2004 by and between the Owner and the Underwriter (the "Dissemination Agency Agreement").

6. Closing Certificate of D. R. Horton, Inc. – Dietz-Crane (the "Closing Certificate");

7. Certificate of Incorporation of Owner dated March 15, 2001, as amended;

8. Amended and Restated Bylaws of Owner dated as of October 11, 2001;

9. Certificate of Good Standing of Owner dated September 2, 2004 issued by the Delaware Secretary of State;

10. Certificate of Good Standing of Owner dated September 2, 2004 issued by the Arizona Corporation Commission; and

11. Officer's Certificate of the Owner issued in favor of the undersigned.

The Waiver Agreement, the Indemnity Agreement, the Continuing Disclosure Undertaking and the Agency Dissemination Agreement are sometimes hereinafter referred to collectively as the "Owner Documents".

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Documents and the legal capacity of each natural person executing any of the Documents;

(b) The authenticity and completeness of Documents submitted as originals, and the conformity to originals of documents submitted as copies;

(c) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Documents with regard to the parties to those agreements, other than Owner, and that the transactions contemplated by the Documents were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That all of the parties to the Documents (other than Owner) have obtained all necessary consents, authorizations, approvals, permits or certificates (governmental and otherwise) which are required as a condition to the execution and delivery of the Documents by such parties and to the consummation of the transactions contemplated by the Owner Documents by such parties;

(e) That the Documents constitute an integrated agreement between the parties to those agreements with respect to the matters contained therein and that the same constitute and evidence all of the agreements and understandings between the parties thereto with respect to the matters contained therein and that there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of the Documents;

(f) That Owner owns good and indefeasible interests in the real and personal property described in the Documents which are purported to be owned by it;

(g) That the District and the Underwriter have complied with any requirement of good faith, fair dealing and conscionability and have acted in good faith and in a commercially reasonable manner without notice of any defense against enforcement of any rights created by the Documents;

(h) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(i) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents; and

(j) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the transactions contemplated by the Owner Documents or any of the property within the District.

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

1. The Owner is a corporation, duly organized and validly existing under the laws of the State of Delaware and is duly authorized to transact business in the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by, the Owner Documents.

2. The Owner has taken all actions necessary to be taken by it or on its behalf to authorize (i) the execution, delivery and performance by the Owner of the Owner Documents and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Owner Documents have been duly and validly authorized, executed and delivered by the Owner and the same are in full force and effect as of the date hereof and are the valid and legally binding obligations of the Owner, enforceable against the Owner in accordance with their respective terms.

4. The execution and delivery by the Owner of the Owner Documents and the consummation of the transactions contemplated thereby (a) do not and will not result in a violation of any provision of, or in default under, the organizational documents of the Owner or (b) to our knowledge, (i) do not and will not result in a violation of any provision of, or in default under, any agreement or other instrument to which the Owner is a party or by which it or its properties are bound, or (ii) conflict with any statute, rule, regulation, judgment, order or other governmental action or decree to which the Owner or its properties are subject which, in any of the above cases, would materially and adversely affect the business, properties, assets, liabilities or condition (financial or otherwise) of the Owner.

5. To our knowledge, all material actions necessary to be taken by the Owner have been taken, and no additional material approval, authorization, consent or other order of the Owner or any other public board or body that has jurisdiction over the Owner is legally required to allow the Owner to execute and deliver and consummate the transactions contemplated by the Owner Documents or to conduct the business of the Owner as presently being conducted and as described in the Limited Offering Memorandum, except for such actions, approvals, authorizations, consents and orders that Owner would expect to obtain in the ordinary course of its business, and provided that no opinion is hereby expressed as to the compliance of the offer and sale of the Bonds with any securities law or regulation or any consents, approvals, authorizations or other action by the Town or the District.

6. To our knowledge, the Owner is not in violation of any provision of, or in default under, its organizational documents or any agreement or other instrument, violation of or default

under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Owner.

7. To our knowledge, there are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Owner is a party or of which any property of the Owner is subject, except as described in the Limited Offering Memorandum, which, if determined adversely to the Owner would individually or in the aggregate (i) have a material adverse effect on the financial condition or results of operations of the Owner and its affiliates considered as a whole, (ii) materially and adversely affect the validity or the enforceability of the Owner Documents, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Owner Documents or (iv) materially and adversely affect the transactions contemplated by the Limited Offering Memorandum to be engaged in by the Owner.

8. To our knowledge, the information contained in the Limited Offering Memorandum under the headings "SECURITY FOR AND SOURCES OF PAYMENT – Special Assessment Amounts and Land Values", "THE PUBLIC INFRASTRUCTURE", "LAND DEVELOPMENT", "THE OWNER" and "RISK FACTORS", taken as a whole, and to the extent it is applicable to the Owner does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our review of the Limited Offering Memorandum, we have not undertaken to determine independently the accuracy, completeness or fairness of the other statements contained therein, except as and to the extent provided in this paragraph, and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, on the basis of such review, nothing has come to our attention to lead us to believe that the Limited Offering Memorandum (except for the financial information and notes thereto and the schedules and other financial or statistical data included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

The phrase "to our knowledge" means the actual knowledge of all of the attorneys in this firm, including attorneys having knowledge as a result of a review of documents referenced in the sections of the Limited Offering Memorandum described in numbered paragraph 8 above and attorneys having knowledge as a result of conferences with officers and other representatives of the Owner, at which conferences the information and related matters were discussed; provided, however, that with respect to numbered paragraph 8 above, such knowledge is limited to those attorneys of the firm who have worked on the transactions contemplated by the Owner

Documents. Where statements in this opinion are qualified by the term "material" or "materially," those statements involve judgments and opinions as to the materiality or lack of materiality of any matter to the Owner or its business, assets or financial condition that are entirely those of the Owner and its officers, after having been advised by us as to the legal effect and consequences of such matters.

The opinions expressed herein are subject to the following qualifications:

(i) Enforceability of the Owner Documents may be limited by bankruptcy, insolvency, fraudulent transfer, fraudulent conveyance, reorganization, moratorium, arrangement, or laws or court decisions affecting the enforcement of creditors' rights generally;

(ii) Enforceability of certain rights and remedies in the Owner Documents may be restricted by the doctrines of waiver, estoppel, election of remedies, commercial reasonableness, the implied covenant of good faith and fair dealing or by the application of other equitable principles, whether remedies are sought in equity or at law. Without limiting the generality of the foregoing, we note specifically that such principles of equity are of general application, and in applying such principles an Arizona State court or a Federal District Court for the State of Arizona, among other things (i) might not allow acceleration of the maturity of a debt upon the occurrence of a default deemed immaterial; (ii) might require the other parties to the Indemnity Agreement to act with reasonableness and in good faith; or (iii) might apply its discretion in granting specific performance, injunctive relief or other equitable remedies. The opinion on enforceability is limited to enforcement in courts in the State of Arizona;

(iii) Certain waivers, procedures, remedies, indemnities and other provisions of the Owner Documents may be unenforceable under or limited by Arizona law; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Owner Documents if the other party(ies) act in good faith and in a commercially reasonable manner in accordance with the requirements of applicable law, except for the economic consequences of any procedural delay;

(iv) The qualification that any matter stated in general terms herein shall be limited by any less general or any more specific statement on such matter as may also be contained herein; and

(v) The qualification that in rendering the opinions set forth herein, we do not purport to express any opinion on the financial capability or condition of Owner or its financial ability to perform under the Documents.

We are expressing no opinion as to:

(a) The effect on enforceability of the Owner Documents of any covenants that might be implied under the doctrine of good faith and fair dealing;

(b) The enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or willful misconduct of any party (other than the Owner) or the failure of any party (other than the Owner) to act in a commercially reasonable manner;

(c) The enforceability of any indemnity or contribution provision with respect to any claims or other matters relating to or arising under federal or state securities laws, as they may be held to violate public policy;

(d) The applicability or effect of any registration or qualification with respect to the federal securities law or the securities laws or Blue Sky laws of any state;

(e) The title or the priority of any lien or security interest created by the Owner Documents or with respect to the Bonds; and

(f) The applicability or effect, if any, if any building codes or zoning ordinances or the laws or regulations of any municipality.

We are qualified to practice law only in the State of Arizona and we do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona and the corporate law of the State of Delaware. With respect to such law, our opinions are as to what the law is or might reasonably be expected to be at the date hereof, and we assume no obligation to revise or supplement this opinion due to any change in the law by legislative action, judicial decision or otherwise. We do not render any opinion with respect to any matters other than those expressly set forth above.

The opinions contained herein are solely for the benefit of the addressee. Accordingly, it may not be relied upon by, filed with or furnished or delivered to or quoted in any manner to any other person or entity, or referred to in any financial statement, report or related document, without, in each instance, our prior written consent.

Furthermore, we hereby consent to the references made to this firm in the Limited Offering Memorandum.

Very truly yours,

FENNEMORE CRAIG, P.C.

Fennemore Craig, P.C.
JSK

JSK/RPR

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 ■

September 23, 2004

District Board
Sundance Community Facilities District
(Town of Buckeye, Arizona)

Re: Sundance Community Facilities District (Town of Buckeye, Arizona), Assessment District No. 3, Special Assessment Revenue Bonds, Series 2004

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $2,050,000 aggregate principal amount of Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (the "*Bonds*"), dated as of the date hereof, issued by Sundance Community Facilities District(Town of Buckeye, Arizona) (the "*District*") initiated under Resolution of Intention No. 09-04.

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 12-04, passed and adopted by the District Board on August 3, 2004 (the "*Bond 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 Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Bond Resolution has been duly passed and adopted by the District Board and the Indenture (as such term is defined in the Bond Resolution) is valid and binding upon and enforceable against the District and creates the lien which it purports to create.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid obligation payable by the District from the Bond Fund provided for that purpose.

4. The Bonds are payable at the office of the Trustee, Wells Fargo Bank, N.A. The Bonds are payable solely from the funds pledged pursuant to the Indenture and from payments of the unpaid assessments upon the real property within the boundaries of the District assessed for the improvement which have been validly levied, which assessments may be subject to reduction to the extent the improvement is not completed and the land assessed does not receive benefits commensurate with the amount assessed.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations, which income is subject to the federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "*Code*"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Bond Resolution and the Indenture and to collection of assessments may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By Scott W. Ruby

Scott W. Ruby
Bond Counsel

SWR:gmh
543724

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 ■

September 23, 2004

RBC Dain Rauscher Inc.
2398 E. Camelback Road, Suite 700
Phoenix, Arizona 85016

Re: $2,050,000 Sundance Community Facilities District
(Town of Buckeye, Arizona) Assessment District No. 3
Special Assessment Revenue Bonds, Series 2004

WE HAVE ACTED as Bond Counsel to Sundance Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "*Issuer*") in connection with the issuance this date by the Issuer of its bonds designated Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004, in the aggregate principal amount of $2,050,000 (hereinafter referred to as the "*Bonds*") and otherwise as counsel to the Issuer including for purposes relating to the execution and delivery of the "*Waiver Agreement*" as such term is defined in the hereinafter described Purchase Contract. The Bonds (i) are issued under and secured by a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on August 3, 2004 (hereinafter referred to as the "*Resolution*") and an Indenture of Trust and Security Agreement, dated as of September 1, 2004 (hereinafter referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "*Trustee*"); (ii) are the subject of an Limited Offering Memorandum, dated September 15, 2004 (hereinafter referred to as the "*Limited Offering Memorandum*") and (iii) are being sold pursuant to a Purchase Contract, dated September 15, 2004 (hereinafter referred to as the "*Purchase Contract*"), by and between the Issuer and RBC Dain Rauscher Inc. (hereinafter referred to as the "*Underwriter*"). (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

IN OUR CAPACITY as Bond Counsel, and as counsel as described hereinabove to the Issuer, we have examined and relied upon:

(i) An executed copy of the Waiver Agreement;

(ii) An executed copy of the Purchase Contract;

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

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

(v) An executed copy of the Indenture;

(vi) An executed copy of a Blanket Letter of Representations (hereinafter referred to as the "*Letter*"), by and between the Issuer and The Depository Trust Company;

(vii) An executed copy of a Continuing Disclosure Undertaking, dated of even date herewith (hereinafter referred to as the "*Undertaking*"), from the Issuer;

(viii) An executed copy of a Dissemination Agency Agreement, dated as of September 1, 2004 (hereinafter referred to as the "*Agreement*" and, collectively with the Indenture, the Purchase Contract, the Waiver Agreement, the Letter and the Undertaking, as the "*District Documents*"), by and between the Issuer and RBC Dain Rauscher Inc.;

(ix) Such other agreements, certificates (including particularly, but not by way of limitation, representations of the "Owner" (as such term is defined in the Limited Offering Memorandum (hereinafter referred to as the "*Owner*"), provided in the Waiver Agreement, opinions (including particularly, but not by way of limitation, opinions of counsel to the Owner, dated as of even date herewith), letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein and

(x) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

IN OUR EXAMINATION, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. In connection with our representation of the Issuer in the capacities described above, we have also participated in conferences from time to time with representatives of the Issuer, the Underwriter, the Town of Buckeye, Arizona, the Trustee and the Owner relating to the Limited Offering Memorandum and the District Documents.

WE ARE OF THE OPINION, based upon the foregoing and subject to the qualifications hereinafter set forth, that under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Issuer is duly organized and validly existing as a community facilities district pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the District Documents and the Bonds, (c) to approve, execute and authorize the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum, dated August 27, 2004 (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 Bond 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, (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the District Documents and the Bonds and (ii) the taking of the actions required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by the Limited Offering Memorandum, the Resolution, the District Documents and the Bonds and (c) levied the special assessments from which the Bonds are payable. The liens with respect to such assessments have been perfected pursuant to applicable law and as described in the Limited Offering Memorandum. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents.

5. The District Documents have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by the other party thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

6. Based solely upon a search of the available records of Superior Court of Maricopa County, Arizona and the U.S. District Court for the District of Arizona for the five-year period ending September 21, 2004 and upon inquiry of District officials, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, 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 "INTRODUCTION" (second and fourth paragraphs only), "THE BONDS," "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS (excluding information under the subheading "Special Assessment Amounts and Land Values", "LITIGATION," "TAX EXEMPTION," "CONTINUING DISCLOSURE" (excluding statements pertaining to the District's compliance with previous undertakings) and "RELATIONSHIPS AMONG PARTIES" (as it relates to Bond Counsel

only), therein and in Appendix B - "FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL," Appendix C – "FORMS OF INVESTOR LETTERS," Appendix E - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and Appendix F - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" thereto does not contain any untrue statement of a material fact and does not omit any material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds and fairly summarizes the information which it purports to summarize. With regard to the other portions of the Limited Offering Memorandum, on the basis of our participation as Bond Counsel, nothing has come to our attention to lead us to believe that the Limited Offering Memorandum (except for the financial information and notes thereto and the schedules and other financial or statistical data included in Appendix A thereto or otherwise included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution or the Indenture under the Trust Indenture Act of 1939, as amended.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the District Documents are dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the District Documents by the other party thereto and to the extent that the enforceability of the District Documents may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in accordance with general principles of equity, including possible refusal by a particular court to grant certain equitable remedies such as specific performance with respect to the enforcement of any provision of such documents. We express no opinion as to the enforceability of any provisions of the District Documents (i) restricting access to legal or equitable remedies, (ii) purporting to establish evidentiary standards or waiving or otherwise affecting any rights to notice, demand or exhaustion of collateral, (iii) relating to self-help, subrogation, indemnification, delay or omission to enforce rights or remedies, severability or marshalling of assets or (iv) purporting to grant to the owners of the Bonds or to any party to the District Documents (other than the Issuer) any rights or remedies not specifically set forth therein.

This opinion may be relied upon only by you and by persons to whom we grant written permission to do so.

Very truly yours,

Scott W. Ruby
For the Firm

SWR:gmh
543725

RBC
Dain Rauscher
Member NYSE/SIPC

****PRELIMINARY****

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

ISSUE:	$2,050,000 Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004
BONDS DATED:	Date of Initial Delivery
INTEREST PAYMENT DATES:	January 1 and July 1 of each year, commencing January 1, 2005.
RATINGS:	Not Rated
MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, CUSIPs:	See Exhibit A
PRE-CLOSING:	**Wednesday, September 22, 2004** 3:00 P.M. (Arizona Time) Gust Rosenfeld P.L.C. 201 East Washington Street, 8th Floor Phoenix, AZ 85004 Phone: (602) 257-7432 Fax: (602) 340-1538
CLOSING:	**Thursday, September 23, 2004** 8:00 A.M. (Arizona Time) Gust Rosenfeld P.L.C. 201 East Washington Street, 8th Floor Phoenix, AZ 85004 Scott Ruby will conduct the closing. Phone: (602) 257-7432 Fax: (602) 340-1538

Prepared by RBC Dain Rauscher Inc.

PARTICIPANTS: See Exhibit B

REGISTRATION & AUTHENTICATION: Gust Rosenfeld P.L.C. will deliver the Bonds to Wells Fargo Bank Arizona, N.A. (Nancy Eatros) for registration and authentication. After the Bonds have been registered and authenticated, Wells Fargo Bank Arizona, 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	$2,050,000.00
Less: Underwriter's Discount	(61,500.00)
Purchase Price of the Bonds	$1,988,500.00

TRANSFERS BY D.R. HORTON, INC. – DIETZ CRANE PRIOR TO THE DAY OF CLOSING: **$10,000.00** representing prepayment of assessments will be wire transferred by D.R. Horton, Inc. – Dietz Crane on the day prior to the closing to:

Wells Fargo Bank Minnesota, N.A.
ABA Number #121000248
Trust Clearing Account #00010-38-377
For Credit to: Sundance CFD Rev Bds 04
Account Number: 16489503

TRANSFERS BY RBC DAIN ON THE DAY OF CLOSING: **$1,988,500.00** representing the purchase price of the Bonds will be wire transferred on the day of closing to:

Wells Fargo Bank Minnesota, N.A.
ABA Number #121000248
Trust Clearing Account #00010-38-377
For Credit to: Sundance CFD Rev Bds 04
Account Number: 16489503

APPLICATION OF FUNDS BY THE TRUSTEE: **$1,895,312.50** will be deposited to the Acquisition and Construction Fund and used to pay the costs of the Public Infrastructure **($1,734,486.00)** and **($160,826.50)** will be used to pay the costs of issuance.

$93,187.50 will be deposited to the Reserve Fund and invested with the State Treasurer in the Local Government Investment Pool.

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 Dain Rauscher Inc. via The Depository Trust Company Closing Desk (212) 855-3752, 53, 54, 56, through Brenda Davis (214) 989-1153.

EXHIBIT A

$2,050,000

Sundance Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 3
Special Assessment Revenue Bonds, Series 2004

Dated: 9/23/2004 **Delivered: 9/23/2004**

Date	Principal (a)		Interest	Total Debt Service	Fiscal Total	CUSIP (867242)
9/23/2004						
1/01/2005			$ 36,273.61	$ 36,273.61		
7/01/2005			66,625.00	66,625.00	$ 102,898.61	
1/01/2006			66,625.00	66,625.00		
7/01/2006			66,625.00	66,625.00	133,250.00	
1/01/2007			66,625.00	66,625.00		
7/01/2007	$ 50,000.00	6.50% (b)	66,625.00	116,625.00	183,250.00	
1/01/2008			65,000.00	65,000.00		
7/01/2008	50,000.00	6.50% (b)	65,000.00	115,000.00	180,000.00	
1/01/2009			63,375.00	63,375.00		
7/01/2009	50,000.00	6.50% (b)	63,375.00	113,375.00	176,750.00	
1/01/2010			61,750.00	61,750.00		
7/01/2010	50,000.00	6.50% (b)	61,750.00	111,750.00	173,500.00	
1/01/2011			60,125.00	60,125.00		
7/01/2011	50,000.00	6.50% (b)	60,125.00	110,125.00	170,250.00	
1/01/2012			58,500.00	58,500.00		
7/01/2012	50,000.00	6.50% (b)	58,500.00	108,500.00	167,000.00	
1/01/2013			56,875.00	56,875.00		
7/01/2013	50,000.00	6.50% (b)	56,875.00	106,875.00	163,750.00	
1/01/2014			55,250.00	55,250.00		
7/01/2014	75,000.00	6.50% (b)	55,250.00	130,250.00	185,500.00	
1/01/2015			52,812.50	52,812.50		
7/01/2015	75,000.00	6.50% (b)	52,812.50	127,812.50	180,625.00	
1/01/2016			50,375.00	50,375.00		
7/01/2016	75,000.00	6.50% (b)	50,375.00	125,375.00	175,750.00	
1/01/2017			47,937.50	47,937.50		
7/01/2017	75,000.00	6.50% (b)	47,937.50	122,937.50	170,875.00	
1/01/2018			45,500.00	45,500.00		
7/01/2018	75,000.00	6.50% (b)	45,500.00	120,500.00	166,000.00	
1/01/2019			43,062.50	43,062.50		
7/01/2019	75,000.00	6.50% (b)	43,062.50	118,062.50	161,125.00	
1/01/2020			40,625.00	40,625.00		
7/01/2020	100,000.00	6.50% (b)	40,625.00	140,625.00	181,250.00	
1/01/2021			37,375.00	37,375.00		
7/01/2021	100,000.00	6.50% (b)	37,375.00	137,375.00	174,750.00	
1/01/2022			34,125.00	34,125.00		
7/01/2022	100,000.00	6.50% (b)	34,125.00	134,125.00	168,250.00	
1/01/2023			30,875.00	30,875.00		
7/01/2023	100,000.00	6.50% (b)	30,875.00	130,875.00	161,750.00	
1/01/2024			27,625.00	27,625.00		
7/01/2024	125,000.00	6.50% (b)	27,625.00	152,625.00	180,250.00	
1/01/2025			23,562.50	23,562.50		
7/01/2025	125,000.00	6.50% (b)	23,562.50	148,562.50	172,125.00	
1/01/2026			19,500.00	19,500.00		
7/01/2026	125,000.00	6.50% (b)	19,500.00	144,500.00	164,000.00	
1/01/2027			15,437.50	15,437.50		
7/01/2027	150,000.00	6.50% (b)	15,437.50	165,437.50	180,875.00	
1/01/2028			10,562.50	10,562.50		
7/01/2028	150,000.00	6.50% (b)	10,562.50	160,562.50	171,125.00	
1/01/2029			5,687.50	5,687.50		
7/01/2029	175,000.00	6.50%	5,687.50	180,687.50	186,375.00	AF6
Total	$ 2,050,000.00		$ 2,181,273.61	$ 4,231,273.61	$ 4,231,273.61	

(a) The Bonds are subject to optional redemption on July 1, 2014 at a redemption price of 100%.
(b) Represents mandatory sinking fund amounts for term bond due July 1, 2029.

EXHIBIT B

DISTRIBUTION LIST

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2004
and
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

ISSUER

Town of Buckeye
100 Apache
Suite A
Buckeye, Arizona 85326
FAX: (623) 386-7832

Carroll Reynolds
Town Manager
(623) 386-4691
E-mail: creynolds@buckeyeaz.org

Ron Brown
Finance Director
(623) 386-4691
E-mail: rbrown@buckeyeaz.gov

Kim Sandstrom
CFD Accountant I
(623) 386-4691
E-mail: ksandstrom@buckeyeaz.org

LANDOWNERS

Hancock Communities
8501 East Princess Drive
Suite 200
Scottsdale, Arizona 85255
FAX: (480) 303-9060

Ken Quartermain, Jr.
(480) 927-3093
E-mail: kenq@hancockcommunities.com

Rachel Cantor
(480) 927-3048
E-mail: rachelc@hancockcommunities.com

COUNSEL TO BUCKEYE LAND, L.L.C.

Titus, Brueckner & Berry P.C.
7373 North Scottsdale Road
Suite B-252
Scottsdale, Arizona 85253
FAX: (480) 483-3215

Todd M. Johnson
(480) 483-9600
E-mail: tjohnson@tbb-law.com

COUNSEL TO PULTE HOME CORPORATION

Berens, Kozub, Lord & Kloberdanz, PLC
7047 East Greenway Parkway, Suite 140
Scottsdale, Arizona 85254
FAX: (480) 607-2215

Matt Berens
(480) 624-2777
E-mail: mberens@bkl-az.com

COUNSEL TO D.R. HORTON, INC. - DIETZ -CRANE

Fennemore Craig, P.C.
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012
FAX: (602) 916-5541

Jay Kramer
(602) 916-5341
E-mail: jkramer@fclaw.com

BOND COUNSEL

Gust Rosenfeld P.L.C.
201 East Washington Street
Suite 800
Phoenix, Arizona 85004
FAX: (602) 340-1538

Scott Ruby
(602) 257-7432
E-mail: swruby@gustlaw.com

UNDERWRITER

RBC Dain Rauscher
2398 E. Camelback Road
Suite 700
Phoenix, Arizona 85016
FAX: (602) 381-5380

Shawn Dralle
(602) 381-5362
E-mail: shawn.dralle@rbcdain.com

Matthew Diamond
(602) 381-5373
E-mail: matthew.diamond@rbcdain.com

DISTRICT ENGINEER

W.C. Scoutten, Inc.
10410 North 31st Avenue
Suite 412
Phoenix, Arizona 85051
FAX: (602) 993-5689

Woody Scoutten
(602) 993-5686

UNDERWRITER'S COUNSEL

Greenberg Traurig, LLP
2375 East Camelback Road
Suite 700
Phoenix, Arizona 85016
FAX: (602) 445-8100

Michael Cafiso
(602) 445-8452
Email: cafisom@gtlaw.com

FINANCIAL ADVISOR

Stone & Youngberg LLC
2555 East Camelback Road
Suite 280
Phoenix, Arizona 85016
FAX: (602) 794-4046

Mark Reader
(602) 794-4011
E-mail: mreader@syllc.com

TRUSTEE

Wells Fargo Bank Arizona, N.A.
Wells Fargo Plaza
MAC4101-080
100 West Washington Street
8th Floor
Phoenix, Arizona 85003
FAX: (602) 378-2333

Nancy Eatros
(602) 378-2337
Email: nancy.l.eatros@wellsfargo.com

APPRAISER

Burke Hansen, LLC
2700 North Central Avenue
9th Floor
Phoenix, Arizona 85004
FAX: (602) 253-4862

Stephen Niebling
(602) 257-1451
E-mail: sniebling@burkehansen.com

ASSESSMENT ENGINEER

MuniFinancial
1717 West Northern Avenue
Suite 112
Phoenix, Arizona 85021
FAX: (602) 870-7601

Larry Lange
(602) 870-7600
E-mail: larryl@muni.com

DEVELOPER CONSULTANT

Community Funding Solutions, LLC
41 Brena
Irvine, California 92620
FAX: (714) 417-9095

Angel Lucero
(714) 504-2753
E-mail:
alucero@communityfundingsolutions.com

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2004

ISSUER REQUEST FOR PAYMENT OF
COSTS OF ISSUANCE
NO. 1

Pursuant to Section 5.6 of the Indenture of Trust and Security Agreement dated as of September 1, 2004 (the "*Indenture*"), from Sundance Community Facilities District (Town of Buckeye, Arizona) to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), the Trustee is hereby requested to disburse from the Issuance and Expenses Fund established in the Indenture to the persons named on *Exhibit A* hereto the respective amounts set forth thereon in payment of Costs of Issuance (as such term is defined in the Indenture), which amounts are for Costs of Issuance properly chargeable to the Issuance and Expenses Fund.

DATED: September 23, 2004.

SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By _____
District Manager

SWR:gmh 543709 09/17/04

EXHIBIT A
Costs of Issuance

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

Bond Counsel (including initial expenses) -- Gust Rosenfeld P.L.C.	$45,000.00
Underwriter Counsel – (Greenburg Traurig)	25,000.00
Trustee and Counsel – Wells Fargo Bank, N.A. (acceptance and first year annual fees)	10,000.00
Printing of Preliminary and Final Official Statement (estimated)	10,000.00
District administration fee	25,000.00
District Engineer and Superintendent of Streets – Willdan	25,000.00
Appraiser – Burke Hansen	18,000.00
	$158,000.00

FEASIBILITY REPORT

For The Issuance of

Not to Exceed
$2,100,000 Principal Amount

OF

SUNDANCE COMMUNITY FACILITIES DISTRICT

(TOWN OF BUCKEYE, ARIZONA)

ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2004

July 20, 2004

TABLE OF CONTENTS

	SECTION
Introduction; Purpose of Feasibility Report; General Description of District	ONE
Description of Public Infrastructure	TWO
Map Showing Area to be Benefitted	THREE
Estimate of Cost and Timetable for Acquisition of Public Infrastructure	FOUR
Plan of Finance	FIVE

	APPENDIX
Legal Descriptions for Sundance Community Facilities District and Assessment District No. 3	1
Summary of Burke Hansen, LLC Appraisal	2
Summary of Assessment Methodology	3

SECTION ONE

INTRODUCTION; PURPOSE OF FEASIBILITY STUDY; AND GENERAL DESCRIPTION OF DISTRICT

INTRODUCTION

This Feasibility Report (the "Report") has been prepared for presentation to the Board of Directors of the Sundance Community Facilities District (Buckeye, Arizona) (the "District") in connection with the proposed issuance by the District of its Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (the "Bonds") in a principal amount of not to exceed $2,100,000, pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act").

PURPOSE OF FEASIBILITY REPORT

This Report has been prepared for consideration of the feasibility and benefits of the Public Infrastructure (as defined in A.R.S. 48-701) to be financed by the Bonds and of the plan for financing such Public Infrastructure in accordance with the provisions of A.R.S. 48-715. Pursuant to A.R.S. 48-715, this Report includes (i) a description of the Public Infrastructure to be financed [Section Two]; (ii) a map showing, in general, the area to be benefitted by the Public Infrastructure [Section Three]; (iii) an estimate of the cost to acquire, operate and maintain the Public Infrastructure and a timetable for the acquisition of the Public Infrastructure [Section Four]; and (iv) a plan for financing the Public Infrastructure [Section Five].

This Report has been prepared for the consideration of the Board of Directors of the District only. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the Bonds. This Report does not attempt to address the quality of the Bonds as investments or the likelihood of repayment of the Bonds. In preparing this Report, financial advisors, appraisers, counsel, engineers, Town staff and other experts have been consulted as deemed appropriate.

GENERAL DESCRIPTION OF THE DISTRICT

Formation of the District was approved by the Town of Buckeye (the "Town") on June 19, 2001 upon the request of all of the landowners within the District. The project is a 2,015-acre master-planned community called Sundance (the "Project"). The Project is a Sonoran desert landscaped master-planned community with views of the White Tank and Estrella Mountains. The Project is located 30 miles west of downtown Phoenix immediately south of Interstate 10 stretching from Miller Road to a half mile east of Dean Road. Single-family residential units represent approximately 1,408 acres within the Project.

In addition to residential and commercial development, several private community amenities are constructed or planned for construction within the District which will be available to the residents of the District, including a public golf course for use by all residents of the Town, and a clubhouse facility, swimming pool and tennis courts for residents of certain retirement communities within the District.

The real property comprising the Assessment District No. 3 consists of approximately 475 lots and approximately 137 acres.

The total Project acreage can be categorized as follows:

Total Project	Approximate Project Acres	Approximate Assessment District No. 3 acres
6,933 Residential Units (including Multi-family Units)	1,408	137
1 Golf Course	182	0
2 Elementary School Sites and 1 High School Site	102	0
1 Wastewater Treatment Plant	3	0
Community Center/Commercial/Resort/Employment	210	0
Major Streets	110	0
	2,015	137

The District was created to finance the construction or acquisition of public infrastructure within the District, including to finance the construction or acquisition of the Public Infrastructure. See Section Two for a description of the Public Infrastructure. A legal description of the District and of Assessment District No. 3 is included in Appendix 1. Maps of the District and Assessment District No. 3 are included in Section Three. The acquisition of the Public Infrastructure as defined in this Report is consistent with the Town of Buckeye's approved General Plan for the Project.

Ownership of the property within the Assessment District No. 3 is as follows:

Parcel	Landowner	Homebuilder Having Right to Purchase Property	Approximate Acreage in Assessment District No. 3
31	Dietz Crane	Not Applicable	60
32	Dietz Crane	Not Applicable	34
33	Dietz Crane	Not Applicable	21
35	Dietz Crane	Not Applicable	22

SECTION TWO

DESCRIPTION OF PUBLIC INFRASTRUCTURE

DESCRIPTION OF PUBLIC INFRASTRUCTURE

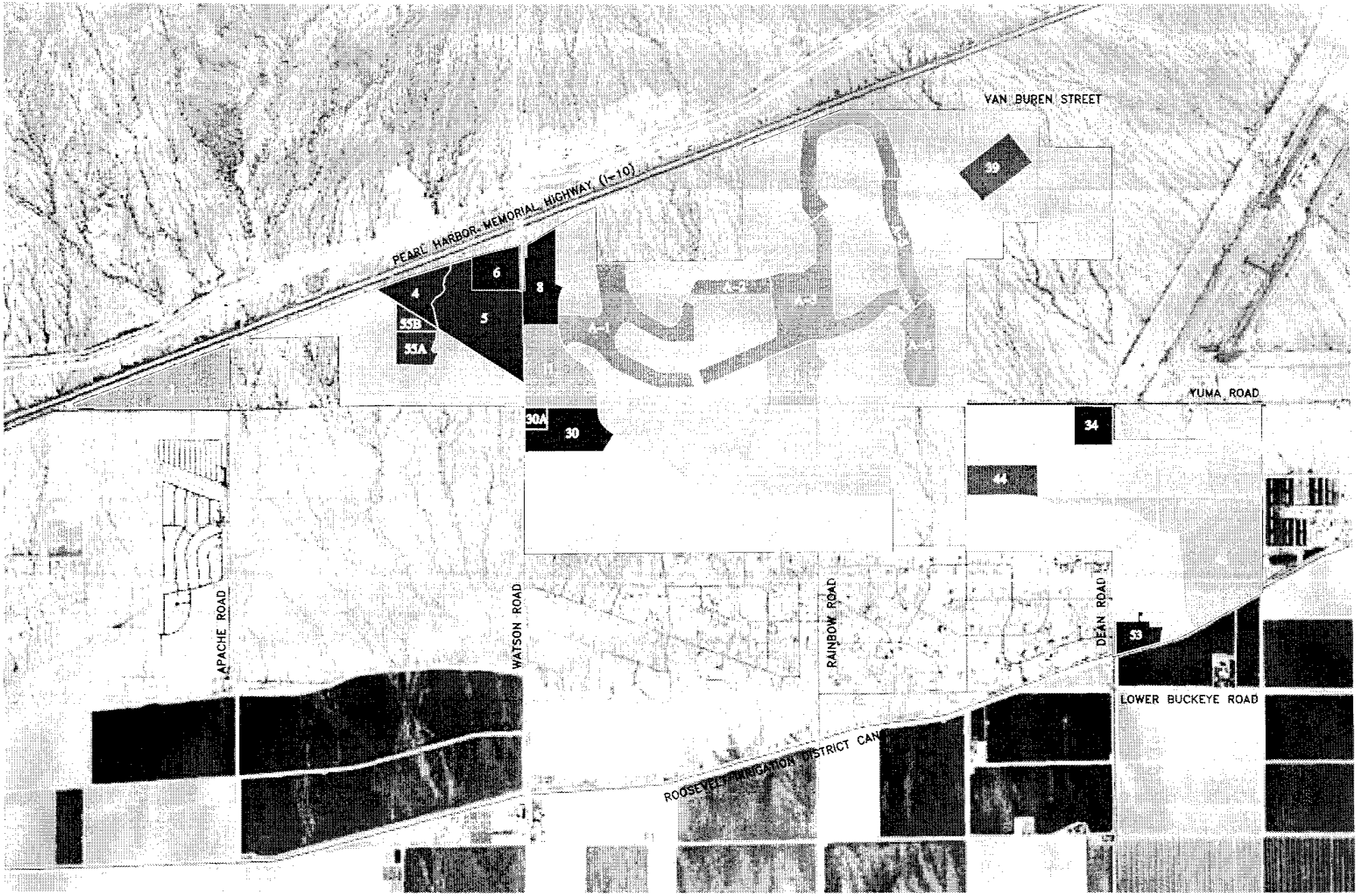
The Public Infrastructure, which will be publicly bid pursuant to state statute, to be financed by the Bonds of the District, with the balance to be financed by a subsequent bond issue or by Hancock-MTH Communities, Inc., consists of the following. It is expected that the Public Infrastructure listed below will be acquired from Buckeye Land Management, Inc. with estimated cost and construction timing as noted.

DESCRIPTION	EST. COST	COMPLETION
1. Water Distribution Watson: Yuma to Durango Construction of water improvements including labor, materials, equipment, tools, transportation, traffic control, permits, trenching, and services for installing water distribution lines on Watson from Yuma to Durango including 2,011 LF of 8" PVC pipe, 791 LF of 16" DIP pipe, 6" valves, a pressure reducing valve, 3 fire hydrants and provide and install Sunora domestic water system interconnect to Sundance system per request of the Town. Includes immediate mobilization, overtime to complete task in allotted time, expedited delivery of materials and meetings with engineering and permitting agencies to coordinate work. Durango: Watson to Rainbow Construction of water improvements including labor, materials, equipment, tools, transportation, traffic control, permits, trenching, and services for installing water distribution lines on Durango from Watson to Rainbow including 94 LF of 8" PVC pipe, 5,115 LF of 12" PVC pipe, 3-8" valves, 7-12" valves, 3-12"x8" tees, 1 8"x12" reducer, 3 8"plugs, 11 fire hydrants, 10-1" water service.	**$496,555**	**June 2004**
2. Sanitary Sewer Durango: Watson to Rainbow Construction of sewer improvements including labor, materials, equipment, tools, transportation, traffic control, permits, trenching, and services for installing sewer in Durango Road from Watson Road to Rainbow Road including 5,247 LF of 12"PVC sewer line, 930 LF of 8" PVC sewer line, 2-12" plugs, 2-8" plugs, 15-5' manholes, 6-4' manholes, 14-4" sewer services and related trenching.	**$333,798**	**April 2004**

DESCRIPTION	EST. COST	COMPLETION
3. Collector Roads with Landscaping Sundance Parkway South: Yuma to Rainbow Proportionate share of costs of materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, and striping and signage including landscaping in the right of way, landscape sleeving, earthwork, and construction testing on full collector street improvements for South Sundance Parkway from Yuma to Rainbow, approximately 4,500 LF 76' wide with a 12' striped median. Durango: Watson to Rainbow Furnishing of all materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, and striping and signage including landscaping in the right of way, landscape sleeving, earthwork, and construction testing on half street (northern side) collector road improvements on Durango between Watson and Rainbow, approximately 5,200 LF 76' wide.	**$914,133**	**January 2005**
TOTAL:	**$1,744,486**	

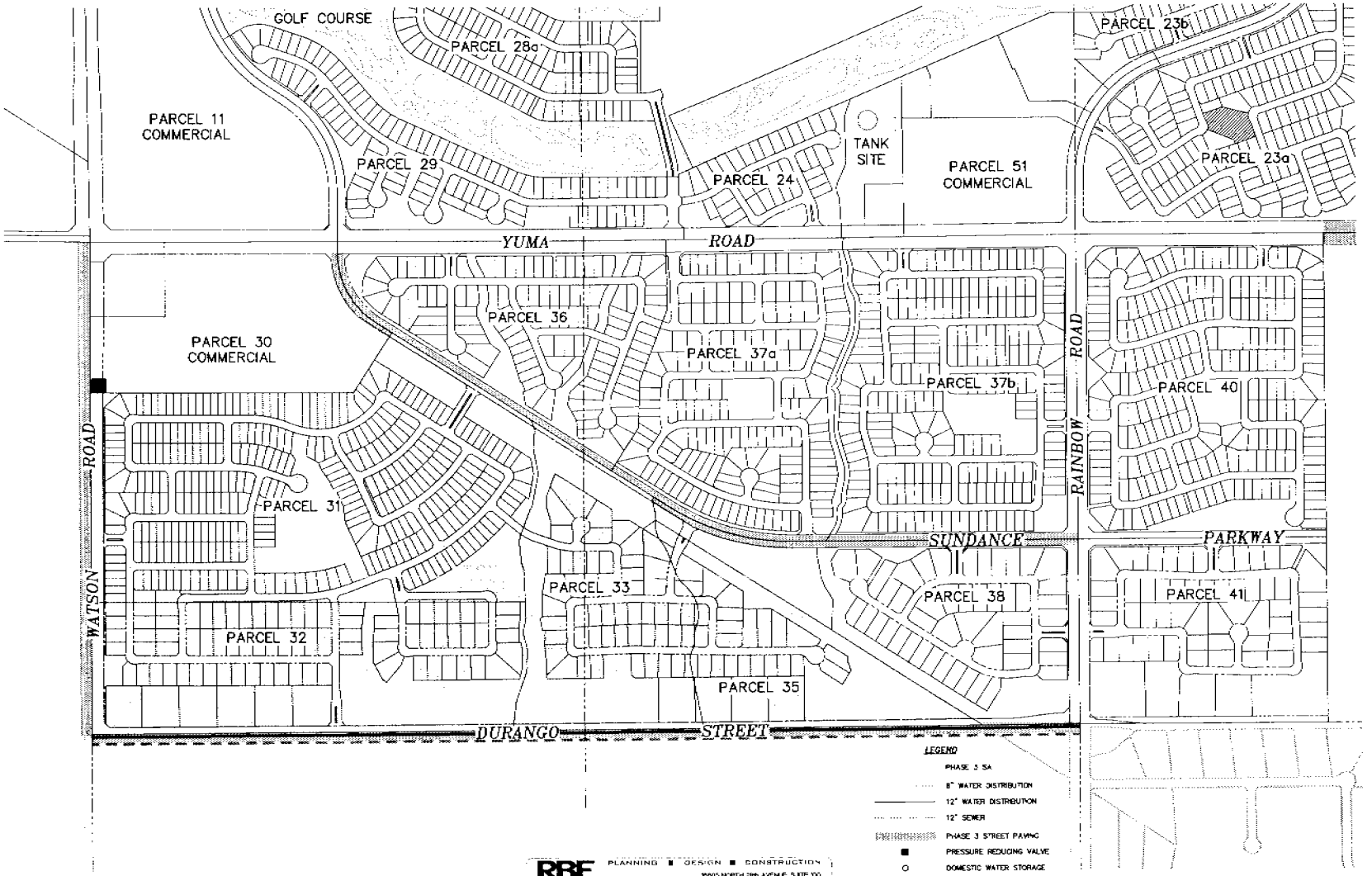
SECTION THREE

MAP OF THE DISTRICT AND MAP OF ASSESSMENT DISTRICT NO. 3


VAN BUREN STREET
PEARL HARBOR MEMORIAL HIGHWAY (I-10)
39
6
8
4
5
33B
33A
YUMA ROAD
30A
30
34
44
APACHE ROAD
WATSON ROAD
RAINBOW ROAD
DEAN ROAD
53
LOWER BUCKEYE ROAD
ROOSEVELT IRRIGATION DISTRICT CAN

SUNDANCE

PHASE 3 CFD SPECIAL ASSESSMENT PARCELS



RBF CONSULTING
PLANNING ■ DESIGN ■ CONSTRUCTION
16605 NORTH 28th AVENUE, SUITE 100
PHOENIX, ARIZONA 85053-7550
602.467.2200 • FAX 602.467.2207 • www.RBF.com

SUNDANCE PHASE 3 CFD
SPECIAL ASSESSMENT PARCELS

7/07/04
45-100741

SECTION FOUR

ESTIMATE OF COST AND TIMETABLE FOR ACQUISITION OF PUBLIC INFRASTRUCTURE

ESTIMATE OF COST AND TIMETABLE FOR ACQUISITION OF PUBLIC INFRASTRUCTURE

The table in Section Two outlines the cost estimate and completion dates for the construction of the Public Infrastructure. Proceeds of the Bonds, after payment of the costs of issuance, will be used to finance the acquisition of all or a portion of the Public Infrastructure projects listed in Section Two.

Listed below is an estimated draw schedule of the proceeds of the Bonds for the acquisition of the Public Infrastructure.

Public Infrastructure Project	**Estimated Acquisition Price**	**Completion Date**	**Funds Draw Date**
Water Distribution	$496,555	June 2004	August 2004
Sanitary Sewer	333,798	April 2004	August 2004
Collector Roads and Landscaping	914,133	January 2005	January 2005
Total	**$1,744,486**		

SECTION FIVE

PLAN OF FINANCE

PLAN OF FINANCE

Below is a financing plan that describes the process for financing a portion of the Public Infrastructure benefiting the property within Assessment District No. 3. This Plan of Finance is subject to modification to accommodate market conditions at the time of the actual sale of the hereinafter-described bonds and to the extent necessary to comply with federal and State law.

(i) Formation and Authorization.

In response to a petition from the owners of 100% of the property within the District, the Town Council formed the District on June 19, 2001.

(ii) Proposed Debt.

The estimated debt service schedule for Assessment District No. 3 Bonds is attached in this section as Table One. It is anticipated that the Bonds will be sold in August 2004, with delivery of bond proceeds shortly thereafter. The Bonds will be unrated and sold through a limited offering ("private offering" pursuant to A.R.S. 48-722).

(iii) Sources and Uses of Funds.

The estimated sources and uses of funds related to the sale of the District Assessment Bonds (exclusive of accrued interest and original issue discount or premium, if any), will be:

SOURCES:	
Principal amount of Bonds	$2,065,000
Total	$2,065,000
USES:	
Cost of Public Infrastructure	$1,744,486
Costs of Issuance	161,689
Debt Service Reserve Fund	96,875
Underwriter's Discount	61,950
Total	$2,065,000

(iv) Use of Proceeds.

The proceeds of the Bonds will be applied by the District to finance all or a portion of the Public Infrastructure listed in Section Two of this Report.

(v) Per Lot Assessment Amount.

The per lot assessment amount is expected to be approximately $4,347 at the time of issuance of the Bonds. The Developers currently expect that at the time of sale of the home to the buyer, this amount will be paid down by the homebuilders to $3,700, and the $3,700 will be assumed by the homebuyer and the assessment payments made over time.

(vi) Lien to Value Ratio.

The Assessment Bonds and subsequent assessment bond issues will attempt to have at least a 4 to 1 value-to-lien ratio on a parcel by parcel basis, taking into consideration the improvements to be constructed with the proceeds of the Bonds, as required by the Town CFD guidelines and the Development Agreement.

Included as Appendix 2 is a summary of the appraisal relating to the parcels to be included in the first assessment bond issue, prepared by Burke Hansen, LLC on June 21, 2004. The appraisal demonstrates the 4 to 1 value-to-lien ratio. Included as Appendix 3 is a summary of the assessment methodology as prepared by MuniFinancial which shows the assessments to be levied for the assessment bond issue on a parcel by parcel basis.

(vii) Homeowner's Obligation.

The approximate $3,700 per home assessment results in an annual assessment payment of approximately $350 per home. It is the intention, although not the obligation, of the homebuilders to prepay the initial assessment amount down to the $3,700 level at the closing of the home sale with the homebuyer assuming the obligation to repay the balance of the assessment amount.

(viii) Disclosure of Assessment Payments.

A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes and assessments to be paid by a homeowner in the Arizona Department of Real Estate Subdivision Public Report (the "Public Report"). Each homebuyer must be supplied a Public Report and, prior to any home sale, the homebuyer must acknowledge by signature that they have read and accepted the Public Report.

In addition, the homebuilders require the homebuyer to sign an additional form that highlights and discloses the additional assessment payments as a result of District financing.

(ix) Operation and Maintenance Estimated Revenues and Expenditures.

All infrastructure financed by the District will be dedicated to the Town. The obligations pertaining to the operation and maintenance of the Public Infrastructure have been negotiated between the Town, the District and the developers and are set forth in the various development agreements among the parties. The costs associated with the operation and maintenance of the Public Infrastructure, as well as the administrative costs, of the District will be provided for from several sources of funds: Homeowner's Association fees, the levy of a $.30 tax in the District, monthly service rates and charges for water and sewer services and developer contributions.

Pursuant to the Development Agreement, the master Homeowner's Association ("HOA") is responsible for the operational and maintenance costs of landscaping for the roadways, trails, open space and parks within the District. All homeowners are required to participate in the HOA. Monthly fees for the HOA are anticipated to be approximately $30 per homeowner, subject to final approval and budget estimates.

Shown below are the estimated expenses for operation and maintenance of the District assuming the estimated absorption schedule for the Project. It is currently estimated that build-out will occur in fiscal year 2014.

Annual O & M Budget:

	O & M	Electrical	Admin	Total
Arterial and Collector Roads	$35,000	-	-	$35,000
Bond Funded Sewer Lines	5,000	-	-	5,000
Bond Funded Water Lines	5,000	-	-	5,000
Water Systems, ie. Pumps, tanks etc.	15,000	45,000	-	60,000
Water Wells	15,000	135,000	-	150,000
	$ 75,000	$180,000	$50,000	**$305,000**

Shown below is an estimate of the secondary assessed valuation growth for the District through build-out, and estimated revenues generated from the $.30 per $100 of secondary assessed valuation operation and maintenance tax.

Fiscal Year	Estimated Secondary Assessed Valuation	Estimated O&M Funds Generated By $0.30 Tax
2003-2004	$ 1,899,177	$ 5,698
2004-2005*	9,846,355	29,539
2005-2006	16,709,499	50,127
2006-2007	20,710,699	62,132
2007-2008	24,712,299	74,137
2008-2009	28,713,899	86,142
2009-2010	32,715,499	98,146
2010-2011	36,717,099	110,151
2011-2012	40,718,699	122,156
2012-2013	44,720,299	134,161
2013-2014	49,182,083	147,546

Fiscal year 2004-05 secondary assessed valuation is preliminary as provided by the Maricopa County Assessor's Office in February 2004.

TABLE ONE **PRELIMINARY**

$2,065,000
Sundance Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 3
Special Assessment Revenue Bonds, Series 2004

Debt Service Schedule

Date	Principal	Interest*	Total Debt Service
07/01/2005	$ -	$ 125,176	$ 125,176
07/01/2006	-	149,713	149,713
07/01/2007	-	149,713	149,713
07/01/2008	40,000	149,713	189,713
07/01/2009	45,000	146,813	191,813
07/01/2010	45,000	143,550	188,550
07/01/2011	50,000	140,288	190,288
07/01/2012	55,000	136,663	191,663
07/01/2013	60,000	132,675	192,675
07/01/2014	60,000	128,325	188,325
07/01/2015	65,000	123,975	188,975
07/01/2016	70,000	119,263	189,263
07/01/2017	75,000	114,188	189,188
07/01/2018	85,000	108,750	193,750
07/01/2019	90,000	102,588	192,588
07/01/2020	95,000	96,063	191,063
07/01/2021	100,000	89,175	189,175
07/01/2022	110,000	81,925	191,925
07/01/2023	115,000	73,950	188,950
07/01/2024	125,000	65,613	190,613
07/01/2025	135,000	56,550	191,550
07/01/2026	145,000	46,763	191,763
07/01/2027	155,000	36,250	191,250
07/01/2028	165,000	25,013	190,013
07/01/2029	180,000	13,050	193,050
Total	$ 2,065,000	$ 2,555,739	$ 4,620,739

*Assumes a 7.25% average interest rate.

APPENDIX 1

LEGAL DESCRIPTIONS FOR THE SUNDANCE COMMUNITY FACILITIES DISTRICT AND ASSESSMENT DISTRICT NO. 3

COMMUNITY FACILITY DISTRICT
FOR SUNDANCE

PARCEL NO. 1:

THAT PART OF THE SOUTHEAST ONE-QUARTER AND THE EAST ONE-HALF OF THE SOUTHWEST ONE-QUARTER OF SECTION 8, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, LYING SOUTHEASTERLY OF THE SOUTHERLY RIGHT-OF-WAY LINE OF I-10 HIGHWAY, AS RECORDED IN DOCKET 10596, PAGE 493 AND IN DOCKET 10819, PAGE 789, AND IN DOCKET 10819, PAGE 791, RECORDS OF MARICOPA COUNTY, ARIZONA.

EXCEPT THE SOUTH 33 FEET AND;

EXCEPT THE EAST 33 FEET.

PARCEL NO. 4:

THAT PART OF THE NORTHEAST QUARTER AND THE SOUTHEAST QUARTER OF SECTION 9, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, LYING SOUTH OF THE SOUTH RIGHT-OF-WAY LINE OF INTERSTATE 10, AS DESCRIBED IN DEEDS RECORDED IN DOCKET 11258, PAGE 905 AND DOCKET 12174, PAGE 558;

EXCEPT THE EAST 50 FEET OF THE NORTH 544.35 FEET OF THE NORTHEAST QUARTER OF SAID SOUTHEAST QUARTER OF SECTION 9; AND

EXCEPT THE EAST 50 FEET OF THE SOUTH 1655.65 FEET OF SAID NORTHEAST QUARTER OF SECTION 9; AND

EXCEPT THE SOUTH 33 FEET THEREOF; AND

EXCEPT ALL OIL AND GAS, AS RESERVED IN THE PATENT; AND

EXCEPT PARCELS 55A AND 55B DESCRIBED AS FOLLOWS:

PARCEL 55A:

A PARCEL OF LAND SITUATE IN A PORTION OF THE SOUTHEAST QUARTER OF SECTION 9, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 9;

THENCE NORTH 01°01'50" WEST, ALONG THE EASTERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 9, A DISTANCE OF 429.67 FEET;

THENCE NORTH 57°31'04" WEST, A DISTANCE OF 1846.35 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 84°13'46" WEST, A DISTANCE OF 60.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 07°56'09", AN ARC DISTANCE OF 8.31 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 13°42'23" WEST, A DISTANCE OF 46.19 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 13°42'23" WEST, A DISTANCE OF 28.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 76°17'37" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 13°42'23", AN ARC DISTANCE OF 11.96 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 00°00'00" WEST, A DISTANCE OF 70.60 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 90°00'00" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 24°19'14", AN ARC DISTANCE OF 21.22 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 24°19'14" WEST, A DISTANCE OF 180.09 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 65°40'46" EAST, A DISTANCE OF 55.00 FEET;

THENCE SOUTHERLY, SOUTHEASTERLY, EASTERLY AND NORTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 151°36'47", AN ARC DISTANCE OF 145.54 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 37°17'33" EAST, A DISTANCE OF 10.00 FEET;

THENCE EASTERLY, SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 123°46'49", AN ARC DISTANCE OF 21.60 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 03°30'44" EAST, A DISTANCE OF 34.07 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 86°29'16" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 32°23'51", AN ARC DISTANCE OF 28.27 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 28°53'07" WEST, A DISTANCE OF 57.04 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 61°06'53" EAST, A DISTANCE OF 60.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE

OF 20°34'22", AN ARC DISTANCE OF 21.54 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 08°18'45" WEST, A DISTANCE OF 45.77 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 81°41'15" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 43°47'16", AN ARC DISTANCE OF 38.21 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 52°06'01" WEST, A DISTANCE OF 1.08 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 37°53'59" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHWESTERLY AND SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 46°32'19", AN ARC DISTANCE OF 40.61 FEET TO A POINT OF NON-TANGENCY;

THENCE NORTH 89°38'11" WEST, A DISTANCE OF 674.16 FEET;

THENCE NORTH 00°21'49" EAST, A DISTANCE OF 613.06 FEET;

THENCE SOUTH 89°38'11" EAST, A DISTANCE OF 741.23 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 55B:

A PARCEL OF LAND SITUATE IN A PORTION OF THE SOUTHEAST QUARTER OF SECTION 9, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 9;

THENCE NORTH 01°01'50" WEST, ALONG THE EASTERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 9, A DISTANCE OF 429.67 FEET;

THENCE NORTH 57°31'04" WEST, A DISTANCE OF 1846.35 FEET TO THE TRUE POINT OF BEGINNING AND THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 84°13'46" WEST, A DISTANCE OF 60.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 07°56'09", AN ARC DISTANCE OF 8.31 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 13°42'23" WEST, A DISTANCE OF 46.19 FEET

THENCE NORTH 89°38'11" WEST, A DISTANCE OF 741.23 FEET;

THENCE NORTH 00°21'49" EAST, A DISTANCE OF 525.98 FEET;

THENCE SOUTH 57°31'04" EAST, A DISTANCE OF 889.36 FEET TO THE TRUE POINT OF

BEGINNING.

PARCEL NO. 5:

THAT PART OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 9, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, LYING SOUTH OF THE SOUTH RIGHT-OF-WAY LINE OF INTERSTATE 10, AS DESCRIBED IN DEED RECORDED IN DOCKET 10599, PAGE 165.

PARCEL NO. 6:

EAST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 9, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THE SOUTH 33 FEET THEREOF.

PARCEL NO. 7:

THAT PART OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, LYING SOUTH AND EAST OF THE SOUTH RIGHT-OF-WAY LINE OF INTERSTATE 10, AS SET FORTH IN DEED RECORDED IN DOCKET 12220, PAGE 356;

EXCEPT ALL COAL AND OTHER MINERALS RESERVED IN PATENT.

PARCEL NO. 8:

SOUTHEAST QUARTER OF SECTION 10, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL COAL AND OTHER MINERALS AS RESERVED IN PATENT.

PARCEL NO. 9:

THAT PART OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, LYING SOUTH OF THE SOUTH RIGHT-OF-WAY LINE OF INTERSTATE 10, AS SET FORTH IN DEED RECORDED IN DOCKET 10630, PAGE 1169.

PARCEL NO. 10:

SOUTHWEST QUARTER OF SECTION 10, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THE WEST 50 FEET OF THE NORTH 544.35 FEET OF THE NORTHWEST QUARTER OF THE SAID SOUTHWEST QUARTER.

PARCEL NO. 11:

SOUTHWEST QUARTER OF SECTION 11, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 12:

WEST HALF OF THE NORTHWEST QUARTER;

NORTHEAST QUARTER OF THE NORTHWEST QUARTER;

NORTHWEST QUARTER OF THE NORTHEAST QUARTER, ALL IN SECTION 11, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL OIL AND GAS RESERVED IN PATENT.

PARCEL NO. 13:

SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 14:

WEST HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 15:

SOUTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER;

SOUTHEAST QUARTER OF THE NORTHEAST QUARTER, ALL IN SECTION 11, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 17:

NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 18:

EAST HALF OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 19:

THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY.

ARIZONA.

PARCEL NO. 20: DELETED INTENTIONALLY

PARCEL NO. 21: DELETED INTENTIONALLY

PARCEL NO. 22:

NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 23:

SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 24:

WEST HALF OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 25:

WEST HALF OF THE NORTHWEST QUARTER OF SECTION 14, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 26:

THAT PART OF THE SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, LYING NORTH OF THE NORTH RIGHT-OF-WAY LINE OF THE ROOSEVELT IRRIGATION CANAL.

PARCEL NO. 27:

NORTHWEST QUARTER OF SECTION 13, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THE NORTHERLY 630 FEET OF THE WESTERLY 1700 FEET; AND

EXCEPT 1/16TH OF ALL OIL, GAS, OTHER HYDROCARBON SUBSTANCES, HELIUM AND OTHER SUBSTANCES OF A GASEOUS NATURE, COAL, METALS, MINERALS, FOSSILS, FERTILIZER OF EVERY NAME AND DESCRIPTION AND EXCEPT ALL URANIUM, THORIUM OR ANY OTHER MATERIAL WHICH IS OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS WHETHER OR NOT OF COMMERCIAL VALUE, AS SET FORTH IN SECTION 37-231, ARIZONA REVISED STATUTES.

PARCEL NO. 28:

THE NORTH HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

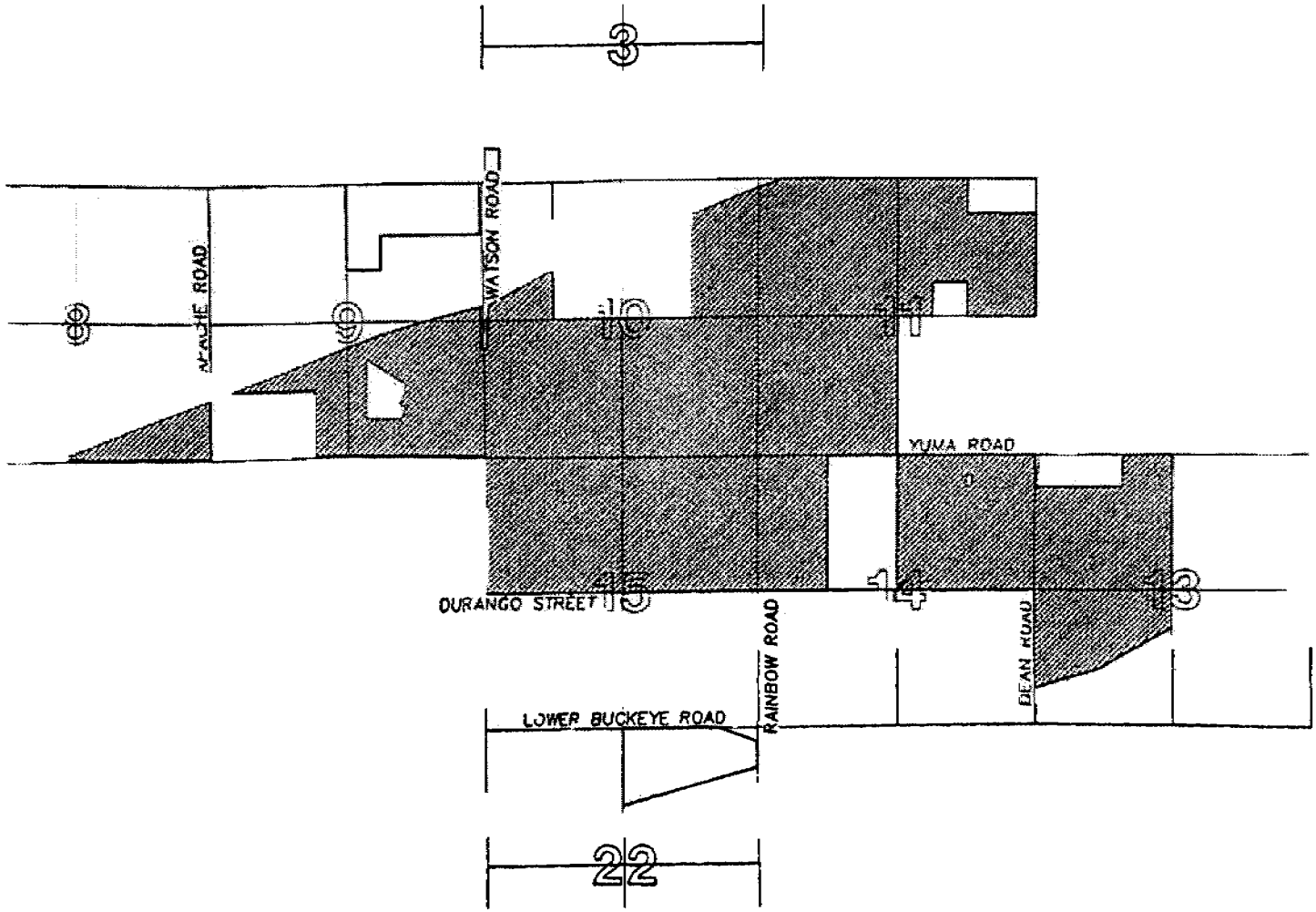


EXHIBIT 1

COMMUNITIES FACILITY DISTRICT SUNDANCE

RBF CONSULTING

PLANNING
DESIGN
CONSTRUCTION

LEGAL DESCRIPTION
PARCEL 31 - PLAT
SUNDANCE
JUNE 9, 2004

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A BRASS CAP IN A HANDHOLE, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 15, MONUMENTED BY A 5/8 INCH IRON BAR, BEARS AS A BASIS OF BEARINGS NORTH 00°01'14" WEST, A DISTANCE OF 2639.90 FEET;

THENCE NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 705.32 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 1124.58 FEET;

THENCE NORTH 89°57'15" EAST, A DISTANCE OF 1410.89 FEET;

THENCE NORTH 32°28'56" EAST, A DISTANCE OF 381.53 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 877.67 FEET;

THENCE SOUTH 34°12'23" EAST, A DISTANCE OF 5.24 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°47'37" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 38°22'02", AN ARC DISTANCE OF 66.96 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 04°09'39" WEST, A DISTANCE OF 72.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 85°50'21" EAST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 15°09'49", AN ARC DISTANCE OF 26.47 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 11°00'10" EAST, A DISTANCE OF 104.73 FEET TO THE BEGINNING OF A

TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 78°59'50" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 22°13'05", AN ARC DISTANCE OF 38.78 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 11°12'55" WEST, A DISTANCE OF 155.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 78°47'05" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°00'29", AN ARC DISTANCE OF 15.71 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 48°46'36" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 20°40'02", AN ARC DISTANCE OF 10.82 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 20°33'22" WEST, A DISTANCE OF 161.31 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 69°26'38" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 26°59'13", AN ARC DISTANCE OF 23.55 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 06°25'51" EAST, A DISTANCE OF 115.97 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 83°34'09" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 28°17'07", AN ARC DISTANCE OF 14.81 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°17'02" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 32°09'56", AN ARC DISTANCE OF 16.84 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 02°33'02" EAST, A DISTANCE OF 173.90 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 200.28 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 0.98 FEET;

THENCE NORTH 45°26'23" WEST, A DISTANCE OF 21.21 FEET;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 403.34 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 00°26'23" EAST, A DISTANCE OF 180.00 FEET;

THENCE WESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE

OF 02°40'57", AN ARC DISTANCE OF 8.43 FEET TO A POINT OF NON-TANGENCY; THENCE SOUTH 41°27'03" WEST, A DISTANCE OF 16.68 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 401.03 FEET;

THENCE NORTH 13°00'24" WEST, A DISTANCE OF 11.17 FEET;

THENCE NORTH 57°04'08" WEST, A DISTANCE OF 21.56 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHERLY, WHOSE RADIUS POINT BEARS NORTH 10°37'10" WEST, A DISTANCE OF 840.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 10°10'47", AN ARC DISTANCE OF 149.24 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 592.83 FEET;

THENCE SOUTH 44°46'11" WEST, A DISTANCE OF 5.20 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 516.34 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 2,724,427 SQUARE FEET OR 62.5442 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 32 - PLAT
SUNDANCE
OCTOBER 15, 2002

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 15 MONUMENTED BY A BRASS CAP IN A HANDHOLE, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 15, MONUMENTED BY A 5/8 INCH IRON BAR, BEARS AS A BASIS OF BEARINGS NORTH 00°01'14" WEST, A DISTANCE OF 2639.90 FEET;

THENCE NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 705.32 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 516.34 FEET;

THENCE NORTH 44°46'11" EAST, A DISTANCE OF 5.20 FEET;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 592.83 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY, WHOSE RADIUS POINT BEARS NORTH 00°26'23" WEST, A DISTANCE OF 840.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 10°10'47", AN ARC DISTANCE OF 149.24 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 57°04'08" EAST, A DISTANCE OF 21.56 FEET;

THENCE SOUTH 13°00'24" EAST, A DISTANCE OF 11.17 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 401.03 FEET;

THENCE NORTH 41°27'03" EAST, A DISTANCE OF 16.68 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE

RADIUS POINT BEARS SOUTH 03°07'20" EAST, A DISTANCE OF 180.00 FEET;

THENCE EASTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 02°40'57", AN ARC DISTANCE OF 8.43 FEET TO A POINT OF TANGENCY;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 403.34 FEET;

THENCE SOUTH 45°26'23" EAST, A DISTANCE OF 21.21 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 0.98 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 200.28 FEET;

THENCE SOUTH 02°33'02" EAST, A DISTANCE OF 30.52 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 87°26'58" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16°55'07", AN ARC DISTANCE OF 14.76 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 75°37'55" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 30°01'15", AN ARC DISTANCE OF 26.20 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 74°20'50" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 27°50'34", AN ARC DISTANCE OF 24.30 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 12°11'24" WEST, A DISTANCE OF 44.37 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 77°48'36" EAST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 35°15'47", AN ARC DISTANCE OF 73.85 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 66°55'37" WEST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 23°47'20", AN ARC DISTANCE OF 49.82 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 00°42'57" WEST, A DISTANCE OF 88.54 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 89°17'03" WEST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 19°07'03", AN ARC DISTANCE OF 40.04 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 19°50'00" WEST, A DISTANCE OF 138.86 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 70°10'00" EAST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 12°21'39", AN ARC DISTANCE OF 25.89 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 07°28'21" WEST, A DISTANCE OF 146.50 FEET TO A POINT ON THE SOUTHERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15;

THENCE SOUTH 89°33'37" WEST, ALONG SAID SOUTHERLY LINE, A DISTANCE OF 2248.31 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 1,614,973 SQUARE FEET OR 37.0747 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 33 - PLAT
SUNDANCE
OCTOBER 3, 2002

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR BEARS AS A BASIS OF BEARINGS NORTH 00°00'10" EAST, A DISTANCE OF 2626.06 FEET;

THENCE SOUTH 89°33'37" WEST, ALONG THE SOUTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, A DISTANCE OF 2238.036 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°33'37" WEST, A DISTANCE OF 782.52 FEET;

THENCE NORTH 07°28'21" EAST, A DISTANCE OF 146.50 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 82°31'39" EAST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 12°21'39", AN ARC DISTANCE OF 25.89 FEET TO A POINT OF TANGENCY;

THENCE NORTH 19°50'00" EAST, A DISTANCE OF 138.86 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 70°10'00" WEST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 19°07'03", AN ARC DISTANCE OF 40.04 TO A POINT OF TANGENCY;

THENCE NORTH 00°42'57" EAST, A DISTANCE OF 88.54 FEET TO THE BEGINNING OF A TANGENCY CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 89°17'03" WEST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 23°47'20", AN ARC DISTANCE OF 49.82 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 66°55'37" EAST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 35°15'47", AN ARC DISTANCE OF 73.85 FEET TO A POINT OF TANGENCY;

THENCE NORTH 12°11'24" EAST, A DISTANCE OF 44.37 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 77°48'36" WEST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 27°50'34", AN ARC DISTANCE OF 24.30 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 74°20'50" EAST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°01'15", AN ARC DISTANCE OF 26.20 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 75°37'55" WEST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 16°55'07", AN ARC DISTANCE OF 14.76 FEET TO A POINT OF TANGENCY;

THENCE NORTH 02°33'02" WEST, A DISTANCE OF 204.41 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 87°26'58" WEST, A DISTANCE OF 30.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 32°09'56", AN ARC DISTANCE OF 16.84 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 55°17'02" EAST, A DISTANCE OF 30.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 28°17'07", AN ARC DISTANCE OF 14.81 FEET TO A POINT OF TANGENCY;

THENCE NORTH 06°25'51" WEST, A DISTANCE OF 115.97 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 83°34'09" EAST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 26°59'13", AN ARC DISTANCE OF 23.55 FEET TO A POINT OF TANGENCY;

THENCE NORTH 20°33'22" EAST, A DISTANCE OF 161.31 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 69°26'38" EAST, A DISTANCE OF 30.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 20°40'02", AN ARC DISTANCE OF 10.82 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 48°46'36" WEST, A DISTANCE OF 30.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL

ANGLE OF 30°00'29", AN ARC DISTANCE OF 15.71 FEET TO A POINT OF TANGENCY;

THENCE NORTH 11°12'55" EAST, A DISTANCE OF 155.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 78°47'05" WEST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 22°13'05", AN ARC DISTANCE OF 38.78 FEET TO A POINT OF TANGENCY;

THENCE NORTH 11°00'10" WEST, A DISTANCE OF 104.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 78°59'50" EAST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 15°09'49", AN ARC DISTANCE OF 26.47 FEET TO A POINT OF TANGENCY;

THENCE NORTH 04°09'39" EAST, A DISTANCE OF 72.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 85°50'21" WEST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 38°22'02", AN ARC DISTANCE OF 66.96 FEET TO A POINT OF TANGENCY;

THENCE NORTH 34°12'23" WEST, A DISTANCE OF 5.24 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 771.05 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 83°43'23" EAST, A DISTANCE OF 150.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 18°58'29", AN ARC DISTANCE OF 49.68 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 12°41'52" EAST, A DISTANCE OF 43.88 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 77°18'08" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 15°49'14", AN ARC DISTANCE OF 27.61 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 03°07'22" WEST, A DISTANCE OF 6.90 FEET;

THENCE SOUTH 54°58'00" WEST, A DISTANCE OF 81.17 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 353.92 FEET;

THENCE SOUTH 01°47'01" WEST, A DISTANCE OF 40.00 FEET;

THENCE NORTH 88°12'59" WEST, A DISTANCE OF 12.04 FEET;

THENCE SOUTH 01°47'01" WEST, A DISTANCE OF 115.81 FEET;

THENCE SOUTH 88°52'48" EAST, A DISTANCE OF 3.61 FEET;

THENCE SOUTH 01°17'01" WEST, A DISTANCE OF 157.23 FEET;

THENCE NORTH 88°42'59" WEST, A DISTANCE OF 17.03 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 01°17'01" WEST, A DISTANCE OF 480.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03°43'24", AN ARC DISTANCE OF 31.19 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 87°33'37" WEST, A DISTANCE OF 9.72 FEET;

THENCE SOUTH 02°26'23" EAST, A DISTANCE OF 115.30 FEET;

THENCE SOUTH 46°26'23" EAST, A DISTANCE OF 21.58 FEET;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 126.38 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 275.00 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 947,570 SQUARE FEET OR 21.7532 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 35 - PLAT
SUNDANCE
OCTOBER 15, 2001

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR BEARS AS A BASIS OF BEARINGS NORTH 00°00'10" EAST, A DISTANCE OF 2626.06 FEET;

THENCE SOUTH 89°33'37" WEST, ALONG THE SOUTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, A DISTANCE OF 514.27 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°33'37" WEST, A DISTANCE OF 1723.76 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 275.00 FEET;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 126.38 FEET;

THENCE NORTH 46°26'23" WEST, A DISTANCE OF 21.58 FEET;

THENCE NORTH 02°26'23" WEST, A DISTANCE OF 115.30 FEET;

THENCE NORTH 87°33'37" EAST, A DISTANCE OF 9.72 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 02°26'23" EAST, A DISTANCE OF 480.00 FEET;

THENCE WESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03°43'24", AN ARC DISTANCE OF 31.19 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 88°42'59" EAST, A DISTANCE OF 17.03 FEET;

THENCE NORTH 01°17'01" EAST, A DISTANCE OF 157.23 FEET;

THENCE NORTH 88°52'48" WEST, A DISTANCE OF 3.61 FEET;

THENCE NORTH 01°47'01" EAST, A DISTANCE OF 115.81 FEET;

THENCE SOUTH 88°12'59" EAST, A DISTANCE OF 12.04 FEET;

THENCE NORTH 01°47'01" EAST, A DISTANCE OF 40.00 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 353.92 FEET;

THENCE NORTH 54°58'00" EAST, A DISTANCE OF 81.17 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 2056.02 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 1,032,724 SQUARE FEET OR 23.7081 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

H:\PDATA\45100623\wp\LEGALS\PARC35-PLAT.doc

APPENDIX 2

SUMMARY OF
BURKE HANSEN, LLC APPRAISAL

Burke
Hansen,
LLC
REAL ESTATE APPRAISERS
& CONSULTANTS

June 21, 2004

Town of Buckeye/Sundance Community Facilities District
Attn: Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona

Subject: Market Value Appraisal of **FOUR PARCELS WITHIN SUNDANCE, A MASTER-PLANNED COMMUNITY** In Buckeye, Arizona (Burke Hansen File No. 4009N)

Dear Mr. Ruby:

At your request, we have inspected the above-captioned properties in connection with preparing the attached complete appraisal, the purpose of which is to form an opinion of the wholesale (bulk) value of each of the four ground parcels referenced above which are specifically identified below.

PARCEL SUMMARY

Parcel	Gross Acreage	Net Acreage	Lot Count	Gross Density
31	62.54	60.37	310	4.96
32	37.07	34.26	86	2.32
33	21.75	20.71	52	2.39
35	23.71	22.34	27	1.14
Total	145.08	137.68	475	3.27

The wholesale or bulk value of each of the four subject properties reflects the assumption each of the parcels is a residential "super pad" of platted and engineered residential lots or a residential subdivision of finished residential lots. The term "super pad" as used in this report refers to a specifically designated parcel, in this instance parcels for which all supporting backbone infrastructure has been completed. The supporting infrastructure includes paved access to each parcel along with the utilities to support the residential development designated for each of the five subject parcels. The supporting utilities include water, sewer, electricity, telephone and cable.

Upon the final inspection, all of the on-site infrastructure had been installed in Parcel 31; however the on-site infrastructure was not complete for the other parcels. Of the three

uncompleted parcels, Parcel 32 is nearest to completion. It appears that installation of curbs, gutters and asphalt paving are the only remaining on-sites that are not complete. Based upon information furnished by the developer, the remaining on-site construction of Parcel 32 will be completed prior to the issuance of bonds for Special Assessment Area No. 3. Given this fact, the value of Parcel 32 is based upon its anticipated finished lot condition. Because Parcel 32 is not a finished lot subdivision at the date of valuation, it is necessary to note this hypothetical condition. Parcels 33 and 35 are being valued as residential as platted and engineered "super pads."

The value estimates for each parcel reflect a wholesale (bulk) value of either platted or finished lots within each parcel. The wholesale value assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

In this instance, the wholesale values of each of the four subject parcels have been estimated using the Sales Comparison Approach, i.e., comparing the subject parcel to the sale of other parcels, similarly platted and engineered, to a single purchaser.

The appraisal has been prepared at the request of Sundance Community Facilities District on behalf of the Town of Buckeye, Arizona, Attn: Mr. Scott W. Ruby, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

The definition of Market Value adopted for purposes of this report is as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The property rights addressed in this report represent the Fee Simple Estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation."

The subject property was inspected on numerous occasions in 2003 and 2004 with the most recent occurring June 18, 2004. The wholesale value estimate, of each parcel, as of June 18, 2004, subject to the hypothetical conditions stated in the attached report, is summarized as follows:

PARCEL 31
EIGHT MILLION EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS
($8,835,000)

PARCEL 32 ("AS IF COMPLETE")
THREE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS
($3,190,000)

PARCEL 33
ONE MILLION TWO HUNDRED EIGHTY THOUSAND DOLLARS
($1,280,000)

PARCEL 35
EIGHT HUNDRED THOUSAND DOLLARS
($800,000)

Disclosure of the contents of this appraisal report is governed by the By-laws and Regulations of the Appraisal Institute. Neither all, nor any part, of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm of Burke Hansen, LLC, nor any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, or any other public means of communication, without prior written consent and approval of the undersigned.

We appreciate this opportunity to serve you and request you contact us if there are any questions.

Respectfully submitted,

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/04

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/05

CERTIFICATION

We certify to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of The Appraisal Foundation, and with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- Frank Kleinman and Stephen Niebling have made personal inspections of the property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Frank Kleinman has not completed the requirements of the continuing education program of the Appraisal Institute.
- No one provided significant professional assistance to the person(s) signing this report.

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/04

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/05

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated, and all improvements (if any) are assumed to lie within property boundaries.

2. The property is appraised assuming responsible ownership and competent management.

3. Information furnished by others, upon which all or portions of this appraisal are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.

4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors.

5. The property is appraised assuming it to be in full compliance with all applicable federal, state, and local zoning, use, occupancy, environmental and similar regulations and laws, unless otherwise stated. The typical due diligence expected of an appraiser was performed in this assignment, but a comprehensive examination of laws and regulations affecting the subject property was not undertaken.

6. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns regarding these items since the appraisers have not made a comprehensive examination of laws and regulations affecting the subject property.

7. The appraisers have made no survey of the property and no responsibility is assumed in connection with such matters. Maps, plats and exhibits included herein are for illustration only as an aid in visualizing matters discussed within

the report. They should not be considered as surveys or relied upon for any other purposes, nor should they be removed from, reproduced, or used apart from this report. Where site and improvement areas are shown, they represent the best information available.

8. Generally, no consideration has been given in this appraisal as to the value of any personal property located on the premises, or the cost of moving or relocating such personal property.

9. The allocation, if any, of the total valuation in this appraisal between land, buildings, and other classifications applies only under the stated program of utilization. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

10. Neither Burke Hansen, LLC nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements therefore have been made a reasonable time in advance.

11. One (or more) of the signatories of this appraisal report is either a designated member or associate member of the Appraisal Institute. The Bylaws and Regulations of the Appraisal Institute require each designated and associate member to control the use and distribution of each appraisal report signed by such designated or associate member. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising, media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.

12. It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact our office.

13. Neither all, nor any part of the content of this report, or copy thereof (including conclusions as to value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected), shall be used for any purposes by anyone other than the intended users identified in the report, and no other parties shall have any right to use or rely upon this appraisal for any purpose without the previous written consent of the signatories of this appraisal report.

14. All opinions of value are based on the appraisers' analyses and conclusions as of the effective date of value. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that may take place subsequent to the effective date of value.

15. The appraiser has personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report. However, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes can be assumed without provision of specific professional or governmental inspections. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report. If concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

16. We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we are aware of any problems of this nature, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. No chemical or scientific tests were performed by the appraisers on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report. It is imperative for the client to retain the services of a qualified, independent engineer to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof.

17. The reader should note that the subject property may be subject to the requirements of the Americans With Disabilities ACT (ADA), a federal law codified at 42 USC Section 12101 et seq. Among other requirements of the ADA that could apply to this property, Title III of the ADA requires owners and tenants of "public accommodations" to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision or speech

impaired persons by January 26, 1992 (the regulations under Title III of the ADA are codified at 28 CFR Part 36). The reader should note that the appraisers have not made a specific compliance survey and analysis of this property to determine if it is in conformity with the requirements of the ADA. Non-compliance could have a negative effect upon the value of the property.

18. Any prospective value opinion (if applicable) is considered to be an extraordinary assumption and will be predicated upon market conditions forecast to exist as of corresponding prospective date of value. As such, the appraiser cannot be held responsible for unforeseeable events that alter market conditions subsequent to the effective date of the appraisal.

EXECUTIVE SUMMARY

Description of the Property: Four residentially designated parcels within Sundance, a master planned community in Buckeye, Arizona

Location: Southeast corner of Interstate 10 and Watson Road, Buckeye, Arizona

Property Size: 145± acres

Parcels range from 21.75 to 62.54 acres

475 platted and engineered residential lots

Overall density is 3.27 lots per acre

PARCEL SUMMARY

Parcel	Gross Acreage	Net Acreage	Lot Count	Gross Density
31	62.54	60.37	310	4.96
32	37.07	34.26	86	2.32
33	21.75	20.71	52	2.39
35	23.71	22.34	27	1.14
Total	145.08	137.68	475	3.27

Property Rights Appraised: Fee Simple Estate

Highest and Best Use: Development with residential subdivisions within a master planned community

Date of Valuation: June 18, 2004 (Final date of property inspection)

Date of Appraisal: June 21, 2004

Value Conclusions:

Parcel 31	$8,835,000	$28,500/lot
Parcel 32 ("As If Complete")	$3,190,000	$37,093/lot
Parcel 33	$1,280,000	$24,615/lot
Parcel 35	$800,000	$29,630/lot

APPENDIX 3

SUMMARY OF ASSESSMENT METHODOLOGY

SUNDANCE COMMUNITY FACILITIES DISTRICT OF THE TOWN OF BUCKEYE, ARIZONA

ASSESSMENT METHODOLOGY
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

Prepared by:

WILLDAN
1717 W. Northern Avenue, Suite 112
Phoenix, AZ 85021-5469
(602) 870-7600

July 8, 2004

SUNDANCE COMMUNITY FACILITIES DISTRICT
OF THE TOWN OF BUCKEYE, ARIZONA
DISTRICT ASSESSMENT BONDS SERIES 2004 (ASSESSMENT DISTRICT 3)

TABLE OF CONTENTS

Project Description 3

Description of Improvements 3

- Roadway Improvements 3
- Sewer Line Improvements 4
- Water Improvements 4

Preliminary Cost Estimates 4

Assessment Methodology 5

- Introduction 6
- Roadway Improvements 6
- Sewer Line Improvements 7
- Water Distribution Facilities 8
- Project Incidentals and Bond Issuance Costs 8
- Estimated Special Assessment Liens Per Lot 8
- Conclusion 9

SUNDANCE COMMUNITY FACILITIES DISTRICT
OF THE TOWN OF BUCKEYE, ARIZONA
DISTRICT ASSESSMENT BONDS SERIES 2004 (ASSESSMENT DISTRICT 3)

Willdan, the District Engineer for the Sundance Community Facilities District ("Sundance CFD"), makes this report of benefit as directed by District staff in support of the *Feasibility Report for the Issuance of Not to Exceed $2,100,000 Principal Amount of Sundance Community Facilities District (Buckeye Arizona) Assessment District No. 3 Special Assessment Revenue Bonds Series 2004*, dated July, 20, 2004 ("Feasibility Report").

Project Description

The Sundance master planned community ("Project") consists of 2,015 acres and is located in Buckeye, Arizona. On June 19, 2001 the Sundance Community Facilities District was established to finance the construction and/or acquisition of public infrastructure that are part of the Project. Sundance Assessment District 3 consists of an estimated 475 residential lots within 145 acres of the larger 2,015-acre Project. The District Assessment Bonds Series 2004 ("Bond Issue") relates to the construction or acquisition of public infrastructure that will benefit development of the property within Sundance Assessment District 3. Details related to the project area, infrastructure improvements, costs, and land use can be found in other sections of the Feasibility Report.

Description of Improvements

The improvements that will be funded by the Bond Issue and are the subject of this report will be constructed and acquired public infrastructure that are eligible for funding according to Arizona Revised Statues Title 48 Community Facilities Act of 1989. The improvements are more fully described in Section 2 of the Feasibility Study. Briefly, the improvements are described as follows:

Roadway Improvements

The design and construction of certain grading, paving, concrete, storm drain, and striping and signage including landscaping in the right of way, landscape sleeving, earthwork, and construction testing together with appurtenances and appurtenant work according to the Community Master Plan and an allowance for contingencies for the following roadways:

- Sundance Parkway– From Yuma Road to Rainbow Road
- Durango Road – From Watson Road to Rainbow Road

Sundance Parkway serves both as a primary access to parcels 31, 32, 33 and 35 and as a major collector road benefiting the entire Sundance master planned community. Therefore, only a portion of the costs (approximately 10%) is allocated to the Bond Issue. The remaining costs are being funded by the developer or through General Obligation Bonds for the Sundance CFD.

Durango represents a roadway on the Southern Boundary of the Sundance CFD that provides access to parcels 31, 32, 33 and 35. The costs included in the Bond Issue represent the cost pertaining to the northern half of the roadway.

Sewer Line Improvements

Sewer line improvements consist of the design, survey and construction of sewer trunk and collector mains to provide access to the wastewater treatment plant for all parcels within Assessment District 3.

Water Improvements

Water distribution system improvements consist of the design, survey and construction of feeder and distribution lines, including fire hydrants, appurtenances and contingency to serve benefiting properties within Assessment District 3.

Preliminary Cost Estimates

The Bond Issue secured by remaining unpaid assessments is proposed to be issued in accordance with the Arizona Revised Statutes, the Town of Buckeye, Arizona Policy Guidelines and Application Procedures for the Establishment of Community Facilities Districts, Development, Financing Participation and Intergovernmental Agreement No. 1 (Sundance Community Facilities District), and the Sundance Community Facilities District Waiver and Development Agreement as amended. A summary of the costs of the public infrastructure to be financed through the Bond Issue includes the following:

Sundance Community Facilities District
Of the Town of Buckeye, Arizona
Assessment District No. 3 Assessment Bonds Series 2004
Cost Estimates Funded Through Bond Issue

Improvement Projects	Estimated Costs
Roadway Improvements	$ 914,133
Sewer Line Improvements	333,798
Water Improvements	496,555
Total Improvements	1,744,486
Bond Issuance Costs:	
Bond Reserve Fund	96,875
Underwriter's Discount	61,950
Other Bond Issuance Costs	161,689
Subtotal Bond Issuance Costs	320,514
Assessment Amount	$ 2,065,000

Detailed cost estimates for the infrastructure listed above are included in Section 4 of the Feasibility Report.

The bond issuance costs, including reserve fund and underwriter discount, are computed based on the Assessment Amount, which represents the amount to bond. The Applicant will advance all costs required above and beyond the amount in excess of $1,744,486 required to install the improvements, except that pursuant to the terms of the CFD Development Agreement, the Applicant may seek reimbursement for such funds advanced to the District through subsequent issuance of special assessment and/or general obligation bonds.

Assessment Methodology

The State of Arizona Revised Statutes provide that assessments be allocated in proportion to the benefits received by each lot from the improvements. For purposes of the Sundance Community Facilities District Bond Issue, the original assessed amount securing the proposed assessment bond amount of $2,065,000 is allocated to the lots within Assessment District 3 based upon the following benefit methodology.

SUNDANCE COMMUNITY FACILITIES DISTRICT
OF THE TOWN OF BUCKEYE, ARIZONA
DISTRICT ASSESSMENT BONDS SERIES 2004 (ASSESSMENT DISTRICT 3)

Introduction

The works of improvement to be financed by the Bond Issue consist of backbone facilities that provide traffic access and control, connection to the wastewater treatment plant, and water connections for the properties within Assessment District 3. The improvements fall into the following categories:

- Roadway improvements
- Sewer line improvements
- Water improvements

Roadway Improvements

The street related improvements to be installed within Assessment District 3 consist of a portion of the cost of new construction of Sundance Parkway South and all of the cost of the northern half of Durango Road. These roadways provide access to the residential parcels located within Assessment District 3. The roadways provide a direct and special benefit to the developable parcels to be assessed, in that direct ingress and egress is made available to the lots assessed for these improvements within Assessment District 3. The cost estimate excludes ineligible costs such as dry utilities.

The funded roadway construction provides an area-wide system of streets to serve the developable properties within Assessment District 3. The roadways serve as collectors to the residential lots providing equal access for properties within the Assessment District 3 area and allowing travel to areas outside of the Assessment District 3 boundaries

The specific alignment or proximity of a collector street in relation to a specific property is not the paramount factor in the determination of special benefit due to the fact that, in most cases, the location and alignment of collector streets are dependent on the conceptual land use plan. As a result, the location and alignment could have been entirely different from the currently planned location and alignment. Furthermore, all properties within the district will have access for ingress and egress to the roadways being funded. Therefore, the roadway construction provides a direct and special benefit to the properties addressed in this report.

The benefit of roadway improvements to properties within Assessment District 3 will be allocated to the respective properties on the basis of the trip generation factors. The trip generation varies based on the land use of each parcel. Trip generation factors are used to allocate roadway improvement benefit because the usefulness of roadways is a function of the number of vehicle trips per day generated by the land uses served by the roads. Therefore, trip generation factors are an appropriate basis for the apportionment of the street improvement costs and traffic signals among the benefited parcels.

Traffic engineers have developed trip generation factors related to development density and type of land use. Kimley-Horn and Associates, Inc. prepared a traffic impact analysis specifically for the Sundance Development, dated September 2000. The study analyzes the traffic impact projected for the Sundance Development at build out. The average trip generation for each land use has been used to determine the following average daily trips for each land use in Assessment District 3:

- Residential Lot - 10 per lot
- Low Density Residential (minimum 0.5 acre lots) - 10 per lot
- Commercial - 11 per 1,000 building square feet

In apportioning the benefit of roadway improvements to property within Assessment District 3, a two-stepped process will be used. First, the assessment of the cost and expenses will be allocated to the proposed parcels within Assessment District 3 based on the above listed traffic generation factors. Second, as maps are recorded, the assessments will be divided equally to each residential lot within the planning area. Therefore, within a single-family residential tract, each lot will receive an equal assessment. In effect, all residential lots will receive the same benefit because there are no commercial properties within the boundaries.

In the event development occurs differently then currently projected, the assessment liens at the parcel level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Sewer Line Improvements

The sanitary sewer line and effluent line improvements consist of a series of lines and facilities placed in the streets that extend to the frontage of certain parcels in Assessment District 3. These improvements provide for an orderly development of infrastructure service to the area by providing sanitary sewer service and effluent reuse for each parcel that will connect. The benefit of these improvements is allocated to each property based on sewage flows estimated for each land use type in the Sundance Wastewater Master Plan prepared by RBF Consulting, updated in January, 2004.

In apportioning the benefit of sewer and effluent improvements to property within Assessment District 3, a two-stepped process will be used. First, the assessment of the cost and expenses will be allocated to the parcels within Assessment District 3 that will receive access to the wastewater treatment plant through the improvements based on the Average Day Flow Factor for each planning area applied to the number of lots in each planning area. Second, as maps are recorded, the assessments will be divided equally to each residential lot within the residential planning areas.

In the event development occurs differently then currently projected, the assessment liens at the planning area level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Water Distribution Facilities

The water improvements consist of a series of lines and facilities placed in public rights of way that result in the provision of water to certain parcels within Assessment District 3. These improvements provide for an orderly development of infrastructure service to the area by providing water service and storage for each parcel that will connect. The benefit of these improvements is allocated to each property based on water demand estimated for each land use type in the Sundance Water Master Plan prepared by RBF Consulting, updated in February, 2003.

In apportioning the benefit of water facilities to property within Assessment District 3, a two-stepped process will be used. First, the assessment of the cost and expenses will be allocated to the parcels within Assessment District 3 that will receive water service through the improvements based on the Average Day Flow Factor for each planning area applied to the number of lots in each planning area. Second, as maps are recorded, the assessments will be divided equally to each residential lot within the residential planning areas.

In the event development occurs differently then currently projected, the assessment liens at the planning area level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Project Incidentals and Bond Issuance Costs

These costs increase the assessments for each assessment area in proportion to the special assessments allocated thereto for the improvement construction costs. This is deemed an appropriate charge related to the Community Facilities District. Therefore, Project Incidentals and Bond Issuance Costs are allocated to each parcel based on construction costs.

Estimated Special Assessment Liens Per Lot

Based upon the information presented above, the estimates of the assessment to be placed upon each of the parcels and projected lots located within Assessment District 3 are as follows:

SUNDANCE COMMUNITY FACILITIES DISTRICT
OF THE TOWN OF BUCKEYE, ARIZONA
DISTRICT ASSESSMENT BONDS SERIES 2004 (ASSESSMENT DISTRICT 3)

Assessment Number (1)	Parcel Number	No. of Lots	Net Acres (2)	Improvement Assessment	Bond Issuance Cost (4)	Reserve Fund (4)	Assessment Lien Per Parcel	Assessment Per Lot (5)
038-01-001 through 038 01-310	31	310	60.37	$ 1,138,507	$ 145,954	$ 63,224	$ 1,347,684	$ 4,347.37
39	32	86	34.26	$ 315,844	$ 40,490	$ 17,539	$ 373,874	$ 4,347.37
40	33	52	20.71	$ 190,975	$ 24,483	$ 10,605	$ 226,063	$ 4,347.37
41	35	27	22.34	$ 99,160	$ 12,712	$ 5,507	$ 117,379	$ 4,347.37
Totals		475	137.68	$ 1,744,486	$ 223,639	$ 96,875	$ 2,065,000	$ 4,347.37

Footnotes:

(1) Assessment Numbers 1 through 37 were not used to avoid duplication with assessment numbers used in previous assessment bonds. Assessment liens are shown for the final developed lot when the final plat has been recorded as of this report date.

(2) Net Acres provided by the developer. Includes Net Acres for property subject to the assessment lien only.

(3) No prepayment is required from the developer since all parcels meet the required 4:1 value to lien ratio. Valuations are based on an appraisal report prepared by Burke Hansen, LLC.

(4) Amounts provided by the Underwriter.

(5) Assessment lien is at the planning parcel level except Parcel Number 31 which is at the individual lot level.

Conclusion

Based upon the information presented herein, it is our opinion that the special assessment allocation methodology results in assessments being allocated in proportion to the benefits received by each Lot therein for the improvements to be provided thereby.

David P. Gue, P.E.

AFFIDAVIT OF PUBLICATION

I, Ida White, Publisher of the Buckeye Valley News, published weekly at Buckeye, Maricopa County, Arizona, do solemnly swear that a copy Town of Buckeye – Community Facilities Districts – Notice of Hearing File No. 006718-00056 published in the regular and entire issue of said newspaper, for One (1) consecutive week(s), commencing with the issue date July 8, 2004 and ending with the issue dated July 8, 2004.

Ida White

Subscribed and sworn to before me this 8 day of July 2004

Sharon L. Butler
(NOTARY PUBLIC)

My Commission Expires
May 12, 2005

OFFICIAL SEAL
SHARON L. BUTLER
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires May 12, 2005

NOTICE OF PUBLIC HEARING

TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF SUNDANCE COMMUNITY FACILITIES DISTRICT; VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT; WESTPARK COMMUNITY FACILITIES DISTRICT AND OF VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT LOCATED IN THE TOWN OF BUCKEYE, ARIZONA:

BUDGET HEARINGS: the Boards of Directors of the following Districts: Sundance Community Facilities District (*"Sundance"*), Verrado District 1 Community Facilities District, Verrado Western Overlay Community Facilities District (*"Verrado Western Overlay"*) and Westpark Community Facilities District will meet consecutively on July 20, 2004, beginning at 6:00 p.m., in the Town Council Chambers, 100 North Apache, Suite A, Buckeye, AZ 85326 to conduct consecutive public hearings on the statements and estimates of each District's expenditures as set forth in the tentative budget for each District heretofore approved by each District and on the adoption of each District's final budget for fiscal year beginning July 1, 2004 and ending June 30, 2005.

FEASIBILITY REPORT HEARINGS: After the budget hearings, Sundance will meet to conduct a public hearing on, and to consider and review (1) a feasibility report relative to a proposed project to be financed by the issuance of general obligation bonds of Sundance and, possibly, (2) a feasibility report relative to a proposed project to be financed by the issuance of Sundance Assessment District No. 3 special assessment revenue bonds. Verrado Western Overlay will then meet to conduct a public hearing on, and to consider and review an amended feasibility report relative to a proposed project to be financed by the issuance of general obligation bonds of Verrado Western Overlay.

A copy of each feasibility report may be reviewed on or after July 8, 2004 and a copy of each budget may be reviewed now, at the office of the District Clerk, 100 North Apache, Suit A, Buckeye, AZ 85326

Published in the Buckeye Valley News July 8, 2004.

SUNDANCE COMMUNITY FACILITIES DISTRICT;
VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT;
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT; AND
WESTPARK COMMUNITY FACILITIES DISTRICT
TOWN OF BUCKEYE, ARIZONA
JULY 20, 2004
6:00 P.M.

AGENDA

Members of the Sundance Community Facilities District Board, Verrado Western Overlay Community Facilities District Board, Verrado District 1 Community Facilities District Board and Westpark Community Facilities District Board will attend either in person or by telephone conference call or video presentations.

1. Call to order of each Community Facilities District.

2. Note attendance.

3. MINUTES:
Minutes of each of the meetings held on July 6, 2004 presented to each Board for their review and approval.

4. APPROVE OR RATIFY EXPENDITURES

5. BUSINESS:

   A. Each Board will conduct a public hearing on its respective proposed budget for each Community Facilities District.
      (1) Open public hearing
      (2) Staff overview
      (3) Receive public comment
      (4) Close public hearing

   B. Board of **Sundance Community Facilities District** will consider, for possible action, adoption of Resolution No. 05-04 ADOPTING THE FINAL BUDGET BY THE DISTRICT BOARD FOR THE FISCAL YEAR BEGINNING JULY 1, 2004 AND ENDING JUNE 30, 2005; AND DECLARING AN EMERGENCY.

   C. Board of **Sundance Community Facilities District** will consider, for possible action, adoption of Resolution No. 06-04 LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE DISTRICT AN AD VALOREM PROPERTY TAX SUFFICIENT TO RAISE THE AMOUNTS ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET FOR FISCAL YEAR ENDING ON JUNE 30, 2005 AND DECLARING AN EMERGENCY.

   D. Board of **Verrado District 1 Community Facilities District** will consider, for possible action, adoption of Resolution No. 02-04 ADOPTING THE FINAL BUDGET BY

THE DISTRICT BOARD FOR THE FISCAL YEAR BEGINNING JULY 1, 2004 AND ENDING JUNE 30, 2005; AND DECLARING AN EMERGENCY.

E. Board of **Verrado District 1 Community Facilities District** will consider, for possible action, adoption of Resolution No. 03-04 LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE DISTRICT AN AD VALOREM PROPERTY TAX SUFFICIENT TO RAISE THE AMOUNTS ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET FOR FISCAL YEAR ENDING ON JUNE 30, 2005 AND DECLARING AN EMERGENCY.

F. Board of **Verrado Western Overlay Community Facilities District** will consider, for possible action, adoption of Resolution No. 02-04 ADOPTING THE FINAL BUDGET BY THE DISTRICT BOARD FOR THE FISCAL YEAR BEGINNING JULY 1, 2004 AND ENDING JUNE 30, 2005; AND DECLARING AN EMERGENCY.

G. Board of **Verrado Western Overlay Community Facilities District** will consider, for possible action, adoption of Resolution No. 03-04 LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE DISTRICT AN AD VALOREM PROPERTY TAX SUFFICIENT TO RAISE THE AMOUNTS ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET FOR FISCAL YEAR ENDING ON JUNE 30, 2005 AND DECLARING AN EMERGENCY.

H. Board of **Westpark Community Facilities District** will consider, for possible action, adoption of Resolution No. 02-04 ADOPTING THE FINAL BUDGET BY THE DISTRICT BOARD FOR THE FISCAL YEAR BEGINNING JULY 1, 2004 AND ENDING JUNE 30, 2005; AND DECLARING AN EMERGENCY.

I. Board of **Westpark Community Facilities District** will consider, for possible action, adoption of Resolution No. 03-04 LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE DISTRICT AN AD VALOREM PROPERTY TAX SUFFICIENT TO RAISE THE AMOUNTS ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET FOR FISCAL YEAR ENDING ON JUNE 30, 2005 AND DECLARING AN EMERGENCY.

J. Board of the **Sundance Community Facilities District** will conduct a Public Hearing on the feasibility reports submitted in connection with the proposed issuance of general obligation bonds and assessment bonds by the District and the projects financed with such proceeds.
   (1) Open public hearing
   (2) Staff overview
   (3) Receive public comment
   (4) Close public hearing

K. Board of the **Sundance Community Facilities District** will consider, for possible action, adoption of Resolution No. 07-04 RESCINDING RESOLUTION NO. 06-03 PREVIOUSLY ADOPTED ON APRIL 1, 2003; APPROVING THE FEASIBILITY REPORT RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS BY THE DISTRICT TO FINANCE THE ACQUISITION OF PUBLIC INFRASTRUCTURE AND IMPROVEMENTS.

L. Board of the **Sundance Community Facilities District** will consider, for possible action, adoption of Resolution No. 08-04 APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION, CONSTRUCTION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA); AND DECLARING THE INTENT OF THE DISTRICT TO ISSUE ASSESSMENT DISTRICT NO. 3, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004, TO FINANCE SAID IMPROVEMENTS.

M. Board of the **Sundance Community Facilities District** will consider, for possible action, adoption of Resolution No. 09-04: DECLARING ITS INTENTION TO ACQUIRE AND/OR CONSTRUCT CERTAIN IMPROVEMENTS DESCRIBED IN THE FEASIBILITY REPORT; FORMING A SPECIAL ASSESSMENT DISTRICT NO. 3; DETERMINING THAT ASSESSMENT DISTRICT NO. 3, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004, WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF AND DECLARING THE IMPROVEMENTS TO BE OF MORE THAN LOCAL OR ORDINARY PUBLIC BENEFIT AND THAT THE COSTS OF SAID IMPROVEMENTS WILL BE ASSESSED UPON THE LOTS AND PARCELS COMPRISING ASSESSMENT DISTRICT NO. 3; PROVIDING THAT THE PROPOSED IMPROVEMENTS WILL BE PERFORMED AND DISTRICT ASSESSMENT REVENUE BONDS ISSUED UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.

N. Board of the **Sundance Community Facilities District** will consider, for possible action, adoption of Resolution No. 10-04: ORDERING THE PUBLIC INFRASTRUCTURE PROJECTS PERFORMED TO BE FINANCED BY SPECIAL ASSESSMENT REVENUE BONDS.

O. Board of **Verrado Western Overlay Community Facilities District** will conduct a Public Hearing on the amended and restated feasibility report submitted in connection with the proposed issuance of general obligation bonds by the District
   (1) Open public hearing
   (2) Staff overview
   (3) Receive public comment
   (4) Close public hearing

P. Board of **Verrado Western Overlay Community Facilities District** will consider, for possible action, adoption of Resolution No. 04-04 APPROVING THE AMENDED AND RESTATED FEASIBILITY STUDY RELATING TO THE DISTRICT AND APPROVING THE SALE OF BONDS OF THE DISTRICT.

6. CITIZEN COMMENTS/APPEARANCES FROM THE FLOOR

7. ADJOURNMENT

POSTED 7-15-04 11:00 a.m.

SWR:gmh 530886 07/12/04

RESOLUTION NO. 08-04 (Sundance Assmt – Feasibility res.)

RESOLUTION APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION, CONSTRUCTION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA); AND DECLARING THE INTENT OF THE DISTRICT TO ISSUE ASSESSMENT DISTRICT NO. 3, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004, TO FINANCE SAID IMPROVEMENTS AND APPROVING THE SALE OF BONDS TO SOPHISTICATED MUNICIPAL MARKET PARTICIPANTS.

WHEREAS, pursuant to Section 48-715, Arizona Revised Statues, as amended, the governing body of the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") has caused a report of the feasibility and benefits of the Project (as defined hereinafter) relating to certain public infrastructure provided for in the General Plan of the District and to be financed with the proceeds of the sale of special assessment lien bonds of the District to be prepared, 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, Arizona Revised Statutes ("*A.R.S.*"), as amended, a public hearing on the Report was held on even date herewith, after provision for publication of notice thereof as provided by law;

WHEREAS, pursuant to the terms of the Development, Financing Participation and Intergovernmental Agreement No. 1 (the "*Development Agreement*") by and among the Town of Buckeye, the District, Buckeye Land, L.L.C. (the "*Developer*") and various other property owners within the District, dated as of June 18, 2001, provides that the District's unrated Bonds to be sold to accredited investors or qualified institutional buyers (as such terms are defined by the U.S. Securities laws and regulations) who deliver a letter certifying certain facts set forth in Section 6.4 of the Development Agreement (the "*Investor Letter*"); all transfers of the Bonds require the transferee to execute an Investor Letter. The Developer has requested the Board to allow the Bonds to be sold as provided in the Development Agreement and also to be sold to "sophisticated municipal market participants" ("*SMMP*") (as specifically defined by the Municipal Securities Rulemaking Board, which definition includes, among other factors, only institutions with total assets of at least $100 million invested in municipal securities in the aggregate in its portfolio and/or under management) and require that the Investor Letter only be required to be executed in the initial sale to a SMMP.

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF THE SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AS FOLLOWS:

Section 1. **DEFINITIONS**.

"*Act*" shall mean Title 48, Chapter 4, Article 6, A.R.S., as amended.

"*Board*" shall mean the board of directors of the District.

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

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

"*Project*" shall mean the public infrastructure (as such term is defined in the Act), described in the Report, including particularly, the projects described in *Exhibit A* attached hereto and incorporated by reference herein.

"*Report*" shall mean the Feasibility Report dated July 20, 2004, and on file with the Clerk, prior to the date and time hereof, discussing the matters required by Section 48-715 of the A.R.S., as amended, as such matters relate to the Project.

Section 2. **RATIFICATION OF NOTICE OF HEARING**. 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. The form of notice of the public hearing attached hereto as *Exhibit B* is hereby ratified and approved in all respects.

Section 3. **APPROVAL OF FEASIBILITY REPORT**. Based on the review by this Board and the presentation of the Report at the public hearing on July 20, 2004, the Report is hereby adopted and approved in the form submitted to the Board. The Report has been filed with the Clerk prior to adoption of this resolution. Reference is hereby made to the Report so filed.

Section 4. **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. This Board hereby declares its intent to proceed with the financing of the acquisition of the Project in substantially the manner presented in the Report. This Board declares its intent to issue Assessment District No. 3, Special Assessment Revenue Bonds, Series 2004 (the "*Bonds*"), to finance the costs of the acquisition of the Project. District officers, employees, staff and agents are hereby authorized and directed to proceed with preparing all necessary documents and establishing financing terms and provisions for final review and approval by this Board.

In addition to the provisions of Section 6.4 of the Development Agreement, this Board hereby authorizes the Bonds, contemplated to be issued in the Report, to be sold or transferred only through brokers, dealers or municipal securities dealers, as those terms are defined in the Securities Exchange Act of 1934 in authorized denominations of $100,000 of principal and integral multiples of $5,000 in excess thereof to SMMPs. The Board hereby waives the requirement for each transferee to deliver an Investor Letter, such Investor Letter shall be delivered only in connection with the initial sale to the SMMPs.

Section 5. **EFFECT**. This resolution shall take effect and be in force from and after its passage, and after any publication and posting as may be by law required.

PASSED, ADOPTED AND APPROVED on July 20, 2004.

District Chairman

ATTEST:

District Clerk

APPROVED AS TO FORM:

District Attorney

Attachments:

Exhibit A Public Infrastructure
Exhibit B Notice of Public Hearing

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Sundance Community Facilities District (Town of Buckeye, Arizona) at a meeting held on July 20, 2004, and that a quorum was present thereat and that the vote thereon was 7 ayes and 0 nays; 0 did not vote or were absent.

Clerk

SWR:gmh 531205 07/13/04

EXHIBIT A

ASSESSMENT DISTRICT NO. 3 PUBLIC INFRASTRUCTURE

DESCRIPTION	EST. COST
1. **Water Distribution.** Watson: Watson to Durango. Construction of water improvements including labor, materials, equipment, tools, transportation, traffic control, permits, trenching, and services for installing water distribution lines on Watson from Yuma to Durango including 2,011 LF of 8" PVC pipe, 791 LF of 16" DIP pipe, 6" valves, a pressure reducing valve, 3 fire hydrants and provide and install Sunora domestic water system interconnect to Sundance system per request of the Town. Includes immediate mobilization, overtime to complete task in allotted time, expedited delivery of materials and meetings with engineering and permitting agencies to coordinate work. Durango: Watson to Rainbow. Construction of water improvements including labor, materials, equipment, tools, transportation, traffic control, permits, trenching, and services for installing water distribution lines on Durango from Watson to Rainbow including 94 LF of 8" PVC pipe, 5,115 LF of 12" PVC pipe, 3-8" valves, 7-12" valves, 3-12"x8" tees, 1 8"x12" reducer, 3 8" plugs, 11 fire hydrants, 10-1" water service. Estimated Total Cost	$496,555
2. **Sanitary Sewer.** Durango: Watson to Rainbow. Construction of sewer improvements including labor, materials, equipment, tools, transportation, traffic control, permits trenching, and services for installing sewer in Durango Road from Watson Road to Rainbow Road including 5,247 LF of 12" PVC sewer line, 930 LF of 8" PVC sewer line, 2-12" plugs, 2-8" plugs, 15-5' manholes, 6-4' manholes, 14-4" sewer services and related trenching. Estimated Total Cost	$333,798
3. **Collector Roads with Landscaping**: Sundance Parkway South: Yuma to Rainbow. Proportionate share of costs of materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, and striping and signage including landscaping in the right-of-way, landscape sleeving, earthwork, and construction testing on full collector street improvements for South Sundance Parkway from Yuma to Rainbow, approximately 4,500 LF 76' wide with a 12' striped median. Durango: Watson to Rainbow. Furnishing of all materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, and striping and signage including landscaping in the right of way, landscape sleeving, earthwork, and construction testing on half street (northern Side) collector road improvements on Durango between Watson and Rainbow, approximately 5,200 LF 76' wide. Estimated Total Cost	$914,133
TOTAL	$1,744,486

SWR:gmh 531205 07/12/04

EXHIBIT B

NOTICE OF PUBLIC HEARING

TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF SUNDANCE COMMUNITY FACILITIES DISTRICT; VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT; WESTPARK COMMUNITY FACILITIES DISTRICT AND OF VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT LOCATED IN THE TOWN OF BUCKEYE, ARIZONA:

BUDGET HEARINGS: the Boards of Directors of the following Districts: Sundance Community Facilities District ("*Sundance*"), Verrado District 1 Community Facilities District, Verrado Western Overlay Community Facilities District ("*Verrado Western Overlay*") and Westpark Community Facilities District will meet consecutively on July 20, 2004, beginning at 6:00 p.m., in the Town Council Chambers, 100 North Apache, Suite A, Buckeye, AZ 85326 to conduct consecutive public hearings on the statements and estimates of each District's expenditures as set forth in the tentative budget for each District heretofore approved by each District and on the adoption of each District's final budget for fiscal year beginning July 1, 2004 and ending June 30, 2005.

FEASIBILITY REPORT HEARINGS: After the budget hearings, Sundance will meet to conduct a public hearing on, and to consider and review (1) a feasibility report relative to a proposed project to be financed by the issuance of general obligation bonds of Sundance and, possibly, (2) a feasibility report relative to a proposed project to be financed by the issuance of Sundance Assessment District No. 3 special assessment revenue bonds. Verrado Western Overlay will then meet to conduct a public hearing on, and to consider and review an amended feasibility report relative to a proposed project to be financed by the issuance of general obligation bonds of Verrado Western Overlay.

A copy of each feasibility report may be reviewed on or after July 8, 2004 and a copy of each budget may be reviewed now, at the office of the District Clerk, 100 North Apache, Suite A, Buckeye, AZ 85326.

Publish once no later than July 8, 2004.

SWR:gmh 531205 07/12/04

RESOLUTION NO. 09-04 (Sundance Assmt Res. of Intention)

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DECLARING ITS INTENTION TO ACQUIRE AND/OR CONSTRUCT CERTAIN IMPROVEMENTS DESCRIBED IN THE FEASIBILITY REPORT; FORMING A SPECIAL ASSESSMENT DISTRICT NO. 3; DETERMINING THAT ASSESSMENT DISTRICT NO. 3, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004, WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF AND DECLARING THE IMPROVEMENTS TO BE OF MORE THAN LOCAL OR ORDINARY PUBLIC BENEFIT AND THAT THE COSTS OF SAID IMPROVEMENTS WILL BE ASSESSED UPON THE LOTS AND PARCELS COMPRISING ASSESSMENT DISTRICT NO. 3; PROVIDING THAT THE PROPOSED IMPROVEMENTS WILL BE PERFORMED AND DISTRICT SPECIAL ASSESSMENT REVENUE BONDS WILL BE ISSUED 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, as amended, the governing body of the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") has caused a report of the feasibility and benefits of the Project (as defined hereinafter) relating to certain public infrastructure provided for in the General Plan of the District and to be financed with the proceeds of the sale of special assessment revenue bonds of the District to be prepared (the "*Report*"), which Report includes, among other things, a description of certain public infrastructure to be acquired and constructed and all other information useful to understand the Project, an estimate of the cost to acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Project and a plan for financing the Project, a copy of which is on file with Clerk of the District; and

WHEREAS, pursuant to Section 48-715, Arizona Revised Statutes ("*A.R.S.*"), as amended, a public hearing on the Report was held on July 20, 2004, after provision for publication of notice thereof as provided by law and on such date Resolution No. 08-04 of this was adopted approving the Report;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) that:

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

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

"*Assessment District*" shall mean the Sundance Community Facilities District (Buckeye, Arizona) Assessment District No. 3, comprised of the real property contained within the boundaries described in *Exhibit A* attached hereto. For a more general description, reference

is hereby made to the Assessment District Map attached to this resolution as *Exhibit B*, which map is on file with the Superintendent of Streets and the Clerk.

"*Assessment District Map*" shall mean the map showing the Assessment District and attached hereto as *Exhibit B*.

"*Assessment District Engineer*" shall mean Willdan, and any successor to such person or firm.

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

"*Bond Counsel*" shall mean Gust Rosenfeld P.L.C. and any successor thereto.

"*Bonds*" shall mean the District's Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004.

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

"*Development Agreement*" shall mean the Development, Financing Participation and Intergovernmental Agreement No. 1 (Sundance Community Facilities District) dated as of June 18, 2001, by and among the Town of Buckeye, Arizona, the District, Buckeye Land, LLC (the "*Developer*"); Taro Properties, LLC; Stardust Structured Investments No. 1, LLC; Patlin; LLC; Watson @Yuma, LLC; Hancock-Mth Builders, Inc., Dietz-Crane Builders, LLC; and Sivage Thomas-Sundance LLC; recorded July 3, 2001 at docket number 2001-0594214 in the office of the Maricopa County Recorder.

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

"*District Engineer*" shall mean the District's appointed engineer, W.C. Scoutten, Inc., and any successors thereto as the engineer for the District.

"*Estimate*" shall mean the estimate of costs and expenses of the Projects described in the Report and this resolution, showing the estimated costs and expenses of acquisition and construction of the Projects to be not less than $1,744,500, together with estimated Incidental Expenses of not to exceed $355,500 (which amount includes a Reserve Fund of not to exceed $100,000 and other costs of $255,500) for a total cost not less than $2,100,000, all as described on *Exhibit C*.

"*Incidental Expenses*" shall mean compensation paid to the Superintendent of Streets, District Engineer, Assessment District Engineer, costs of printing, advertising, posting, the expenses of making, administrating and collecting the assessments, appraiser's fees, any discount on the Bonds, any paying agent's fees, all legal and financial fees, all expenses and costs incurred in establishing the District, the Assessment District and incurred in connection with the drafting of the proceedings and in connection with the sale of bonds, the funding of a debt service reserve fund and any capitalized interest on the Bonds.

"*Plans*" shall mean the preliminary plans (including the conceptual plans), specifications and any other contract documents showing the location, type and character of the Projects, filed with the Clerk prior to the adoption of this resolution or the resolution ordering the performance of the Projects. The term "Plans" shall include all final plans, specifications and contract documents developed in connection with the design of the Projects.

"*Projects*" shall mean the acquisition or construction of public infrastructure (as such term is defined in the Act) described in the Report including specifically, the acquisition and/or construction by the District of the public infrastructure described on *Exhibit D* hereto.

"*Report*" shall mean the Feasibility Report dated July 20, 2004 as approved by the Governing Board of this District on July 20, 2004, discussing the matters required by A.R.S. Section 48-715, as amended, as such matters relate to the Project.

"*Reserve Fund*" shall mean the debt service reserve fund funded with the proceeds from the sale of the Bonds, authorized pursuant to the Act.

"*Streets*" or "*streets to be improved*" shall mean the Projects listed on *Exhibit D* hereto and located on the streets listed therein and such other streets and public rights-of-way as are hereafter shown on the final Plans.

"*Superintendent of Streets*" shall mean Willdan and any successor to such person or firm.

"*Waiver*" shall mean the Sundance Community Facilities District Waiver and Development Agreement dated as of July ____, 2004, by and among the District, D.R. Horton, Inc. – Dietz-Crane, and Buckeye Land Management, Inc.

Section 2. **Resolution of Intent**. This Board hereby identifies the public infrastructure comprising the Projects, the areas benefited, the expected method of financing and the system of providing revenues to operate and maintain the Projects, all as identified and provided for in the Report, for any and all purposes of the Act. This Board hereby declares its intent to proceed with the financing of the acquisition and construction of the Projects in substantially the manner presented in the Report and pursuant to the terms of the Development Agreement and Waiver.

Section 3. **Declaration of Intention to Order the Projects**. The public interest and convenience require and it is the intention of the Board to order the Projects to be acquired, constructed and performed as stated herein and contemplated by the Development Agreement and Waiver and in conformance with the final Plans. All items of the Projects shall be performed as prescribed by the final Plans and no assessment for any lot shall exceed its proportion of the Estimate.

Section 4. **Determination of Need; Formation of Assessment District**. The Assessment District is hereby formed, consisting of the property described on *Exhibit A* attached hereto. In the opinion of the Board, the Projects are of more than local or ordinary public benefit, and the Board hereby orders that all amounts due or to become due with respect to

financing the costs and expenses of the Projects, together with all Incidental Expenses (the "*Assessment*") shall be chargeable upon the respective lots, pieces and parcels of land within the Assessment District.

Section 5. **Exclusion of Certain Property**. Any public or private street or alley within the boundaries of the Assessment District is hereby omitted from the Assessment District. Any lot, the legal owner of which on this date is the United States, the state, a county, Town, school district or any political subdivision or institution of the state or county, which is included within the Assessment District shall be omitted from the assessments hereafter made except as otherwise agreed between the District and such owner.

Section 6. **Determination and Notice of Necessity to Issue Bonds**. The Board finds that the public convenience requires that special assessment lien bonds, designated *Sundance Community Facilities District (Town of Buckeye, Arizona), Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004* (or such later date as set forth in the bond purchase agreement), shall be issued to finance the costs and expenses of the Projects and Incidental Expenses. The Board hereby determines that the Bonds shall be issued in the name of the District payable, however, solely and only out of a special fund collectible from special assessments levied and assessed upon the lots, pieces and parcels of land within the Assessment District in not to exceed twenty-five (25) annual principal installments from the assessments of $25.00 or over remaining unpaid as of the end of the cash collection period; however, if the special assessments are not collected or collection is delayed and consequently such special assessments are insufficient, then from the Reserve Fund.

The Bonds shall be issued in fully registered form as to principal and interest in the principal amounts of $100,000 when sold to sophisticated municipal market participants or $25,000 when sold to accredited investors or qualified institutional buyers who deliver an investor letter, or in $1,000 integral multiples in excess thereof. The Bonds shall mature on the first day of July in the years and in amounts to be set by the Board prior to their issuance; provided, however, the Bonds shall mature not later than July 1, 2029, or such later date (not exceeding 25 years from the date of initial issuance of the Bonds) as set forth in the bond purchase agreement. Principal installments of each Assessment shall be due on the first day of June immediately preceding the maturity date of any Bonds, installments of interest shall be due on the first day of June and December.

The Bonds shall bear interest at rate or rates of not to exceed ten percent (10%) per annum, payable on the first day of January and July of each year, commencing either January 1 or July 1, 2005 or such other date set forth in the bond purchase agreement. The Board reserves the right to call the Bonds for prior redemption, in whole or in part of such terms as may hereafter be established by this Board.

Section 7. **Bond Anticipation Notes**. The Board reserves the right to issue bond anticipation notes pursuant to § 48-618, Arizona Revised Statutes, as amended. The Board also reserves the right to retain any Bonds which may be issued and to sell the same for cash to pay the contractor the amounts due it in cash.

Section 8. **Establishment of Grade**. The grades and elevations for the Streets are hereby officially changed to correspond with the grades and elevations shown on the final Plans.

Section 9. **Statutory Authority**. The Projects and all proceedings pertaining thereto shall be acquired, constructed and performed under the provisions of the Act.

Section 10. **Delegation of Authority**. The District Engineer and the Superintendent of Streets are hereby authorized to cause the completion of the Plans, specification and any contract documents relating to the Projects and, in the case of acquisition of Projects, review and approve the Plans, review and approve the completed Projects and certify to the District the substantial completion of the Projects to be acquired.

Section 11. **Right to Reduce Scope of Work**. If, because of pending or threatened litigation concerning any one or more parcels subject to the Assessment, the District, the Developer and the District Engineer receive a written opinion of Bond Counsel stating that the Bonds cannot be issued against such parcel or parcels or the Assessment District is unable to obtain any right-of-way necessary for the acquisition or construction of the Projects, the District may then cause the acquisition or construction contract(s) to be modified to exclude from the applicable contract some or all of the Projects which will benefit the parcel or parcels in question, or which was located in the right-of-way which was not obtained. The filing of a certificate and request that no Bonds be issued against any parcel pursuant to § 48-540 and § 48-597, Arizona Revised Statutes, as amended, may be deemed to be threatened litigation.

Section 12. **Waiver and Assessment**. All of the owners of property and all other persons having an interest in property within the Assessment District have heretofore executed and delivered the District the Waiver wherein the parties thereto have (a) waived any and all requirements for notice and time for protests and objections relating to, among other things, the Projects and the extent of the Assessment District; (b) agreed to accept an Assessment; and (c) waived certain notice and procedural requirements. The Waiver is hereby accepted and approved and this Board is proceeding in reliance on the Waiver. Should any person having an interest in such land fail to execute and deliver the Waiver, the Board may cease the proceedings, and if necessary begin the proceedings anew. It is hereby determined that the allocation of the Assessment to the parcels within the Assessment District as established in the Report results in assessments to each parcel that are not less than the benefits received by each such parcel and such Assessment is hereby levied and assessed upon the parcels within the Assessment District in the manner set forth in the Waiver. The District Manager is hereby authorized to execute the Waiver on behalf of the District and the Clerk is authorized to record the Waiver with the Maricopa County Recorder. The Resolution Ordering the Projects may be adopted immediately, without posting or publishing notice of the adoption of this Resolution and without any period for protests or objections.

PASSED, ADOPTED AND APPROVED on July 20, 2004.

District Chairman

ATTEST:

District Clerk

APPROVED AS TO FORM:

District Attorney

Attachments: EXHIBIT A - Legal description of Assessment District
EXHIBIT B - Map of District
EXHIBIT C – Estimated Costs
EXHIBIT D - List of Projects

CERTIFICATE

I hereby certify that the above and foregoing Resolution was duly passed by the Board of Directors of the Sundance Community Facilities District (Town of Buckeye, Arizona) at a meeting held on July 20, 2004, and that a quorum was present thereat and that the vote thereon was 7 ayes and 0 nays; 0 did not vote or were absent.

District Clerk

SWR:gmh 531209 07/13/04

EXHIBIT A

LEGAL DESCRIPTION
PARCEL 31 - PLAT
SUNDANCE
JUNE 9, 2004

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A BRASS CAP IN A HANDHOLE, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 15, MONUMENTED BY A 5/8 INCH IRON BAR, BEARS AS A BASIS OF BEARINGS NORTH 00°01'14" WEST, A DISTANCE OF 2639.90 FEET;

THENCE NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 705.32 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 1124.58 FEET;

THENCE NORTH 89°57'15" EAST, A DISTANCE OF 1410.89 FEET;

THENCE NORTH 32°28'56" EAST, A DISTANCE OF 381.53 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 877.67 FEET;

THENCE SOUTH 34°12'23" EAST, A DISTANCE OF 5.24 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°47'37" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 38°22'02", AN ARC DISTANCE OF 66.96 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 04°09'39" WEST, A DISTANCE OF 72.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 85°50'21" EAST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 15°09'49", AN ARC DISTANCE OF 26.47 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 11°00'10" EAST, A DISTANCE OF 104.73 FEET TO THE BEGINNING OF A

TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 78°59'50" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 22°13'05", AN ARC DISTANCE OF 38.78 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 11°12'55" WEST, A DISTANCE OF 155.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 78°47'05" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°00'29", AN ARC DISTANCE OF 15.71 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 48°46'36" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 20°40'02", AN ARC DISTANCE OF 10.82 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 20°33'22" WEST, A DISTANCE OF 161.31 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 69°26'38" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 26°59'13", AN ARC DISTANCE OF 23.55 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 06°25'51" EAST, A DISTANCE OF 115.97 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 83°34'09" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 28°17'07", AN ARC DISTANCE OF 14.81 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°17'02" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 32°09'56", AN ARC DISTANCE OF 16.84 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 02°33'02" EAST, A DISTANCE OF 173.90 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 200.28 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 0.98 FEET;

THENCE NORTH 45°26'23" WEST, A DISTANCE OF 21.21 FEET;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 403.34 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 00°26'23" EAST, A DISTANCE OF 180.00 FEET;

THENCE WESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE

OF 02°40'57", AN ARC DISTANCE OF 8.43 FEET TO A POINT OF NON-TANGENCY; THENCE SOUTH 41°27'03" WEST, A DISTANCE OF 16.68 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 401.03 FEET;

THENCE NORTH 13°00'24" WEST, A DISTANCE OF 11.17 FEET;

THENCE NORTH 57°04'08" WEST, A DISTANCE OF 21.56 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHERLY, WHOSE RADIUS POINT BEARS NORTH 10°37'10" WEST, A DISTANCE OF 840.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 10°10'47", AN ARC DISTANCE OF 149.24 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 592.83 FEET;

THENCE SOUTH 44°46'11" WEST, A DISTANCE OF 5.20 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 516.34 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 2,724,427 SQUARE FEET OR 62.5442 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 32 - PLAT
SUNDANCE
OCTOBER 15, 2002

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 15 MONUMENTED BY A BRASS CAP IN A HANDHOLE, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 15, MONUMENTED BY A 5/8 INCH IRON BAR, BEARS AS A BASIS OF BEARINGS NORTH 00°01'14" WEST, A DISTANCE OF 2639.90 FEET;

THENCE NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 705.32 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 516.34 FEET;

THENCE NORTH 44°46'11" EAST, A DISTANCE OF 5.20 FEET;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 592.83 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY, WHOSE RADIUS POINT BEARS NORTH 00°26'23" WEST, A DISTANCE OF 840.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 10°10'47", AN ARC DISTANCE OF 149.24 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 57°04'08" EAST, A DISTANCE OF 21.56 FEET;

THENCE SOUTH 13°00'24" EAST, A DISTANCE OF 11.17 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 401.03 FEET;

THENCE NORTH 41°27'03" EAST, A DISTANCE OF 16.68 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE

RADIUS POINT BEARS SOUTH 03°07'20" EAST, A DISTANCE OF 180.00 FEET;

THENCE EASTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 02°40'57", AN ARC DISTANCE OF 8.43 FEET TO A POINT OF TANGENCY;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 403.34 FEET;

THENCE SOUTH 45°26'23" EAST, A DISTANCE OF 21.21 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 0.98 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 200.28 FEET;

THENCE SOUTH 02°33'02" EAST, A DISTANCE OF 30.52 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 87°26'58" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16°55'07", AN ARC DISTANCE OF 14.76 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 75°37'55" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 30°01'15", AN ARC DISTANCE OF 26.20 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 74°20'50" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 27°50'34", AN ARC DISTANCE OF 24.30 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 12°11'24" WEST, A DISTANCE OF 44.37 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 77°48'36" EAST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 35°15'47", AN ARC DISTANCE OF 73.85 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 66°55'37" WEST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 23°47'20", AN ARC DISTANCE OF 49.82 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 00°42'57" WEST, A DISTANCE OF 88.54 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 89°17'03" WEST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 19°07'03", AN ARC DISTANCE OF 40.04 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 19°50'00" WEST, A DISTANCE OF 138.86 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 70°10'00" EAST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 12°21'39", AN ARC DISTANCE OF 25.89 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 07°28'21" WEST, A DISTANCE OF 146.50 FEET TO A POINT ON THE SOUTHERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15;

THENCE SOUTH 89°33'37" WEST, ALONG SAID SOUTHERLY LINE, A DISTANCE OF 2248.31 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 1,614,973 SQUARE FEET OR 37.0747 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 33 - PLAT
SUNDANCE
OCTOBER 3, 2002

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR BEARS AS A BASIS OF BEARINGS NORTH 00°00'10" EAST, A DISTANCE OF 2626.06 FEET;

THENCE SOUTH 89°33'37" WEST, ALONG THE SOUTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, A DISTANCE OF 2238.036 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°33'37" WEST, A DISTANCE OF 782.52 FEET;

THENCE NORTH 07°28'21" EAST, A DISTANCE OF 146.50 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 82°31'39" EAST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 12°21'39", AN ARC DISTANCE OF 25.89 FEET TO A POINT OF TANGENCY;

THENCE NORTH 19°50'00" EAST, A DISTANCE OF 138.86 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 70°10'00" WEST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 19°07'03", AN ARC DISTANCE OF 40.04 TO A POINT OF TANGENCY;

THENCE NORTH 00°42'57" EAST, A DISTANCE OF 88.54 FEET TO THE BEGINNING OF A TANGENCY CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 89°17'03" WEST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 23°47'20", AN ARC DISTANCE OF 49.82 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 66°55'37" EAST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 35°15'47", AN ARC DISTANCE OF 73.85 FEET TO A POINT OF TANGENCY;

THENCE NORTH 12°11'24" EAST, A DISTANCE OF 44.37 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 77°48'36" WEST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 27°50'34", AN ARC DISTANCE OF 24.30 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 74°20'50" EAST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°01'15", AN ARC DISTANCE OF 26.20 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 75°37'55" WEST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 16°55'07", AN ARC DISTANCE OF 14.76 FEET TO A POINT OF TANGENCY;

THENCE NORTH 02°33'02" WEST, A DISTANCE OF 204.41 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 87°26'58" WEST, A DISTANCE OF 30.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 32°09'56", AN ARC DISTANCE OF 16.84 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 55°17'02" EAST, A DISTANCE OF 30.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 28°17'07", AN ARC DISTANCE OF 14.81 FEET TO A POINT OF TANGENCY;

THENCE NORTH 06°25'51" WEST, A DISTANCE OF 115.97 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 83°34'09" EAST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 26°59'13", AN ARC DISTANCE OF 23.55 FEET TO A POINT OF TANGENCY;

THENCE NORTH 20°33'22" EAST, A DISTANCE OF 161.31 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 69°26'38" EAST, A DISTANCE OF 30.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 20°40'02", AN ARC DISTANCE OF 10.82 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 48°46'36" WEST, A DISTANCE OF 30.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL

ANGLE OF 30°00'29", AN ARC DISTANCE OF 15.71 FEET TO A POINT OF TANGENCY;

THENCE NORTH 11°12'55" EAST, A DISTANCE OF 155.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 78°47'05" WEST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 22°13'05", AN ARC DISTANCE OF 38.78 FEET TO A POINT OF TANGENCY;

THENCE NORTH 11°00'10" WEST, A DISTANCE OF 104.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 78°59'50" EAST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 15°09'49", AN ARC DISTANCE OF 26.47 FEET TO A POINT OF TANGENCY;

THENCE NORTH 04°09'39" EAST, A DISTANCE OF 72.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 85°50'21" WEST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 38°22'02", AN ARC DISTANCE OF 66.96 FEET TO A POINT OF TANGENCY;

THENCE NORTH 34°12'23" WEST, A DISTANCE OF 5.24 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 771.05 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 83°43'23" EAST, A DISTANCE OF 150.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 18°58'29", AN ARC DISTANCE OF 49.68 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 12°41'52" EAST, A DISTANCE OF 43.88 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 77°18'08" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 15°49'14", AN ARC DISTANCE OF 27.61 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 03°07'22" WEST, A DISTANCE OF 6.90 FEET;

THENCE SOUTH 54°58'00" WEST, A DISTANCE OF 81.17 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 353.92 FEET;

THENCE SOUTH 01°47'01" WEST, A DISTANCE OF 40.00 FEET;

THENCE NORTH 88°12'59" WEST, A DISTANCE OF 12.04 FEET;

THENCE SOUTH 01°47'01" WEST, A DISTANCE OF 115.81 FEET;

THENCE SOUTH 88°52'48" EAST, A DISTANCE OF 3.61 FEET;

THENCE SOUTH 01°17'01" WEST, A DISTANCE OF 157.23 FEET;

THENCE NORTH 88°42'59" WEST, A DISTANCE OF 17.03 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 01°17'01" WEST, A DISTANCE OF 480.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03°43'24", AN ARC DISTANCE OF 31.19 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 87°33'37" WEST, A DISTANCE OF 9.72 FEET;

THENCE SOUTH 02°26'23" EAST, A DISTANCE OF 115.30 FEET;

THENCE SOUTH 46°26'23" EAST, A DISTANCE OF 21.58 FEET;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 126.38 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 275.00 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 947,570 SQUARE FEET OR 21.7532 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 35 - PLAT
SUNDANCE
OCTOBER 15, 2001

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR BEARS AS A BASIS OF BEARINGS NORTH 00°00'10" EAST, A DISTANCE OF 2626.06 FEET;

THENCE SOUTH 89°33'37" WEST, ALONG THE SOUTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, A DISTANCE OF 514.27 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°33'37" WEST, A DISTANCE OF 1723.76 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 275.00 FEET;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 126.38 FEET;

THENCE NORTH 46°26'23" WEST, A DISTANCE OF 21.58 FEET;

THENCE NORTH 02°26'23" WEST, A DISTANCE OF 115.30 FEET;

THENCE NORTH 87°33'37" EAST, A DISTANCE OF 9.72 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 02°26'23" EAST, A DISTANCE OF 480.00 FEET;

THENCE WESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03°43'24", AN ARC DISTANCE OF 31.19 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 88°42'59" EAST, A DISTANCE OF 17.03 FEET;

THENCE NORTH 01°17'01" EAST, A DISTANCE OF 157.23 FEET;

THENCE NORTH 88°52'48" WEST, A DISTANCE OF 3.61 FEET;

THENCE NORTH 01°47'01" EAST, A DISTANCE OF 115.81 FEET;

THENCE SOUTH 88°12'59" EAST, A DISTANCE OF 12.04 FEET;

THENCE NORTH 01°47'01" EAST, A DISTANCE OF 40.00 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 353.92 FEET;

THENCE NORTH 54°58'00" EAST, A DISTANCE OF 81.17 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 2056.02 FEET TO THE TRUE POINT OF BEGINNING.

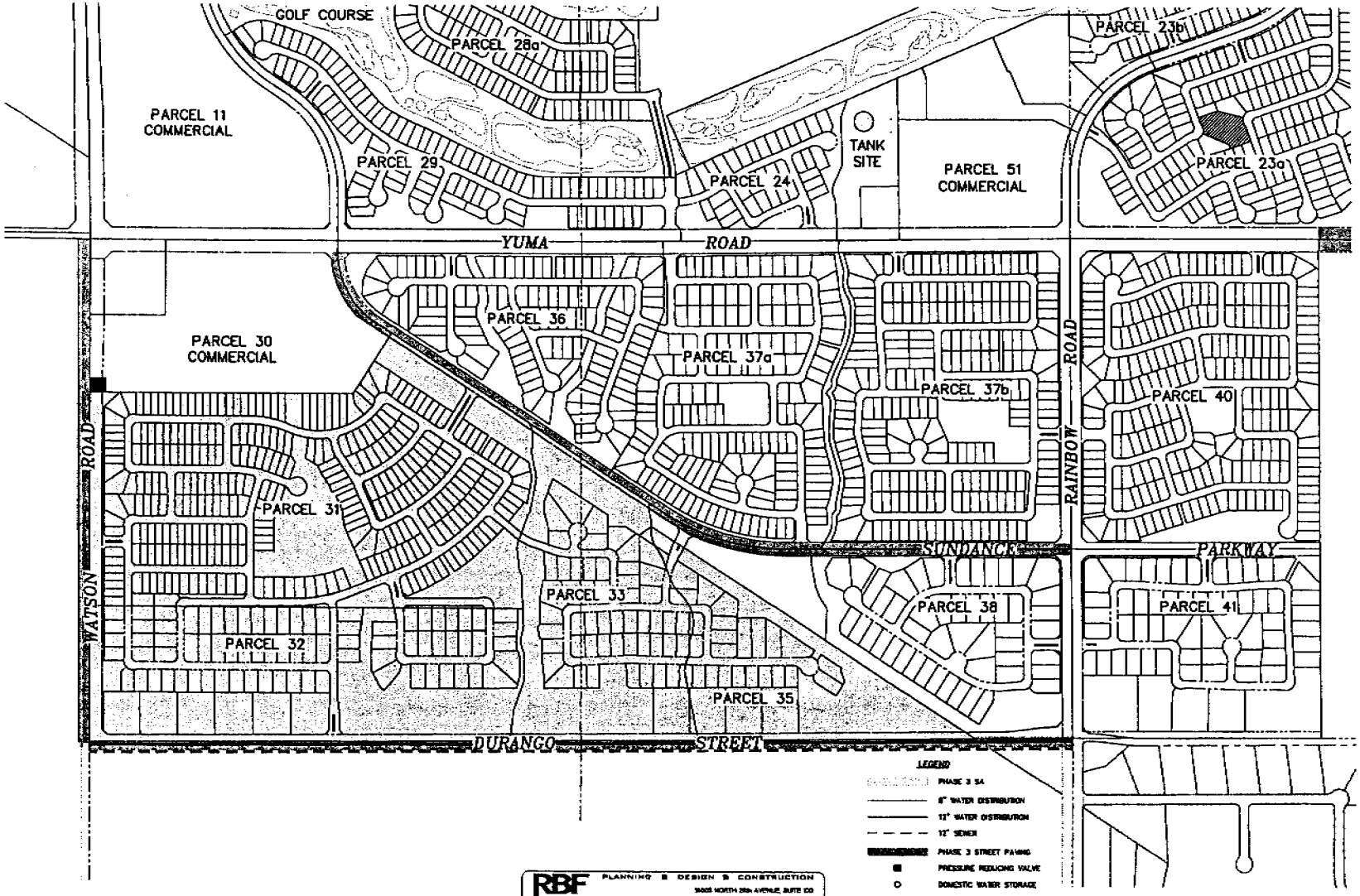
THE ABOVE DESCRIBED PARCEL CONTAINS 1,032,724 SQUARE FEET OR 23.7081 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

H:\PDATA\45100623\wp\LEGALS\PARC35-PLAT.doc

SUNDANCE

PHASE 3 CFD SPECIAL ASSESSMENT PARCELS



RBF CONSULTING
PLANNING • DESIGN • CONSTRUCTION
16605 NORTH 28th AVENUE, SUITE 100
PHOENIX, ARIZONA 85053-7550
602.467.2700 • FAX 602.467.2701 • www.RBF.com

SUNDANCE PHASE 3 CFD
SPECIAL ASSESSMENT PARCELS

7/07/04
45-100741

EXHIBIT B

EXHIBIT C

Estimated Costs

Construction and Acquisition	$1,744,500
Incidental Expenses	
Costs of Issuance	$192,500
Underwriter's Discount	63,000
Reserve Fund	100,000
Total Incidentals	$355,500
TOTAL COSTS	$2,100,000

EXHIBIT D

The Assessment District No. 3 shall finance the construction, installation or acquisition of public infrastructure (as such term is defined in the Act) described in the Report, including particularly the acquisition, installation or construction by the District of the following:

DESCRIPTION	EST. COST
1. **Water Distribution**. Watson: Watson to Durango. Construction of water improvements including labor, materials, equipment, tools, transportation, traffic control, permits, trenching, and services for installing water distribution lines on Watson from Yuma to Durango including 2,011 LF of 8" PVC pipe, 791 LF of 16" DIP pipe, 6" valves, a pressure reducing valve, 3 fire hydrants and provide and install Sunora domestic water system interconnect to Sundance system per request of the Town. Includes immediate mobilization, overtime to complete task in allotted time, expedited delivery of materials and meetings with engineering and permitting agencies to coordinate work. Durango: Watson to Rainbow. Construction of water improvements including labor, materials, equipment, tools, transportation, traffic control, permits, trenching, and services for installing water distribution lines on Durango from Watson to Rainbow including 94 LF of 8" PVC pipe, 5,115 LF of 12" PVC pipe, 3-8" valves, 7-12" valves, 3-12"x8" tees, 1 8"x12" reducer, 3 8" plugs, 11 fire hydrants, 10-1" water service. Estimated Total Cost	$496,555
2. **Sanitary Sewer**. Durango: Watson to Rainbow. Construction of sewer improvements including labor, materials, equipment, tools, transportation, traffic control, permits trenching, and services for installing sewer in Durango Road from Watson Road to Rainbow Road including 5,247 LF of 12" PVC sewer line, 930 LF of 8" PVC sewer line, 2-12" plugs, 2-8" plugs, 15-5' manholes, 6-4' manholes, 14-4" sewer services and related trenching. Estimated Total Cost	$333,798
3. **Collector Roads with Landscaping**: Sundance Parkway South: Yuma to Rainbow. Proportionate share of costs of materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, and striping and signage including landscaping in the right-of-way, landscape sleeving, earthwork, and construction testing on full collector street improvements for South Sundance Parkway from Yuma to Rainbow, approximately 4,500 LF 76' wide with a 12' striped median. Durango: Watson to Rainbow. Furnishing of all materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, and striping and signage including landscaping in the right of way, landscape sleeving, earthwork, and construction testing on half street (northern Side) collector road improvements on Durango between Watson and Rainbow, approximately 5,200 LF 76' wide. Estimated Total Cost	$914,133
TOTAL	$1,744,486

RESOLUTION NO. 10-04 (Sundance Assmt Res. Ordering Work)

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) ORDERING THE PUBLIC INFRASTRUCTURE PROJECTS PERFORMED AS DESCRIBED IN RESOLUTION NO. 09-04.

WHEREAS, on July 20, 2004, the Board of Directors (the "*Board*") of the Sundance Community Facilities District (Town of Buckeye, Arizona) passed and adopted Resolution No. 09-04 (the "*Resolution of Intention*"), forming Assessment District No. 3 and declaring its intention to acquire and/or construct the Projects (as defined in the Resolution of Intention), together with all appurtenances and adjuncts necessary; determining that the District's Assessment District No. 3 special assessment revenue bonds shall be issued to represent the costs and expenses thereof; declaring the Projects to be of more than local or ordinary public benefit; declaring that the costs and expenses thereof shall be assessed upon the real property comprising Assessment District No. 3; and providing that the Projects shall be performed under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto; and

WHEREAS, the Sundance Community Facilities District Waiver and Development Agreement, dated as of July ___, 2004, by and among the District, D.R. Horton, Inc. – Dietz-Crane, Buckeye Land Management, Inc., and Wells Fargo Bank, N.A. (the "*Waiver*") has been signed by all property owners in Assessment District No. 3 and any other persons having an interest in the property within Assessment District No. 3, waiving, among other things, all requirements for notice and time for protests against the Projects and objections to the extent of Assessment District No. 3; and

WHEREAS, the Board has thereby acquired jurisdiction to order the acquisition, construction and performance of the Projects;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) as follows:

Section 1. **Definitions**. In this resolution, terms defined in the Resolution of Intention shall have the same meanings herein as therein.

Section 2. **Ordering the Performance of the Projects**. By virtue of the authority vested in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto, the Board hereby orders the acquisition, construction or performance of the Projects as described in the Resolution of Intention. The District Engineer shall cause to be prepared, where necessary, final Plans and contract documents for the Projects. When applicable, upon completion of the final Plans, the Superintendent of Streets shall invite sealed bids for construction of the Projects. The District Engineer, Assessment District Engineer and District Manager shall acquire, solely from the proceeds of the Bonds, any portion of the Projects as may

be eligible for acquisition pursuant to the terms of the Development Agreement upon the sale and delivery of the Bonds in an amount sufficient to pay the costs of acquisition.

Section 3. **Assessment and Collection**. The District Engineer, Assessment District Engineer and Superintendent of Streets are hereby authorized and directed to prepare and record assessment against the real property contained within Assessment District No. 3. The assessment shall be allocated among the parcels and lots within Assessment District No. 3 as shown on the Assessment Diagram, in the manner established by the District Engineer. The treasurer of the District is hereby directed to make demand on the owners of the real property assessed for advance cash payment of the amount assessed.

PASSED, ADOPTED AND APPROVED by the Board of Directors of the Sundance Community Facilities District (Town of Buckeye, Arizona) on July 20, 2004.

District Chairman

ATTEST:

District Clerk

APPROVED AS TO FORM:

District Attorney

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Sundance Community Facilities District (Town of Buckeye, Arizona) at a meeting held on July 20, 2004, and that a quorum was present thereat and that the vote thereon was 7 ayes and 0 nays. 0 did not vote or were absent.

District Clerk

SWR:gmh 531210 07/13/04

$2,050,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2004

CLOSING CERTIFICATE OF
ASSESSMENT DISTRICT ENGINEER

The undersigned, as Assessment District Engineer and Superintendent of Streets for the Sundance Community Facilities District (Town of Buckeye, Arizona), (the "*District*"), hereby certifies in such capacities that, with respect to the above-captioned bonds (the "*Bonds*"), the information contained in the assessment report attached to this certificate as *Exhibit A* is true and correct in all material respects 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.

Dated: September 23, 2004

WILLDAN

By David P. Gau
Its Superintendent of Streets

SWR:gmh 543707 09/15/04

SUNDANCE COMMUNITY FACILITIES DISTRICT OF THE TOWN OF BUCKEYE, ARIZONA

ASSESSMENT METHODOLOGY
ASSESSMENT DISTRICT NO. 3
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004

Prepared by:

WILLDAN
1717 W. Northern Avenue, Suite 112
Phoenix, AZ 85021-5469
(602) 870-7600

July 8, 2004

SUNDANCE COMMUNITY FACILITIES DISTRICT
OF THE TOWN OF BUCKEYE, ARIZONA
DISTRICT ASSESSMENT BONDS SERIES 2004 (ASSESSMENT DISTRICT 3)

TABLE OF CONTENTS

Project Description 3

Description of Improvements 3

- Roadway Improvements 3
- Sewer Line Improvements 4
- Water Improvements 4

Preliminary Cost Estimates 4

Assessment Methodology 5

- Introduction 5
- Roadway Improvements 5
- Sewer Line Improvements 7
- Water Distribution Facilities 7
- Project Incidentals and Bond Issuance Costs 8
- Estimated Special Assessment Liens Per Lot 8
- Conclusion 9

SUNDANCE COMMUNITY FACILITIES DISTRICT
OF THE TOWN OF BUCKEYE, ARIZONA
DISTRICT ASSESSMENT BONDS SERIES 2004 (ASSESSMENT DISTRICT 3)

Willdan, the District Engineer for the Sundance Community Facilities District ("Sundance CFD"), makes this report of benefit as directed by District staff in support of the *Feasibility Report for the Issuance of Not to Exceed $2,100,000 Principal Amount of Sundance Community Facilities District (Buckeye Arizona) Assessment District No. 3 Special Assessment Revenue Bonds Series 2004*, dated July, 20, 2004 ("Feasibility Report").

Project Description

The Sundance master planned community ("Project") consists of 2,015 acres and is located in Buckeye, Arizona. On June 19, 2001 the Sundance Community Facilities District was established to finance the construction and/or acquisition of public infrastructure that are part of the Project. Sundance Assessment District 3 consists of an estimated 475 residential lots within 145 acres of the larger 2,015-acre Project. The District Assessment Bonds Series 2004 ("Bond Issue") relates to the construction or acquisition of public infrastructure that will benefit development of the property within Sundance Assessment District 3. Details related to the project area, infrastructure improvements, costs, and land use can be found in other sections of the Feasibility Report.

Description of Improvements

The improvements that will be funded by the Bond Issue and are the subject of this report will be constructed and acquired public infrastructure that are eligible for funding according to Arizona Revised Statues Title 48 Community Facilities Act of 1989. The improvements are more fully described in Section 2 of the Feasibility Study. Briefly, the improvements are described as follows:

Roadway Improvements

The design and construction of certain grading, paving, concrete, storm drain, and striping and signage including landscaping in the right of way, landscape sleeving, earthwork, and construction testing together with appurtenances and appurtenant work according to the Community Master Plan and an allowance for contingencies for the following roadways:

- Sundance Parkway– From Yuma Road to Rainbow Road
- Durango Road – From Watson Road to Rainbow Road

Sundance Parkway serves both as a primary access to parcels 31, 32, 33 and 35 and as a major collector road benefiting the entire Sundance master planned community. Therefore, only a portion of the costs (approximately 10%) is allocated to the Bond Issue. The remaining costs are being funded by the developer or through General Obligation Bonds for the Sundance CFD.

Durango represents a roadway on the Southern Boundary of the Sundance CFD that provides access to parcels 31, 32, 33 and 35. The costs included in the Bond Issue represent the cost pertaining to the northern half of the roadway.

Sewer Line Improvements

Sewer line improvements consist of the design, survey and construction of sewer trunk and collector mains to provide access to the wastewater treatment plant for all parcels within Assessment District 3.

Water Improvements

Water distribution system improvements consist of the design, survey and construction of feeder and distribution lines, including fire hydrants, appurtenances and contingency to serve benefiting properties within Assessment District 3.

Preliminary Cost Estimates

The Bond Issue secured by remaining unpaid assessments is proposed to be issued in accordance with the Arizona Revised Statutes, the Town of Buckeye, Arizona Policy Guidelines and Application Procedures for the Establishment of Community Facilities Districts, Development, Financing Participation and Intergovernmental Agreement No. 1 (Sundance Community Facilities District), and the Sundance Community Facilities District Waiver and Development Agreement as amended. A summary of the costs of the public infrastructure to be financed through the Bond Issue includes the following:

Schedule 2: Final Assessment Lien

Assessment Number	Parcel Number	Preliminary Assessment(1)	Bond Issuance Cost (2)	Reserve Fund (2)	Final Assessment Lien(3)	Final Assessment Per Lot
038-01-001 through 038 01-310	31	$ 1,220,625	$ 62,979	$ 60,817	$1,344,421	$ 4,336.84
39	32	$ 338,625	$ 17,472	$ 16,872	$ 372,968	$ 4,336.84
40	33	$ 204,750	$ 10,564	$ 10,202	$ 225,516	$ 4,336.84
41	35	$ 106,312	$ 5,485	$ 5,297	$ 117,095	$ 4,336.84
Totals		$ 1,870,312	$ 96,500	$ 93,188	$2,060,000	

Footnotes:

(1) Preliminary assessment reflects the assessment prior to the cash prepayment period. The property owners have indicated they do not intend to prepay the assessments during this period.

(2) Amounts provided by the Underwriter.

(3) Final Assessment Lien exceeds bond issuance by $10,000 to reflect builder deposit into the Acquistion and Construction Fund to prepay pay downs for 15 lots in parcel number 31.

Detailed cost estimates for the infrastructure listed above are included in Section 4 of the Feasibility Report.

The bond issuance costs, including reserve fund and underwriter discount, are computed based on the Assessment Amount, which represents the amount to bond. The Applicant will advance all costs required above and beyond the amount in excess of $1,744,486 required to install the improvements, except that pursuant to the terms of the CFD Development Agreement, the Applicant may seek reimbursement for such funds advanced to the District through subsequent issuance of special assessment and/or general obligation bonds.

Assessment Methodology

The State of Arizona Revised Statutes provide that assessments be allocated in proportion to the benefits received by each lot from the improvements. For purposes of the Sundance Community Facilities District Bond Issue, the original assessed amount securing the proposed assessment bond amount of $2,050,000 plus $10,000 bond prepayment is allocated to the lots within Assessment District 3 based upon the following benefit methodology.

Introduction

The works of improvement to be financed by the Bond Issue consist of backbone facilities that provide traffic access and control, connection to the wastewater treatment plant, and water connections for the properties within Assessment District 3. The improvements fall into the following categories:

- Roadway improvements
- Sewer line improvements
- Water improvements

Roadway Improvements

The street related improvements to be installed within Assessment District 3 consist of a portion of the cost of new construction of Sundance Parkway South and all of the cost of the northern half of Durango Road. These roadways provide access to the residential parcels located within Assessment District 3. The roadways provide a direct and special benefit to the developable parcels to be assessed, in that direct ingress and egress is made available to the lots assessed for these improvements within Assessment District 3. The cost estimate excludes ineligible costs such as dry utilities.

The funded roadway construction provides an area-wide system of streets to serve the developable properties within Assessment District 3. The roadways serve as collectors to the residential lots

providing equal access for properties within the Assessment District 3 area and allowing travel to areas outside of the Assessment District 3 boundaries

The specific alignment or proximity of a collector street in relation to a specific property is not the paramount factor in the determination of special benefit due to the fact that, in most cases, the location and alignment of collector streets are dependent on the conceptual land use plan. As a result, the location and alignment could have been entirely different from the currently planned location and alignment. Furthermore, all properties within the district will have access for ingress and egress to the roadways being funded. Therefore, the roadway construction provides a direct and special benefit to the properties addressed in this report.

The benefit of roadway improvements to properties within Assessment District 3 will be allocated to the respective properties on the basis of the trip generation factors. The trip generation varies based on the land use of each parcel. Trip generation factors are used to allocate roadway improvement benefit because the usefulness of roadways is a function of the number of vehicle trips per day generated by the land uses served by the roads. Therefore, trip generation factors are an appropriate basis for the apportionment of the street improvement costs and traffic signals among the benefited parcels.

Traffic engineers have developed trip generation factors related to development density and type of land use. Kimley-Horn and Associates, Inc. prepared a traffic impact analysis specifically for the Sundance Development, dated September 2000. The study analyzes the traffic impact projected for the Sundance Development at build out. The average trip generation for each land use has been used to determine the following average daily trips for each land use in Assessment District 3:

- Residential Lot - 10 per lot
- Low Density Residential (minimum 0.5 acre lots) - 10 per lot
- Commercial - 11 per 1,000 building square feet

In apportioning the benefit of roadway improvements to property within Assessment District 3, a two-stepped process will be used. First, the assessment of the cost and expenses will be allocated to the proposed parcels within Assessment District 3 based on the above listed traffic generation factors. Second, as maps are recorded, the assessments will be divided equally to each residential lot within the planning area. Therefore, within a single-family residential tract, each lot will receive an equal assessment. In effect, all residential lots will receive the same benefit because there are no commercial properties within the boundaries.

In the event development occurs differently then currently projected, the assessment liens at the parcel level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Sewer Line Improvements

The sanitary sewer line and effluent line improvements consist of a series of lines and facilities placed in the streets that extend to the frontage of certain parcels in Assessment District 3. These improvements provide for an orderly development of infrastructure service to the area by providing sanitary sewer service and effluent reuse for each parcel that will connect. The benefit of these improvements is allocated to each property based on sewage flows estimated for each land use type in the Sundance Wastewater Master Plan prepared by RBF Consulting, updated in January, 2004.

In apportioning the benefit of sewer and effluent improvements to property within Assessment District 3, a two-stepped process will be used. First, the assessment of the cost and expenses will be allocated to the parcels within Assessment District 3 that will receive access to the wastewater treatment plant through the improvements based on the Average Day Flow Factor for each planning area applied to the number of lots in each planning area. Second, as maps are recorded, the assessments will be divided equally to each residential lot within the residential planning areas.

In the event development occurs differently then currently projected, the assessment liens at the planning area level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Water Distribution Facilities

The water improvements consist of a series of lines and facilities placed in public rights of way that result in the provision of water to certain parcels within Assessment District 3. These improvements provide for an orderly development of infrastructure service to the area by providing water service and storage for each parcel that will connect. The benefit of these improvements is allocated to each property based on water demand estimated for each land use type in the Sundance Water Master Plan prepared by RBF Consulting, updated in February, 2003.

In apportioning the benefit of water facilities to property within Assessment District 3, a two-stepped process will be used. First, the assessment of the cost and expenses will be allocated to the parcels within Assessment District 3 that will receive water service through the improvements based on the Average Day Flow Factor for each planning area applied to the number of lots in each planning area. Second, as maps are recorded, the assessments will be divided equally to each residential lot within the residential planning areas.

In the event development occurs differently then currently projected, the assessment liens at the planning area level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Project Incidentals and Bond Issuance Costs

These costs increase the assessments for each assessment area in proportion to the special assessments allocated thereto for the improvement construction costs. This is deemed an appropriate charge related to the Community Facilities District. Therefore, Project Incidentals and Bond Issuance Costs are allocated to each parcel based on construction costs.

Estimated Special Assessment Liens Per Lot

Based upon the information presented above, the estimates of the assessment to be placed upon each of the parcels and projected lots located within Assessment District 3 are shown on the following schedules. **Schedule 1** shows the assessment for each parcel prior to the cash collection period. The property owners have indicated that they do not intend on paying these assessments during the cash collection period. Therefore, the revised assessments, including costs of issuance and the reserve fund, are shown on **Schedule 2.**

Schedule 1: Assessment Lien Prior to Issuance of Bonds

Assessment Number (1)	Parcel Number	No. of Lots	Net Acres (2)	Improvement Assessment	District Formation Cost (4)	Assessment Lien Per Parcel	Assessment Per Lot (5)
038-01-001 through 038 01-310	31	310	60.37	$ 1,138,507	$ 82,118	$ 1,220,625	$ 3,937.50
39	32	86	34.26	$ 315,844	$ 22,781	$ 338,625	$ 3,937.50
40	33	52	20.71	$ 190,975	$ 13,775	$ 204,750	$ 3,937.50
41	35	27	22.34	$ 99,160	$ 7,152	$ 106,312	$ 3,937.50
Totals		475	137.68	$ 1,744,486	$ 125,827	$ 1,870,312	$ 3,937.50

Footnotes:

(1) Assessment Numbers 1 through 37 were not used to avoid duplication with assessment numbers used in previous assessment bonds. Assessment liens are shown for the final developed lot when the final plat has been recorded as of this report date.

(2) Net Acres provided by the developer. Includes Net Acres for property subject to the assessment lien only.

(3) No prepayment is required from the developer since all parcels meet the required 4:1 value to lien ratio. Valuations are based on an appraisal report prepared by Burke Hansen, LLC.

(4) Amounts provided by the Underwriter.

(5) Assessment lien is at the planning parcel level except Parcel Number 31 which is at the individual lot level.

SUNDANCE COMMUNITY FACILITIES DISTRICT
OF THE TOWN OF BUCKEYE, ARIZONA
DISTRICT ASSESSMENT BONDS SERIES 2004 (ASSESSMENT DISTRICT 3)

Schedule 2: Final Assessment Lien

Assessment Number	Parcel Number	Preliminary Assessment(1)	Bond Issuance Cost (2)	Reserve Fund (2)	Final Assessment Lien(3)	Final Assessment Per Lot
038-01-001 through 038 01-310	31	$ 1,220,625	$ 62,979	$ 60,817	$1,344,421	$ 4,336.84
39	32	$ 338,625	$ 17,472	$ 16,872	$ 372,968	$ 4,336.84
40	33	$ 204,750	$ 10,564	$ 10,202	$ 225,516	$ 4,336.84
41	35	$ 106,312	$ 5,485	$ 5,297	$ 117,095	$ 4,336.84
Totals		$ 1,870,312	$ 96,500	$ 93,188	$2,060,000	

Footnotes:

(1) Preliminary assessment reflects the assessment prior to the cash prepayment period. The property owners have indicated they do not intend to prepay the assessments during this period.

(2) Amounts provided by the Underwriter.

(3) Final Assessment Lien exceeds bond issuance by $10,000 to reflect builder deposit into the Acquistion and Construction Fund to prepay pay downs for 15 lots in parcel number 31.

Conclusion

Based upon the information presented herein, it is our opinion that the special assessment allocation methodology results in assessments being allocated in proportion to the benefits received by each Lot therein for the improvements to be provided thereby.

David P. Gue

David P. Gue, P.E.

HOLD FOR PICKUP F-C0218

Name:Gust Rosenfeld, PLC

Address:201 E. Washington Street

Suite 800

City/State/Zip:Phoenix, AZ 85004

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2004-0836032 07/21/04 15:46
1 OF 1
RE1TZD

this area reserved for county recorder

CAPTION HEADING:

Sundance Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement Pertaining to Assessment District No. 3

DO NOT REMOVE

This is part of the official document.

493866 7/25/03

24

When recorded return to:
Mr. Scott W. Ruby
Gust Rosenfeld P.L.C.
201 E. Washington Street, Suite 800
Phoenix, Arizona 85004-2327

SUNDANCE
COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
WAIVER AND DEVELOPMENT AGREEMENT
PERTAINING TO ASSESSMENT DISTRICT NO. 3

This Sundance Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement, dated July 20, 2004 (the "*Agreement*") by and among Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), the undersigned owners of the land within the District (or holders of options to purchase land within the District) (collectively referred to as "*Interested Parties*").

WHEREAS, the Interested Parties intend to request the District to form assessment district number 2 (the "*Assessment District*") comprised of the property described and shown on *Exhibit A* attached hereto (the "*Property*") for the purpose of providing certain public infrastructure purposes (as defined in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Act*")) such public infrastructure purposes to be located on or off the Property; and

WHEREAS, the Interested Parties and all persons hereafter taking an interest in the Property shall be bound by the terms, waivers and agreements, set forth in this Agreement; and

WHEREAS, the proposed public infrastructure purposes to be provided by the Assessment District shall consist of:

A. Acquisition, installation and/or construction of the public infrastructure (as such term is defined in the Act) described on *Exhibit B* attached hereto and all incidental improvements related thereto;

B. All engineering, legal, financial and incidental costs and expenses incurred in completing the acquisition, installation and construction of the public infrastructure (as such term is defined in the Act) described in paragraph A above and the costs and expenses incurred in

connection with the levy of the assessment and issuance and sale of the Assessment District bonds;

C. Capitalized interest on such Assessment District bonds, if any, for a period not to exceed the aggregate time for completion of all construction of and acquisition of the public infrastructure listed above, plus six months thereafter; and

D. A debt service reserve fund created for such Assessment District bonds.

Collectively, the construction and acquisition of such public infrastructure, described in paragraphs A through D above and the costs and expenses thereof shall hereinafter be referred to as the "Work".

WHEREAS, persons having only a lienholder's interest or other security interest in the Property ("*Lienholders*") as shown on the Consent and Agreement attached hereto consent to these terms and provisions of this Agreement and the recording thereof against the Property; and

NOW, THEREFORE, the Interested Parties and Lienholders hereto agree as follows:

1. **Development Agreement and Agreement Allocating Assessments**. This Agreement is a "development agreement" within the meaning of Arizona Revised Statutes Section 9-500.05 and the written agreement allocating the assessments is authorized pursuant to Arizona Revised Statutes Section 48-721, as amended.

2. **Reliance on Agreement**. This Agreement does not create a binding commitment on the part of the District to actually form the Assessment District, or, if formed, of the District or Assessment District to sell or deliver such Assessment District bonds, construct, install or acquire any or all of the Work, or if it does construct, install or acquire any of the Work, to construct, install or acquire it pursuant to any existing proposals. However, the District, and, if formed, the Assessment District, in going forward with the Work, is doing so in reliance upon this Agreement to have the Property included within the Assessment District and assessed for the costs thereof.

3. **Review and Approval of the Boundaries, Scope of Work and Assessment**.

(i) The Interested Parties have reviewed or have had the opportunity and right to review the boundaries of the Assessment District, the assessment diagram, the preliminary plans and specifications detailing the Work and the engineer's estimate of the costs of the Work (the "*Engineer's Estimate*"). The parties agree the costs of the Work shall be spread among the parcels comprising the Property within the Assessment District utilizing a methodology determined by the Assessment District engineer based on the expected benefit to the residential lots and commercial parcels to be developed on the Property (the "*Assessments*"). The Interested Parties agree that the Engineer's Estimate of the costs of Work is, and will not exceed, $2,100,000.

(ii) This Agreement shall be construed to be an express consent by the Interested Parties, Lienholders and all future owners of any portion of the Property that: (a) the District may form the Assessment District in accordance with the provisions hereof; (b) the District and the Assessment District may incur costs and expenses necessary to complete the Work; (c) the District or the Assessment District may levy and collect an assessment on the Property sufficient to pay all costs and expenses of the Work (including Work benefiting the Property in the proposed Assessment District, which was constructed, installed or performed prior to the execution hereof) and the costs of levying the assessment and the issuance of the Assessment District bonds, but not in excess of the Engineer's Estimate.

4. **No Protest, Objection or Request for Hearings**. The Interested Parties and Lienholders hereby agree to allow the formation of the Assessment District and to allow the Assessment District to take all steps necessary to levy and confirm assessments against the Property (the "*Assessments*") and to issue such Assessment District bonds supported by the Assessments. The Interested Parties and Lienholders acknowledge and agree that pursuant to A.R.S. § 9-500.05 the provisions of A.R.S. § 32-2181 do not apply and that pursuant to this Agreement the parties waive their right to appear before the Board of Directors of the District on any hearing required at or prior to the confirmation of the Assessments and waive their right to: (a) protest and object to the extent of the Assessment District pursuant to A.R.S. § 48-579 and 580; (b) protest the award of contract pursuant to A.R.S. § 48-584 and (c) object to the Assessments pursuant to § 48-590.

5. **Approval of Proceedings**. The Interested Parties and Lienholders, with full knowledge of the provisions of Title 48, Chapter 4, Articles 2 and 6, of the Arizona Revised Statutes and their rights thereunder (or having obtained counsel to advise them of the provisions and their rights), expressly waive any and all irregularities, illegalities or deficiencies which may now or hereafter exist in the acts or proceedings resulting in the formation of the District, the Assessment District, the adoption of the resolution of intention and the resolution ordering the Work and the levying of the Assessments against the Property.

6. **Waiver**. The Interested Parties and Lienholders, with full knowledge of the provisions and their rights under the provisions of law hereafter referenced, expressly agree to waive the following:

(i) any defect in the proceedings and election establishing the District, as required by A.R.S. § 48-702 through § 48-708, inclusive, and agree that, to the extent of any defect, this Agreement shall constitute the petitions required by law to form and establish the District without conducting an election;

(ii) any and all notices and response time periods related to such notices provided by A.R.S. § 48-576 et seq., as amended, including but not limited to the following:

(a) mailing, posting and publication, as applicable, of any notice required in connection with: (A) the adoption of the resolution of intention, (B) the notice of proposed improvements, (C) the adoption of the resolution ordering the Work, (D) notice of passage of the resolution ordering the Work, (E)

notice of award of contract and (F) any other steps necessary in connection with the Assessment District or the Work; and

(b) any and all notices pertaining to a hearing on the Assessments;

(iii) any and all objections and protests to the extent of the Assessment District;

(iv) any and all objections to the adoption by the District or the Assessment District of the plans and specifications, the Engineer's Estimate and the assessment diagram, all of which provide for and effectuate the completion of the Work;

(v) any and all protest rights against the Work and objections to the awarding of one or more acquisition or construction contracts for the Work;

(vi) any and all defenses they may now or subsequently have against Assessment District bonds; and

(vii) all demands for cash payment of the Assessments.

7. **Work as More Than Local and Ordinary Benefit**. The Interested Parties and Lienholders agree that the Work is of more than local or ordinary public benefit and that the Work constitutes a public infrastructure purpose and that the Property which is subject to the Assessments receives a benefit from the Work in an amount not less than the Engineer's Estimate.

8. **Public Bidding**. The public bidding requirements set forth in A.R.S. § 48-581 and 584 have been or will be complied with by the District with respect to the Work.

9. **Performance of the Work**. The District or the Assessment District may immediately upon issuance of such Assessment District bonds, acquire, bid, construct and perform all or part of the Work.

10. **Acceptance of Assessment**. The Interested Parties and Lienholders agree to accept Assessments in an amount not greater than the Engineer's Estimate against all of the land located within the boundaries of the Property; and that such Assessments shall be collected and foreclosed in accordance with Arizona Revised Statutes § 48-601 *et seq.*, as amended and in accordance with any other documents executed and delivered in connection with the delivery of the Assessment Bonds.

11. **Recording of Assessment**. The Interested Parties and Lienholders consent to the recordation of the Assessments against the Property.

12. **Assessments to go to Bond**. Except as any Interested Party otherwise notifies the Assessment District in writing prior to the recording of the Assessments of their intent to pay all or part of their Assessment in cash, Assessments will not be paid in cash. With respect to Assessments not paid in cash, the Interested Parties request that a certified list of unpaid

Assessments be filed as soon as possible after the recording of the Assessments and that Assessment District bonds amortizing the payment of the Assessments over not less than fifteen (15) years be issued and sold as soon as possible.

13. **Acceptance of Partial Assessment**. The inability of the District or the Assessment District to assess all or any portion of the costs of the Work shall not reduce the obligation of the Interested Parties, so long as they own all or part of the Property to pay their proportionate share of the costs of the Work.

14. **Waiver of Collateral Document Provisions**. The Interested Parties expressly waive any and all provisions of any collateral security instruments relating to the Property which prohibit the formation of the Assessment District, completion of the Work and placing and recording of the Assessments against the Property.

15. **Dedication of Property Needed to Perform the Work**. The Interested Parties consent to the dedication, without cost, of the rights-of-way, easements and other property, as required by the District or Assessment District for construction of the Work. The Interested Parties agree to cooperate in effectuating any required dedication, including execution of any required document.

16. **Payment of Maintenance Costs**. The District or the Assessment District may levy a tax or assessment upon the Property, all as provided by law, to pay the operation and maintenance costs of the improvements.

17. **Indemnification Under Securities Act**. The Interested Parties, jointly and severally, hereby agree to indemnify and hold the District and the Town of Buckeye, Arizona (the "*Town*") and each director, council member, officer, agent, independent contractor or employee thereof and each person, if any, who controls the District and the Town, its officers, employees and agents, within the meaning of the Securities Act of 1933, as amended (the "*Securities Act*") (collectively the "*Indemnified Persons*") for, from and against any and all losses, claims, damages or liabilities, including reasonable attorney's fees arising from any challenge to the formation, activities or administration of the District, or any losses, claims, damages or liabilities, including reasonable attorney's fees related to which any of the Indemnified Persons may become subject, under any statute regulation at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities, including attorney's fees (or actions in respect thereof) arise out of or are based upon any untrue statement or any alleged untrue statement or material fact set forth in any official statement applicable to the Assessment District's bonds or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect. This Section 17 shall survive the termination hereof.

18. **General Indemnification of District and Directors**. The Interested Parties, jointly and severally, hereby agree to indemnify the District and each director, officer, agent, employee, independent contractor, and the Town, its officers, employees, agents, independent contractors and council members (collectively, the "*Indemnified Parties*") and shall

hold the Indemnified Parties harmless from, for and against any and all claims and reasonable costs incurred, including but not limited to reasonable attorneys' fees and other administrative or out of pocket costs actually and directly incurred by the Indemnified Parties in connection with or as the result of acts of the District or the District Board which are (i) within the scope of the District or District Board's authority under the Securities Act, or (ii) undertaken by the District or District Board in a properly advertised public meeting. This Section 18 shall survive the termination hereof.

19. **Disclosure Document**. The Interested Parties hereto agree that any potential purchaser of any real property subject hereto, including each potential purchaser of a residential lot within the District, shall receive a concise disclosure document that discloses the existence, the estimated payment amount and the payment terms of any portion of the Assessment applicable to the real property to be purchased. Each potential purchaser shall acknowledge in writing that the purchaser received and understood the concise disclosure document and has agreed to the terms, waivers and agreements contained in this Agreement. The District agrees to maintain records of the written acknowledgments. The provisions of this Agreement shall not apply to the sale of any real property which is not subject to the Assessment.

20. **Encumbrance of the Property**. The provisions, terms and restrictions of this Agreement shall run with and bind the Property as equitable servitudes and also as covenants running with the land.

21. **Recording**. This Agreement may be recorded in the office of the County Recorder of Maricopa County, Arizona.

22. **Continuing Disclosure**. So long as any Interested Party is the owner of a portion of the Property that is liable for 20% or more of the debt service on any Assessment District bonds, such Interested Party, solely with respect to their assessed property, will, if requested by the District, provide any and all information needed to comply with the information reporting requirements contemplated by Rule 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934.

23. **Successors and Assigns**. This Agreement shall inure to the benefit of and be binding upon the Interested Parties hereto, their future grantees, respective heirs, successors and assigns. There shall be no third party beneficiaries of this Agreement, except that solely for the purposes of receiving the benefits of the provisions of sections 17 and 18 of this Agreement, the Interested Parties hereto agree that the Town is a third party beneficiary of the terms and provisions of Sections 17 and 18 of this Agreement.

24. **Authority**. The Interested Parties individually warrant, with respect to their own status only, that they have the requisite authority to bind the entity on whose behalf they are signing and, to the best of their knowledge, no other consents are required.

25. **Counterparts**. For convenience, this Agreement may be executed in one or more counterparts and each executed counterpart shall for all purposes be deemed an original and

shall have the same force and effect as an original, but all of which together shall constitute in the aggregate but one and the same instrument.

26. **Failure to Sell Bonds**. In the event the District fails or is otherwise unable to sell and/or deliver Assessment District bonds in an amount sufficient to allow the District to pay the amounts need to pay the costs of the Work and upon written request of the owner of the real property within the Assessment District, the District agrees to adopt proceedings that dissolves and terminates any Assessment District or assessment lien, established by the district, encumbering the Property.

27. **Lienholders Consent**. The Interested Parties represent that the only Lienholder is Buckeye Land Management, Inc., an Arizona corporation.

[SIGNATURE PAGES TO FOLLOW]

OWNER:

D.R. HORTON, INC. - DIETZ-CRANE,
~~An Arizona~~ A Delaware corporation

By PHILIP J. POLICH
Its DIVISION PRESIDENT

By Frank T. Davis
Its: Region President

ACCEPTED:

SUNDANCE
COMMUNITY FACILITIES DISTRICT

By
Its Mayor

STATE OF ARIZONA
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 13TH day of JULY, 2004, by PHIL POLICH and Frank T. Davis, the DIVISION PRESIDENT and Region President, respectively, of D.R. Horton, Inc. - Dietz-Crane, ~~an Arizona~~ a Delaware corporation, on behalf of the corporation.

My commission expires
4/2/2006

OFFICIAL SEAL
RENAE KIMBERLY
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Comm. Expires April 2, 2006

Renae Kimberly E Van Aardt
Notary Public

OFFICIAL SEAL
E. VAN AARDT
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Oct. 7, 2005

STATE OF ARIZONA
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this ~~14th~~ 20th day of ~~July~~ July, 2004, by Dustin Hull the Chairman of Sundance Community Facilities District.

(Seal and Expiration Date)

OFFICIAL SEAL
LINDA A. GARRISON
NOTARY PUBLIC – ARIZONA
MARICOPA COUNTY
My Comm. Expires 3-31-2005

Linda Garrison
Notary Public

SWR:gmh 531377 07/12/04

LIENHOLDER

CONSENT AND AGREEMENT

Reference is made to that certain Sundance Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement, dated as of July 20, 2004, initially by and among the Sundance Community Facilities District, and the Interested Parties (as defined therein), to which this Lienholder Consent and Agreement is attached (the "Agreement"). All capitalized terms used and not otherwise defined in this Lienholder Consent Agreement shall have the meanings set forth in the Agreement. The undersigned, as one of the Lienholders having an interest in real property within the Assessment District, hereby consents to the Agreement, acknowledges that the Agreement shall bind all the Property in which the undersigned has an interest within the District, and authorizes the recordation of the Agreement with respect to all such Property. In no event, however, shall anything in this Lienholder Consent and Agreement constitute a personal assumption by the undersigned of the obligations of any party under the Agreement.

DATED: July 20, 2004

LIENHOLDERS:

BUCKEYE LAND MANAGEMENT, INC.,
an Arizona corporation

By _____
Its: AUTHORIZED AGENT

Date July 20, 2004

ACCEPTED:

SUNDANCE
COMMUNITY FACILITIES DISTRICT

By _____
Its MAYOR

Date July 20, 2004

SWR:gmh 531377 07/12/04

State of Arizona
County of Maricopa

The foregoing instrument was acknowledged before me this 14th day of July, 2004, by Rick Hancock, the Agent of Buckeye Land Management, Inc., an Arizona Corporation.

(Seal and Expiration Date)

OFFICIAL SEAL
LUANNE WARD
NOTARY PUBLIC - STATE OF ARIZONA
MARICOPA COUNTY
My Comm. Expires July 24, 2006

Notary Public

State of Arizona
County of Maricopa

The foregoing instrument was acknowledged before me this 20th day of July, 2004, by Dustin Hull the Mayor of Sundance Community Facilities District.

(Seal and Expiration Date)

OFFICIAL SEAL
LINDA A. GARRISON
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Comm. Expires 3-31-2005

Notary Public

SWR:gmh 531377 07/12/04

EXHIBIT A

LEGAL DESCRIPTION
PARCEL 31 - PLAT
SUNDANCE
JUNE 9, 2004

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A BRASS CAP IN A HANDHOLE, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 15, MONUMENTED BY A 5/8 INCH IRON BAR, BEARS AS A BASIS OF BEARINGS NORTH 00°01'14" WEST, A DISTANCE OF 2639.90 FEET;

THENCE NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 705.32 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 1124.58 FEET;

THENCE NORTH 89°57'15" EAST, A DISTANCE OF 1410.89 FEET;

THENCE NORTH 32°28'56" EAST, A DISTANCE OF 381.53 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 877.67 FEET;

THENCE SOUTH 34°12'23" EAST, A DISTANCE OF 5.24 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°47'37" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 38°22'02", AN ARC DISTANCE OF 66.96 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 04°09'39" WEST, A DISTANCE OF 72.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 85°50'21" EAST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 15°09'49", AN ARC DISTANCE OF 26.47 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 11°00'10" EAST, A DISTANCE OF 104.73 FEET TO THE BEGINNING OF A

TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 78°59'50" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 22°13'05", AN ARC DISTANCE OF 38.78 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 11°12'55" WEST, A DISTANCE OF 155.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 78°47'05" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°00'29", AN ARC DISTANCE OF 15.71 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 48°46'36" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 20°40'02", AN ARC DISTANCE OF 10.82 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 20°33'22" WEST, A DISTANCE OF 161.31 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 69°26'38" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 26°59'13", AN ARC DISTANCE OF 23.55 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 06°25'51" EAST, A DISTANCE OF 115.97 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 83°34'09" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 28°17'07", AN ARC DISTANCE OF 14.81 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°17'02" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 32°09'56", AN ARC DISTANCE OF 16.84 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 02°33'02" EAST, A DISTANCE OF 173.90 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 200.28 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 0.98 FEET;

THENCE NORTH 45°26'23" WEST, A DISTANCE OF 21.21 FEET;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 403.34 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 00°26'23" EAST, A DISTANCE OF 180.00 FEET;

THENCE WESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE

OF 02°40'57", AN ARC DISTANCE OF 8.43 FEET TO A POINT OF NON-TANGENCY; THENCE SOUTH 41°27'03" WEST, A DISTANCE OF 16.68 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 401.03 FEET;

THENCE NORTH 13°00'24" WEST, A DISTANCE OF 11.17 FEET;

THENCE NORTH 57°04'08" WEST, A DISTANCE OF 21.56 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHERLY, WHOSE RADIUS POINT BEARS NORTH 10°37'10" WEST, A DISTANCE OF 840.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 10°10'47", AN ARC DISTANCE OF 149.24 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 592.83 FEET;

THENCE SOUTH 44°46'11" WEST, A DISTANCE OF 5.20 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 516.34 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 2,724,427 SQUARE FEET OR 62.5442 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 32 - PLAT
SUNDANCE
OCTOBER 15, 2002

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 15 MONUMENTED BY A BRASS CAP IN A HANDHOLE, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 15, MONUMENTED BY A 5/8 INCH IRON BAR, BEARS AS A BASIS OF BEARINGS NORTH 00°01'14" WEST, A DISTANCE OF 2639.90 FEET;

THENCE NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 705.32 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 516.34 FEET;

THENCE NORTH 44°46'11" EAST, A DISTANCE OF 5.20 FEET;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 592.83 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY, WHOSE RADIUS POINT BEARS NORTH 00°26'23" WEST, A DISTANCE OF 840.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 10°10'47", AN ARC DISTANCE OF 149.24 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 57°04'08" EAST, A DISTANCE OF 21.56 FEET;

THENCE SOUTH 13°00'24" EAST, A DISTANCE OF 11.17 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 401.03 FEET;

THENCE NORTH 41°27'03" EAST, A DISTANCE OF 16.68 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE

RADIUS POINT BEARS SOUTH 03°07'20" EAST, A DISTANCE OF 180.00 FEET;

THENCE EASTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 02°40'57", AN ARC DISTANCE OF 8.43 FEET TO A POINT OF TANGENCY;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 403.34 FEET;

THENCE SOUTH 45°26'23" EAST, A DISTANCE OF 21.21 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 0.98 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 200.28 FEET;

THENCE SOUTH 02°33'02" EAST, A DISTANCE OF 30.52 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 87°26'58" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16°55'07", AN ARC DISTANCE OF 14.76 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 75°37'55" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 30°01'15", AN ARC DISTANCE OF 26.20 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 74°20'50" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 27°50'34", AN ARC DISTANCE OF 24.30 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 12°11'24" WEST, A DISTANCE OF 44.37 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 77°48'36" EAST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 35°15'47", AN ARC DISTANCE OF 73.85 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 66°55'37" WEST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 23°47'20", AN ARC DISTANCE OF 49.82 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 00°42'57" WEST, A DISTANCE OF 88.54 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 89°17'03" WEST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 19°07'03", AN ARC DISTANCE OF 40.04 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 19°50'00" WEST, A DISTANCE OF 138.86 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 70°10'00" EAST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 12°21'39", AN ARC DISTANCE OF 25.89 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 07°28'21" WEST, A DISTANCE OF 146.50 FEET TO A POINT ON THE SOUTHERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15;

THENCE SOUTH 89°33'37" WEST, ALONG SAID SOUTHERLY LINE, A DISTANCE OF 2248.31 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 1,614,973 SQUARE FEET OR 37.0747 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 33 - PLAT
SUNDANCE
OCTOBER 3, 2002

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR BEARS AS A BASIS OF BEARINGS NORTH 00°00'10" EAST, A DISTANCE OF 2626.06 FEET;

THENCE SOUTH 89°33'37" WEST, ALONG THE SOUTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, A DISTANCE OF 2238.036 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°33'37" WEST, A DISTANCE OF 782.52 FEET;

THENCE NORTH 07°28'21" EAST, A DISTANCE OF 146.50 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 82°31'39" EAST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 12°21'39", AN ARC DISTANCE OF 25.89 FEET TO A POINT OF TANGENCY;

THENCE NORTH 19°50'00" EAST, A DISTANCE OF 138.86 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 70°10'00" WEST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 19°07'03", AN ARC DISTANCE OF 40.04 TO A POINT OF TANGENCY;

THENCE NORTH 00°42'57" EAST, A DISTANCE OF 88.54 FEET TO THE BEGINNING OF A TANGENCY CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 89°17'03" WEST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 23°47'20", AN ARC DISTANCE OF 49.82 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 66°55'37" EAST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 35°15'47", AN ARC DISTANCE OF 73.85 FEET TO A POINT OF TANGENCY;

THENCE NORTH 12°11'24" EAST, A DISTANCE OF 44.37 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 77°48'36" WEST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 27°50'34", AN ARC DISTANCE OF 24.30 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 74°20'50" EAST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°01'15", AN ARC DISTANCE OF 26.20 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 75°37'55" WEST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 16°55'07", AN ARC DISTANCE OF 14.76 FEET TO A POINT OF TANGENCY;

THENCE NORTH 02°33'02" WEST, A DISTANCE OF 204.41 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 87°26'58" WEST, A DISTANCE OF 30.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 32°09'56", AN ARC DISTANCE OF 16.84 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 55°17'02" EAST, A DISTANCE OF 30.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 28°17'07", AN ARC DISTANCE OF 14.81 FEET TO A POINT OF TANGENCY;

THENCE NORTH 06°25'51" WEST, A DISTANCE OF 115.97 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 83°34'09" EAST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 26°59'13", AN ARC DISTANCE OF 23.55 FEET TO A POINT OF TANGENCY;

THENCE NORTH 20°33'22" EAST, A DISTANCE OF 161.31 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 69°26'38" EAST, A DISTANCE OF 30.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 20°40'02", AN ARC DISTANCE OF 10.82 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 48°46'36" WEST, A DISTANCE OF 30.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL

ANGLE OF 30°00'29", AN ARC DISTANCE OF 15.71 FEET TO A POINT OF TANGENCY;

THENCE NORTH 11°12'55" EAST, A DISTANCE OF 155.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 78°47'05" WEST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 22°13'05", AN ARC DISTANCE OF 38.78 FEET TO A POINT OF TANGENCY;

THENCE NORTH 11°00'10" WEST, A DISTANCE OF 104.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 78°59'50" EAST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 15°09'49", AN ARC DISTANCE OF 26.47 FEET TO A POINT OF TANGENCY;

THENCE NORTH 04°09'39" EAST, A DISTANCE OF 72.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 85°50'21" WEST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 38°22'02", AN ARC DISTANCE OF 66.96 FEET TO A POINT OF TANGENCY;

THENCE NORTH 34°12'23" WEST, A DISTANCE OF 5.24 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 771.05 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 83°43'23" EAST, A DISTANCE OF 150.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 18°58'29", AN ARC DISTANCE OF 49.68 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 12°41'52" EAST, A DISTANCE OF 43.88 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 77°18'08" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 15°49'14", AN ARC DISTANCE OF 27.61 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 03°07'22" WEST, A DISTANCE OF 6.90 FEET;

THENCE SOUTH 54°58'00" WEST, A DISTANCE OF 81.17 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 353.92 FEET;

THENCE SOUTH 01°47'01" WEST, A DISTANCE OF 40.00 FEET;

THENCE NORTH 88°12'59" WEST, A DISTANCE OF 12.04 FEET;

THENCE SOUTH 01°47'01" WEST, A DISTANCE OF 115.81 FEET;

THENCE SOUTH 88°52'48" EAST, A DISTANCE OF 3.61 FEET;

THENCE SOUTH 01°17'01" WEST, A DISTANCE OF 157.23 FEET;

THENCE NORTH 88°42'59" WEST, A DISTANCE OF 17.03 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 01°17'01" WEST, A DISTANCE OF 480.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03°43'24", AN ARC DISTANCE OF 31.19 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 87°33'37" WEST, A DISTANCE OF 9.72 FEET;

THENCE SOUTH 02°26'23" EAST, A DISTANCE OF 115.30 FEET;

THENCE SOUTH 46°26'23" EAST, A DISTANCE OF 21.58 FEET;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 126.38 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 275.00 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 947,570 SQUARE FEET OR 21.7532 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 35 - PLAT
SUNDANCE
OCTOBER 15, 2001

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR BEARS AS A BASIS OF BEARINGS NORTH 00°00'10" EAST, A DISTANCE OF 2626.06 FEET;

THENCE SOUTH 89°33'37" WEST, ALONG THE SOUTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, A DISTANCE OF 514.27 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°33'37" WEST, A DISTANCE OF 1723.76 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 275.00 FEET;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 126.38 FEET;

THENCE NORTH 46°26'23" WEST, A DISTANCE OF 21.58 FEET;

THENCE NORTH 02°26'23" WEST, A DISTANCE OF 115.30 FEET;

THENCE NORTH 87°33'37" EAST, A DISTANCE OF 9.72 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 02°26'23" EAST, A DISTANCE OF 480.00 FEET;

THENCE WESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03°43'24", AN ARC DISTANCE OF 31.19 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 88°42'59" EAST, A DISTANCE OF 17.03 FEET;

THENCE NORTH 01°17'01" EAST, A DISTANCE OF 157.23 FEET;

THENCE NORTH 88°52'48" WEST, A DISTANCE OF 3.61 FEET;

THENCE NORTH 01°47'01" EAST, A DISTANCE OF 115.81 FEET;

THENCE SOUTH 88°12'59" EAST, A DISTANCE OF 12.04 FEET;

THENCE NORTH 01°47'01" EAST, A DISTANCE OF 40.00 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 353.92 FEET;

THENCE NORTH 54°58'00" EAST, A DISTANCE OF 81.17 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 2056.02 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 1,032,724 SQUARE FEET OR 23.7081 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

H:\PDATA\45100623\wp\LEGALS\PARC35-PLAT.doc

EXHIBIT B

PUBLIC INFRASTRUCTURE

"Public Infrastructure" means, for purposes of this Agreement, the following:

DESCRIPTION	EST. COST
1. **Water Distribution**. Watson: Watson to Durango. Construction of water improvements including labor, materials, equipment, tools, transportation, traffic control, permits, trenching, and services for installing water distribution lines on Watson from Yuma to Durango including 2,011 LF of 8" PVC pipe, 791 LF of 16" DIP pipe, 6" valves, a pressure reducing valve, 3 fire hydrants and provide and install Sunora domestic water system interconnect to Sundance system per request of the Town. Includes immediate mobilization, overtime to complete task in allotted time, expedited delivery of materials and meetings with engineering and permitting agencies to coordinate work. Durango: Watson to Rainbow. Construction of water improvements including labor, materials, equipment, tools, transportation, traffic control, permits, trenching, and services for installing water distribution lines on Durango from Watson to Rainbow including 94 LF of 8" PVC pipe, 5,115 LF of 12" PVC pipe, 3-8" valves, 7-12" valves, 3-12"x8" tees, 1 8"x12" reducer, 3 8" plugs, 11 fire hydrants, 10-1" water service. Estimated Total Cost	$496,555
2. **Sanitary Sewer**. Durango: Watson to Rainbow. Construction of sewer improvements including labor, materials, equipment, tools, transportation, traffic control, permits trenching, and services for installing sewer in Durango Road from Watson Road to Rainbow Road including 5,247 LF of 12" PVC sewer line, 930 LF of 8" PVC sewer line, 2-12" plugs, 2-8" plugs, 15-5' manholes, 6-4' manholes, 14-4" sewer services and related trenching. Estimated Total Cost	$333,798
3. **Collector Roads with Landscaping**: Sundance Parkway South: Yuma to Rainbow. Proportionate share of costs of materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, and striping and signage including landscaping in the right-of-way, landscape sleeving, earthwork, and construction testing on full collector street improvements for South Sundance Parkway from Yuma to Rainbow, approximately 4,500 LF 76' wide with a 12' striped median. Durango: Watson to Rainbow. Furnishing of all materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, and striping and signage including landscaping in the right of way, landscape sleeving, earthwork, and construction testing on half street (northern Side) collector road improvements on Durango between Watson and Rainbow, approximately 5,200 LF 76' wide. Estimated Total Cost	$914,133
TOTAL	$1,744,486

SWR:gmh 531377 07/12/04

WARRANT

By virtue hereof, I, David Gue of Willdan, acting in its capacity of Superintendent of Streets of the Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 (the "*District*"), by virtue of the authority vested in Willdan, as said Superintendent of Streets, hereby authorize and empower the Treasurer of the District, his agents or assigns, to prepare and record in the office of the Superintendent of Streets a Treasurer's Return and Certificate of Unpaid Assessments without making a demand for cash payment of the assessments based upon the waiver by all the owners of assessed property within the District of their right to receive a demand for cash payment as set forth in the District's Waiver and Development Agreement. The District's Special Assessment Revenue Bonds, Series 2004 (the "*Bonds*") will be issued in the form and manner prescribed by Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and amendments and supplements thereto, to represent the cost and expenses of the work prescribed in the assessment, and notice is hereby given that the Bonds will be paid out of a special fund, collected in not to exceed twenty-five (25) annual installments from the assessments of twenty-five dollars or more remaining unpaid at the date of the Bonds.

DATED: July 21, 2004

WILLDAN, as Superintendent of Streets

David Gue

Authorized Representative

COUNTERSIGNED BY:

Chairman, Governing Board, Sundance
Community Facilities District
(Town of Buckeye, Arizona)

SWR:gmh 531389 07/20/04

ASSESSMENT

IN THE MATTER OF THE SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) PERTAINING TO THE ACQUISITION AND/OR CONSTRUCTION OF CERTAIN PUBLIC IMPROVEMENTS AND INFRASTRUCTURE WITHIN THE DISTRICT AND FINANCED BY THE ISSUANCE OF THE SUNDANCE COMMMUNITY FACILITIES DISTRICT ASSESSMENT DISTRICT NO. 3 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2004.

Pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and amendments and supplements thereto (the "*Act*") and pursuant to Resolution of Intention No. 09-04, adopted by the Governing Board (the "*Governing Board*") of the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") on July 20, 2004 (the "*Resolution*"), Willdan, acting in its capacity as Superintendent of Streets of the Sundance Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 3 (the "*Assessment District*"), hereby assesses the costs of the public infrastructure purposes described hereafter, and apportions such costs as shown herein, upon the lots and parcels of land as described in the Resolution and this assessment and as shown on the Assessment Diagram and as described on *Exhibit A* (copies of which are attached hereto). The assessed costs shall be paid to the Treasurer of the District, its agents or assigns, to finance the acquisition and construction of public infrastructure (as such term is defined in the Act) described in the feasibility report for this project (the "*Report*"), including, but not limited to, the acquisition of certain streets, curbs, gutters, sidewalks, water lines, sewer lines, effluent lines, wells and storage tanks, the payment of costs related to the design of such improvements and the costs incurred in connection with the sale of the Assessment District's Special Assessment Revenue Bonds, Series 2004, described in the Resolution) (collectively, the "*Projects*"), all of the above work or improvement to be done and financed in accordance with the Report on file in the offices of the District Clerk and Superintendent of Streets.

The assessment of the costs of the Projects, the apportionment of said costs and the allocation of said costs to each lot, portion of lot, or parcel of land shown on the Assessment Diagram, is hereby assessed, apportioned and allocated pursuant to Sections 48-721(A) and 48-589, Arizona Revised Statutes, as amended, the Sundance Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement Pertaining to Assessment District No. 3 (the "*Waiver Agreement*") by and among the District and all of the persons having an interest in the assessed parcels. The respective assessed amounts set forth below (which assessments shall bear interest at such rate necessary to pay the interest owing on the Bonds (as defined hereafter), and the costs of administering the collection of the assessments), do not exceed the benefits to be received and the assessed amounts are within the estimated costs and expenses of the Projects approved on July 20, 2004, by the Governing Board in Resolution No. 09-04, which resolution approved and authorized the levying of a total assessment in an amount not to exceed $2,100,000. Opposite the description of each lot or parcel of land is set out the names of the owners of property as known and as shown on the most recently certified assessment roll for State and local taxes (the "*Owners*").

Pursuant to Section 48-721(A), Arizona Revised Statutes, as amended, this assessment is based on estimated costs of the Projects as known on the date hereof and may be amended upward or downward by the Superintendent of Streets to reflect actual costs; however, in no event shall the aggregate amount of the assessment levied against the real property described in

the Resolution exceed $2,100,000, unless approved by the owners of the assessed real property. The actual amount of any assessment is available from the Superintendent of Streets. In the Waiver Agreement, the Owners waived their rights to receive a demand for cash payment, consented to the recording of the assessment against the real property described in the Resolution and requested that all assessments go to bond. This assessment pertains to and will secure the payment of all the principal and interest of the Assessment District's Special Assessment Revenue Bonds, Series 2004 (the "*Bonds*").

THE COST OF THIS WORK ASSESSABLE AGAINST THE PARCELS TO BE BENEFITTED IS $1,871,175, AND WHEN COSTS RELATED TO THE ISSUANCE OF ASSESSMENT BONDS IS ADDED, IN PARTICULAR THE ADDITION OF COSTS OF ISSUANCE AND DEBT SERVICE RESERVE FUND AND LESS CASH PAYMENTS TO BE MADE BY THE OWNERS ON OR BEFORE THE DATE OF DELIVERY OF THE BONDS, IN THE AMOUNT OF $0, THE TOTAL ASSESSMENT IS $2,065,000.

DATED: July 21, 2004

RECORDED THIS 21 DAY OF JULY, 2004, IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THE SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) ASSESSMENT DISTRICT NO. 3.

David P Gue

Willdan, Superintendent of Streets

I, David Gue, on behalf of Willdan, the Superintendent of Streets of the Sundance Community Facilities District (Town of Buckeye, Arizona), Assessment District No. 3, do hereby certify that all charges stated are correct and that the computations and calculations of this Assessment are correct.

David P Gue

Willdan, Superintendent of Streets

SWR:gmh 531392 07/19/04

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3

ASSESSMENT BONDS

Assessment No. 1-1 through and including 1-310

Owner: D.R. Horton – Dietz-Crane
8125 North 23rd Avenue, Suite 100
Phoenix, AZ 85021

Lienholder: Buckeye Land Management, Inc.
7373 N. Scottsdale Road, #B252
Scottsdale, AZ 85253

Base Assessment:	$1,221,188
Amount Paid in Cash:	0
Assessment Amount Certified to Bond (includes Base Assessment less any cash payment plus assessed amounts needed to pay the bond issuance costs and fund a debt service reserve fund):	$1,347,684 or $4,347.37 per lot

Property Legal Description: See Exhibit A attached hereto

EXHIBIT A

SUNDANCE COMMUNITY FACILITIES DISTRICT
ASSESSMENT DISTRICT NO. 3

LEGAL DESCRIPTION OF PARCEL 31
FOR ASSESSMENT

Lots 1 through 310, inclusive, as shown on the Final Plat of "Sundance Parcel 31", according to the plat recorded in Book 629 of Maps, Page 38 (Document No. 2003-0420717), Records of Maricopa County, Arizona.

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3

ASSESSMENT BONDS

Assessment No. 2

Owner: D.R. Horton – Dietz-Crane
8125 North 23rd Avenue, Suite 100
Phoenix, AZ 85021

Lienholder: Buckeye Land Management, Inc.
7373 N. Scottsdale Road, #B252
Scottsdale, AZ 85253

Base Assessment:	$338,781
Amount Paid in Cash:	0
Assessment Amount Certified to Bond (includes Base Assessment less any cash payment plus assessed amounts needed to pay the bond issuance costs and fund a debt service reserve fund):	$373,874

Property Legal Description: See Exhibit A attached hereto

EXHIBIT A

LEGAL DESCRIPTION
PARCEL 32 - PLAT
SUNDANCE
OCTOBER 15, 2002

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 15 MONUMENTED BY A BRASS CAP IN A HANDHOLE, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 15, MONUMENTED BY A 5/8 INCH IRON BAR, BEARS AS A BASIS OF BEARINGS NORTH 00°01'14" WEST, A DISTANCE OF 2639.90 FEET;

THENCE NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 705.32 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 516.34 FEET;

THENCE NORTH 44°46'11" EAST, A DISTANCE OF 5.20 FEET;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 592.83 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY, WHOSE RADIUS POINT BEARS NORTH 00°26'23" WEST, A DISTANCE OF 840.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 10°10'47", AN ARC DISTANCE OF 149.24 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 57°04'08" EAST, A DISTANCE OF 21.56 FEET;

THENCE SOUTH 13°00'24" EAST, A DISTANCE OF 11.17 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 401.03 FEET;

THENCE NORTH 41°27'03" EAST, A DISTANCE OF 16.68 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE

RADIUS POINT BEARS SOUTH 03°07'20" EAST, A DISTANCE OF 180.00 FEET;

THENCE EASTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 02°40'57", AN ARC DISTANCE OF 8.43 FEET TO A POINT OF TANGENCY;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 403.34 FEET;

THENCE SOUTH 45°26'23" EAST, A DISTANCE OF 21.21 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 0.98 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 200.28 FEET;

THENCE SOUTH 02°33'02" EAST, A DISTANCE OF 30.52 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 87°26'58" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16°55'07", AN ARC DISTANCE OF 14.76 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 75°37'55" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 30°01'15", AN ARC DISTANCE OF 26.20 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 74°20'50" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 27°50'34", AN ARC DISTANCE OF 24.30 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 12°11'24" WEST, A DISTANCE OF 44.37 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 77°48'36" EAST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 35°15'47", AN ARC DISTANCE OF 73.85 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 66°55'37" WEST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 23°47'20", AN ARC DISTANCE OF 49.82 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 00°42'57" WEST, A DISTANCE OF 88.54 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 89°17'03" WEST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 19°07'03", AN ARC DISTANCE OF 40.04 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 19°50'00" WEST, A DISTANCE OF 138.86 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 70°10'00" EAST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 12°21'39", AN ARC DISTANCE OF 25.89 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 07°28'21" WEST, A DISTANCE OF 146.50 FEET TO A POINT ON THE SOUTHERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15;

THENCE SOUTH 89°33'37" WEST, ALONG SAID SOUTHERLY LINE, A DISTANCE OF 2248.31 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 1,614,973 SQUARE FEET OR 37.0747 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3

ASSESSMENT BONDS

Assessment No. 3

Owner: D.R. Horton – Dietz-Crane
8125 North 23rd Avenue, Suite 100
Phoenix, AZ 85021

Lienholder: Buckeye Land Management, Inc.
7373 N. Scottsdale Road, #B252
Scottsdale, AZ 85253

Base Assessment:	$204,844
Amount Paid in Cash:	0
Assessment Amount Certified to Bond (includes Base Assessment less any cash payment plus assessed amounts needed to pay the bond issuance costs and fund a debt service reserve fund):	$226,063

Property Legal Description: See Exhibit A attached hereto

EXHIBIT A

LEGAL DESCRIPTION
PARCEL 33 - PLAT
SUNDANCE
OCTOBER 3, 2002

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR BEARS AS A BASIS OF BEARINGS NORTH 00°00'10" EAST, A DISTANCE OF 2626.06 FEET;

THENCE SOUTH 89°33'37" WEST, ALONG THE SOUTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, A DISTANCE OF 2238.036 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°33'37" WEST, A DISTANCE OF 782.52 FEET;

THENCE NORTH 07°28'21" EAST, A DISTANCE OF 146.50 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 82°31'39" EAST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 12°21'39", AN ARC DISTANCE OF 25.89 FEET TO A POINT OF TANGENCY;

THENCE NORTH 19°50'00" EAST, A DISTANCE OF 138.86 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 70°10'00" WEST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 19°07'03", AN ARC DISTANCE OF 40.04 TO A POINT OF TANGENCY;

THENCE NORTH 00°42'57" EAST, A DISTANCE OF 88.54 FEET TO THE BEGINNING OF A TANGENCY CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 89°17'03" WEST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 23°47'20", AN ARC DISTANCE OF 49.82 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 66°55'37" EAST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 35°15'47", AN ARC DISTANCE OF 73.85 FEET TO A POINT OF TANGENCY;

THENCE NORTH 12°11'24" EAST, A DISTANCE OF 44.37 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 77°48'36" WEST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 27°50'34", AN ARC DISTANCE OF 24.30 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 74°20'50" EAST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°01'15", AN ARC DISTANCE OF 26.20 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 75°37'55" WEST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 16°55'07", AN ARC DISTANCE OF 14.76 FEET TO A POINT OF TANGENCY;

THENCE NORTH 02°33'02" WEST, A DISTANCE OF 204.41 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 87°26'58" WEST, A DISTANCE OF 30.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 32°09'56", AN ARC DISTANCE OF 16.84 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 55°17'02" EAST, A DISTANCE OF 30.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 28°17'07", AN ARC DISTANCE OF 14.81 FEET TO A POINT OF TANGENCY;

THENCE NORTH 06°25'51" WEST, A DISTANCE OF 115.97 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 83°34'09" EAST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 26°59'13", AN ARC DISTANCE OF 23.55 FEET TO A POINT OF TANGENCY;

THENCE NORTH 20°33'22" EAST, A DISTANCE OF 161.31 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 69°26'38" EAST, A DISTANCE OF 30.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 20°40'02", AN ARC DISTANCE OF 10.82 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 48°46'36" WEST, A DISTANCE OF 30.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL

ANGLE OF 30°00'29", AN ARC DISTANCE OF 15.71 FEET TO A POINT OF TANGENCY;

THENCE NORTH 11°12'55" EAST, A DISTANCE OF 155.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 78°47'05" WEST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 22°13'05", AN ARC DISTANCE OF 38.78 FEET TO A POINT OF TANGENCY;

THENCE NORTH 11°00'10" WEST, A DISTANCE OF 104.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 78°59'50" EAST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 15°09'49", AN ARC DISTANCE OF 26.47 FEET TO A POINT OF TANGENCY;

THENCE NORTH 04°09'39" EAST, A DISTANCE OF 72.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 85°50'21" WEST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 38°22'02", AN ARC DISTANCE OF 66.96 FEET TO A POINT OF TANGENCY;

THENCE NORTH 34°12'23" WEST, A DISTANCE OF 5.24 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 771.05 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 83°43'23" EAST, A DISTANCE OF 150.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 18°58'29", AN ARC DISTANCE OF 49.68 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 12°41'52" EAST, A DISTANCE OF 43.88 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 77°18'08" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 15°49'14", AN ARC DISTANCE OF 27.61 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 03°07'22" WEST, A DISTANCE OF 6.90 FEET;

THENCE SOUTH 54°58'00" WEST, A DISTANCE OF 81.17 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 353.92 FEET;

THENCE SOUTH 01°47'01" WEST, A DISTANCE OF 40.00 FEET;

THENCE NORTH 88°12'59" WEST, A DISTANCE OF 12.04 FEET;

THENCE SOUTH 01°47'01" WEST, A DISTANCE OF 115.81 FEET;

THENCE SOUTH 88°52'48" EAST, A DISTANCE OF 3.61 FEET;

THENCE SOUTH 01°17'01" WEST, A DISTANCE OF 157.23 FEET;

THENCE NORTH 88°42'59" WEST, A DISTANCE OF 17.03 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 01°17'01" WEST, A DISTANCE OF 480.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03°43'24", AN ARC DISTANCE OF 31.19 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 87°33'37" WEST, A DISTANCE OF 9.72 FEET;

THENCE SOUTH 02°26'23" EAST, A DISTANCE OF 115.30 FEET;

THENCE SOUTH 46°26'23" EAST, A DISTANCE OF 21.58 FEET;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 126.38 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 275.00 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 947,570 SQUARE FEET OR 21.7532 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 3

ASSESSMENT BONDS

Assessment No. 4

Owner: D.R. Horton – Dietz-Crane
8125 North 23rd Avenue, Suite 100
Phoenix, AZ 85021

Lienholder: Buckeye Land Management, Inc.
7373 N. Scottsdale Road, #B252
Scottsdale, AZ 85253

Base Assessment:	$106,362
Amount Paid in Cash:	0
Assessment Amount Certified to Bond (includes Base Assessment less any cash payment plus assessed amounts needed to pay the bond issuance costs and fund a debt service reserve fund):	$117,379

Property Legal Description: See Exhibit A attached hereto

EXHIBIT A

LEGAL DESCRIPTION
PARCEL 35 - PLAT
SUNDANCE
OCTOBER 15, 2001

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR BEARS AS A BASIS OF BEARINGS NORTH 00°00'10" EAST, A DISTANCE OF 2626.06 FEET;

THENCE SOUTH 89°33'37" WEST, ALONG THE SOUTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, A DISTANCE OF 514.27 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°33'37" WEST, A DISTANCE OF 1723.76 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 275.00 FEET;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 126.38 FEET;

THENCE NORTH 46°26'23" WEST, A DISTANCE OF 21.58 FEET;

THENCE NORTH 02°26'23" WEST, A DISTANCE OF 115.30 FEET;

THENCE NORTH 87°33'37" EAST, A DISTANCE OF 9.72 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 02°26'23" EAST, A DISTANCE OF 480.00 FEET;

THENCE WESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03°43'24", AN ARC DISTANCE OF 31.19 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 88°42'59" EAST, A DISTANCE OF 17.03 FEET;

THENCE NORTH 01°17'01" EAST, A DISTANCE OF 157.23 FEET;

THENCE NORTH 88°52'48" WEST, A DISTANCE OF 3.61 FEET;

THENCE NORTH 01°47'01" EAST, A DISTANCE OF 115.81 FEET;

THENCE SOUTH 88°12'59" EAST, A DISTANCE OF 12.04 FEET;

THENCE NORTH 01°47'01" EAST, A DISTANCE OF 40.00 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 353.92 FEET;

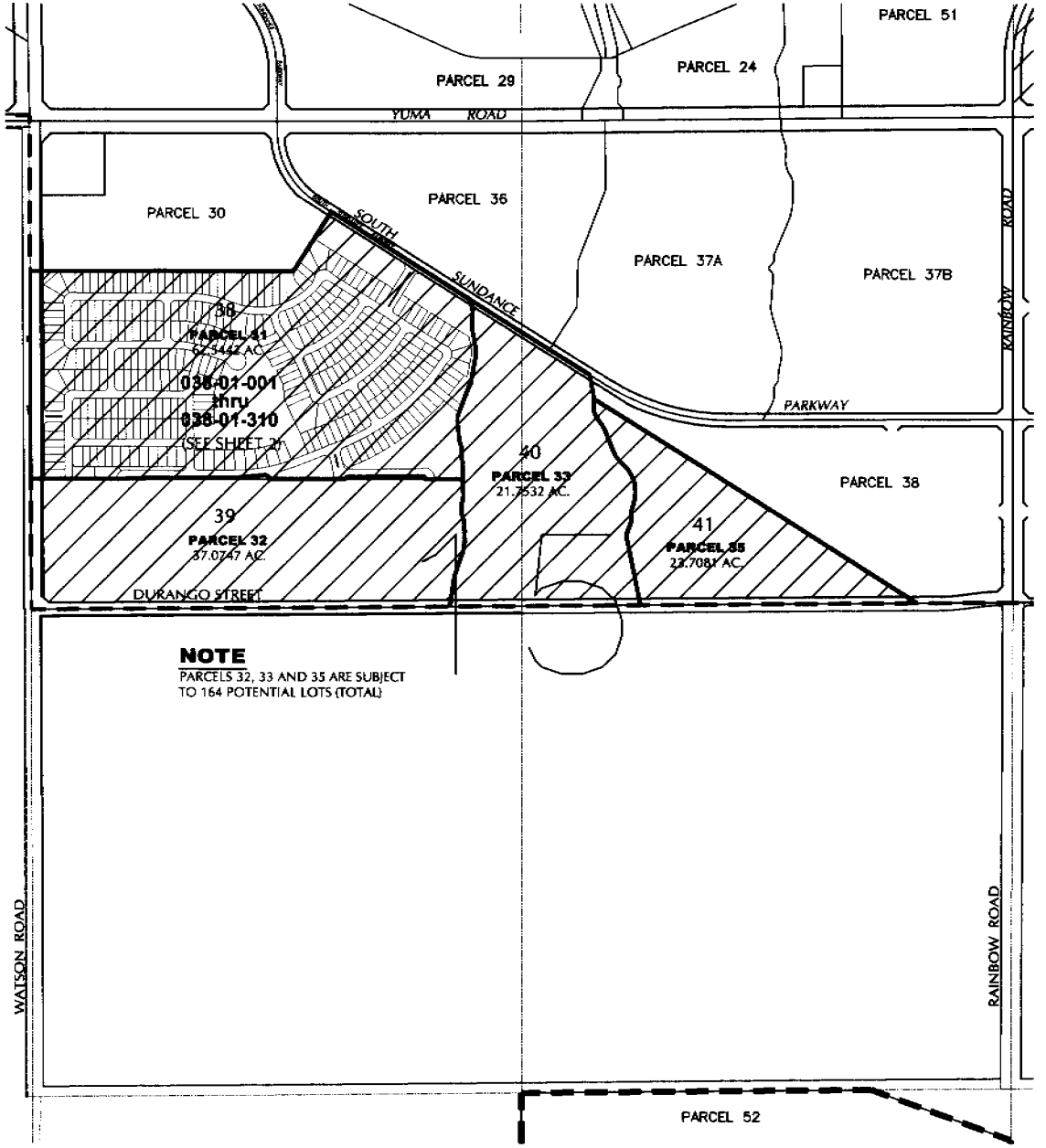
THENCE NORTH 54°58'00" EAST, A DISTANCE OF 81.17 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 2056.02 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 1,032,724 SQUARE FEET OR 23.7081 ACRES.

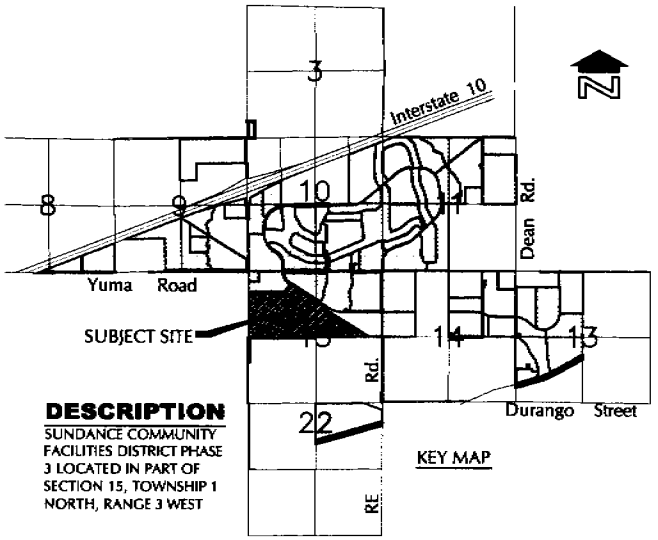
SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

H:\PDATA\45100623\wp\LEGALS\PARC35-PLAT.doc



NOTE

PARCELS 32, 33 AND 35 ARE SUBJECT TO 164 POTENTIAL LOTS (TOTAL)



KEY MAP

DESCRIPTION

SUNDANCE COMMUNITY FACILITIES DISTRICT PHASE 3 LOCATED IN PART OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST

SCALE: 1" = 600'

LEGEND

— — —	SUNDANCE, COMMUNITY FACILITIES DISTRICT NO. 1
39	ASSESSMENT NO.
006-01-001	MODIFIED ASSESSMENT NO.

ORIGINAL ASSESSMENT NO. — LOT NO. — ASSESSMENT MODIFICATION NO.

DISTRICT ENGINEER CERTIFICATION

I HEREBY CERTIFY THAT THE PARCEL BOUNDARIES SHOWN ARE DEPICTED ON THIS PLAN WERE SUPPLIED BY RBF CONSULTING AND ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ENGINEER _____ DATE _____

APPROVED BY RESOLUTION NO. 10-04 AT A MEETING OF THE BOARD OF DIRECTORS OF THE SUNDANCE COMMUNITY FACILITIES DISTRICT OF THE TOWN OF BUCKEYE, ARIZONA ON THE 20th DAY OF July 2004

DISTRICT CLERK _____ DATE 7-22-04

SIGNED: THIS 21st DAY OF July, 2004

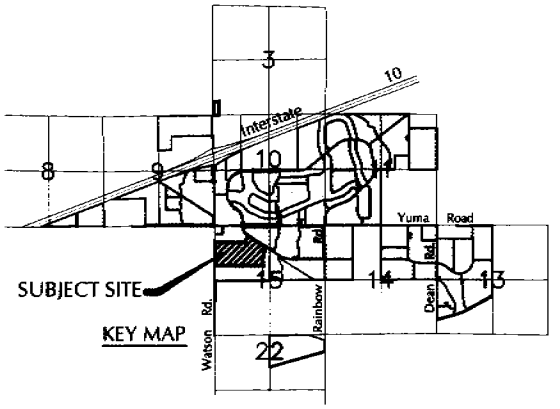
SUBMITTED: _____ SUPERINTENDENT OF STREETS DATE 7-21-04

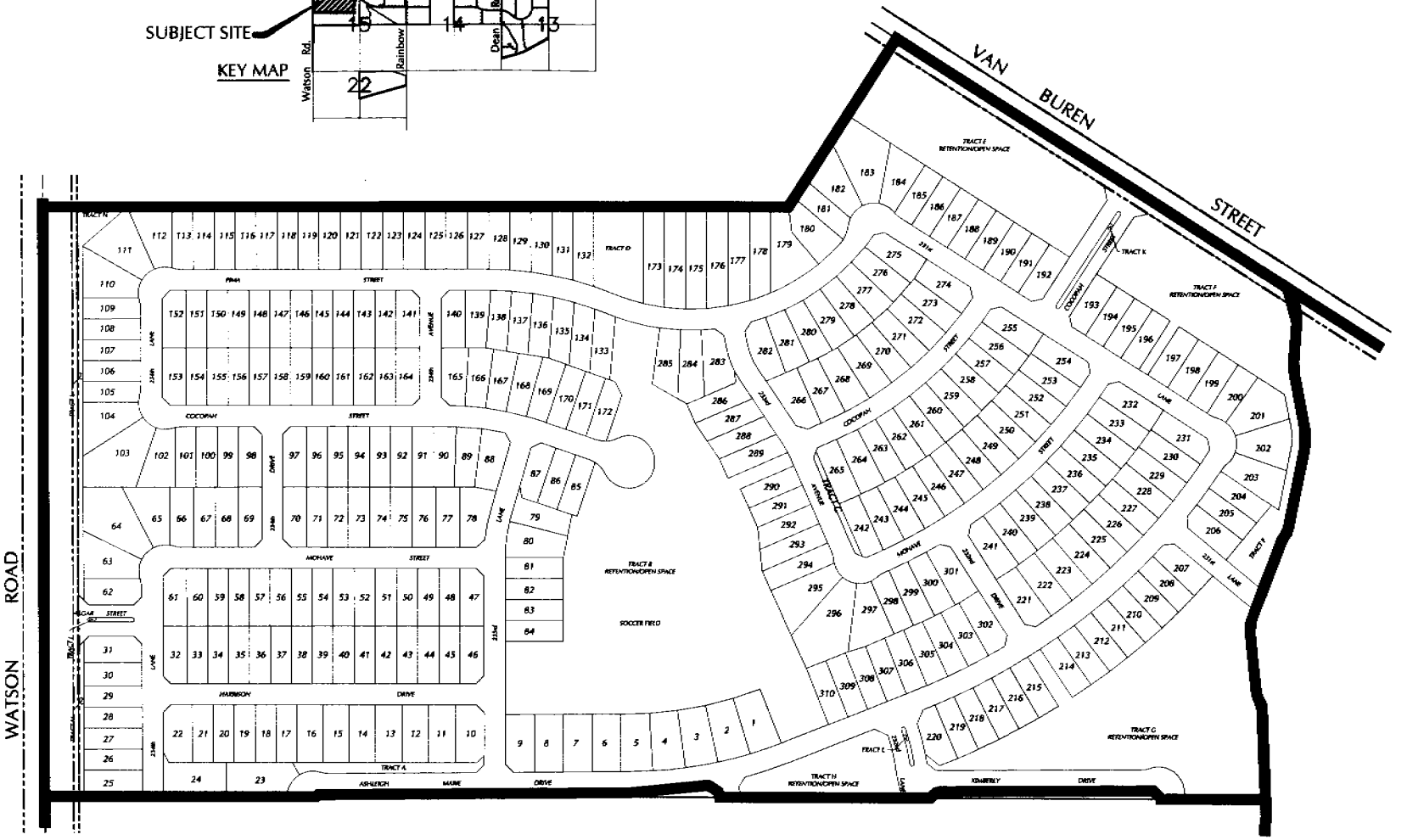
WILLDAN Serving Public Agencies

SUNDANCE COMMUNITY FACILITIES DISTRICT OF THE TOWN OF BUCKEYE, ARIZONA

DISTRICT ASSESSMENT DIAGRAM FOR SPECIAL ASSESSMENT DISTRICT NO. 3

SUNDANCE COMMUNITY FACILITIES DISTRICT
SPECIAL ASSESSMENT DISTRICT NO. 3
PARCEL 31 (MCR 629-38)





WILLDAN
Serving Public Agencies

SUNDANCE COMMUNITY FACILITIES DISTRICT
OF THE TOWN OF BUCKEYE, ARIZONA
DISTRICT ASSESSMENT DIAGRAM FOR
SPECIAL ASSESSMENT DISTRICT NO. 3

TREASURER'S RETURN AND CERTIFICATE OF UNPAID ASSESSMENTS

TO: Willdan, as Superintendent of Streets of
Sundance Community Facilities District
(Town of Buckeye, Arizona) Assessment District No. 3

I, the undersigned Community Facilities District Accountant 1, being duly sworn, acting on behalf of the Interim Finance Director of the Town of Buckeye, Arizona, *ex officio* acting Treasurer of the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), named in the annexed assessment, diagram, and warrant as the person empowered to collect the several assessments mentioned in such assessment; that said assessment for the total cost of certain work described therein (including the costs of issuance, debt service reserve fund and other costs related to the bonds) was levied upon certain lots, portions of lots, or parcels of land, for the sum of TWO MILLION, SIXTY-FIVE THOUSAND AND 00/100 DOLLARS ($2,065,000.00), which amount includes costs of issuing the bonds and a debt service reserve fund. Said assessments are payable to the Treasurer and were authorized and approved on August 3, 2004 in Resolution No. 11-04 of the governing board of the District. The warrant on which this return is endorsed and the diagram hereto attached were recorded in the office of said Superintendent of Streets; that after said assessment, diagram and warrant were recorded, a duplicate of said diagram was filed with the District Clerk, the said assessment, diagram and warrant were delivered by the Superintendent of Streets to affiant as Treasurer; that, pursuant to the Waiver Agreement described in the assessment, the requirement to make demands for cash payment was waived by all the owners of all the assessed real property; and that the total of said assessments remains unpaid as described as follows:

A. Cash received	$ 0
B. Amount remaining unpaid of less than $25 per assessment	$ 0
C. Amount remaining unpaid of more than $25 per assessment	$2,065,000
D. Total to bond	$2,065,000

The aggregate amount of all assessments remaining unpaid, together with each assessment's proportionate allocation of the costs of issuance and the reserve fund, is shown under the heading "Assessment Amount to Bond" on the attached assessment and all amounts paid are so marked on the attached assessment.

DATED: August 9, 2004

SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

Community Facilities District Accountant 1
on behalf of the District Treasurer

SWR:gmh 531442 08/05/04

SUBSCRIBED AND SWORN to before me, a Notary Public, this 9th day of August, 2004.

Linda Garrison
Notary Public

My Commission expires:
March 31, 2005

RETURN AND CERTIFICATE RECORDED ON August 9, 2004.

WILLDAN, as Superintendent of Streets

SWR:gmh 531442 08/05/04

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2004-0842789 07/22/04 16:19
1 OF 1
IBARRAS

When recorded return to:

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

NOTICE OF RECORDING OF ASSESSMENT
FOR THE
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
IN THE
OFFICE OF SUPERINTENDENT OF STREETS

TO WHOM IT MAY CONCERN:

Please take notice that on July 21, 2004, the Superintendent of Streets of the Sundance Community Facilities District (Town of Buckeye, Arizona) recorded, in its office, the assessment pertaining to the Sundance Community Facilities District (Town of Buckeye, Arizona) Special Assessment Bonds, Series 2003, which assessment encumbers and liens the real property described on *Exhibit A* hereto. Pursuant to Arizona Revised Statues Section 48-721B, as amended, the assessment constitutes a first lien on the property assessed (described on *Exhibit A* hereto) subject only to general taxes and prior special assessments.

Information pertaining to the amount of the assessment, method of payment or prepayment and reallocation of the assessment may be addressed to the Superintendent of Streets, Willdan, 1717 West Northern Avenue, Phoenix, Arizona 85021, Attention: David P. Gue or to Gust Rosenfeld P.L.C., 201 E. Washington Street, Phoenix, Arizona 85004-2327, Attention: Scott W. Ruby.

DATED: 7-22-04

WILLDAN, as Superintendent of Streets

David P. Gue

Attachment:
Exhibit A: Legal Description of Assessed Property

Record in the Office of the Maricopa County Recorder

LEGAL DESCRIPTION
PARCEL 31 - PLAT
SUNDANCE
JUNE 9, 2004

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A BRASS CAP IN A HANDHOLE, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 15, MONUMENTED BY A 5/8 INCH IRON BAR, BEARS AS A BASIS OF BEARINGS NORTH 00°01'14" WEST, A DISTANCE OF 2639.90 FEET;

THENCE NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 705.32 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 1124.58 FEET;

THENCE NORTH 89°57'15" EAST, A DISTANCE OF 1410.89 FEET;

THENCE NORTH 32°28'56" EAST, A DISTANCE OF 381.53 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 877.67 FEET;

THENCE SOUTH 34°12'23" EAST, A DISTANCE OF 5.24 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°47'37" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 38°22'02", AN ARC DISTANCE OF 66.96 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 04°09'39" WEST, A DISTANCE OF 72.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 85°50'21" EAST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 15°09'49", AN ARC DISTANCE OF 26.47 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 11°00'10" EAST, A DISTANCE OF 104.73 FEET TO THE BEGINNING OF A

TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 78°59'50" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 22°13'05", AN ARC DISTANCE OF 38.78 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 11°12'55" WEST, A DISTANCE OF 155.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 78°47'05" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°00'29", AN ARC DISTANCE OF 15.71 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 48°46'36" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 20°40'02", AN ARC DISTANCE OF 10.82 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 20°33'22" WEST, A DISTANCE OF 161.31 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 69°26'38" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 26°59'13", AN ARC DISTANCE OF 23.55 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 06°25'51" EAST, A DISTANCE OF 115.97 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 83°34'09" EAST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 28°17'07", AN ARC DISTANCE OF 14.81 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 55°17'02" WEST, A DISTANCE OF 30.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 32°09'56", AN ARC DISTANCE OF 16.84 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 02°33'02" EAST, A DISTANCE OF 173.90 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 200.28 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 0.98 FEET;

THENCE NORTH 45°26'23" WEST, A DISTANCE OF 21.21 FEET;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 403.34 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 00°26'23" EAST, A DISTANCE OF 180.00 FEET;

THENCE WESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE

OF 02°40'57", AN ARC DISTANCE OF 8.43 FEET TO A POINT OF NON-TANGENCY; THENCE SOUTH 41°27'03" WEST, A DISTANCE OF 16.68 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 401.03 FEET;

THENCE NORTH 13°00'24" WEST, A DISTANCE OF 11.17 FEET;

THENCE NORTH 57°04'08" WEST, A DISTANCE OF 21.56 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHERLY, WHOSE RADIUS POINT BEARS NORTH 10°37'10" WEST, A DISTANCE OF 840.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 10°10'47", AN ARC DISTANCE OF 149.24 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 592.83 FEET;

THENCE SOUTH 44°46'11" WEST, A DISTANCE OF 5.20 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 516.34 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 2,724,427 SQUARE FEET OR 62.5442 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 32 - PLAT
SUNDANCE
OCTOBER 15, 2002

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 15 MONUMENTED BY A BRASS CAP IN A HANDHOLE, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 15, MONUMENTED BY A 5/8 INCH IRON BAR, BEARS AS A BASIS OF BEARINGS NORTH 00°01'14" WEST, A DISTANCE OF 2639.90 FEET;

THENCE NORTH 00°01'14" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 705.32 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 516.34 FEET;

THENCE NORTH 44°46'11" EAST, A DISTANCE OF 5.20 FEET;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 592.83 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY, WHOSE RADIUS POINT BEARS NORTH 00°26'23" WEST, A DISTANCE OF 840.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 10°10'47", AN ARC DISTANCE OF 149.24 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 57°04'08" EAST, A DISTANCE OF 21.56 FEET;

THENCE SOUTH 13°00'24" EAST, A DISTANCE OF 11.17 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 401.03 FEET;

THENCE NORTH 41°27'03" EAST, A DISTANCE OF 16.68 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE

RADIUS POINT BEARS SOUTH 03°07'20" EAST, A DISTANCE OF 180.00 FEET;

THENCE EASTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 02°40'57", AN ARC DISTANCE OF 8.43 FEET TO A POINT OF TANGENCY;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 403.34 FEET;

THENCE SOUTH 45°26'23" EAST, A DISTANCE OF 21.21 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 0.98 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 200.28 FEET;

THENCE SOUTH 02°33'02" EAST, A DISTANCE OF 30.52 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 87°26'58" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16°55'07", AN ARC DISTANCE OF 14.76 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 75°37'55" EAST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 30°01'15", AN ARC DISTANCE OF 26.20 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 74°20'50" WEST, A DISTANCE OF 50.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 27°50'34", AN ARC DISTANCE OF 24.30 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 12°11'24" WEST, A DISTANCE OF 44.37 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 77°48'36" EAST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 35°15'47", AN ARC DISTANCE OF 73.85 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 66°55'37" WEST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 23°47'20", AN ARC DISTANCE OF 49.82 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 00°42'57" WEST, A DISTANCE OF 88.54 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 89°17'03" WEST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 19°07'03", AN ARC DISTANCE OF 40.04 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 19°50'00" WEST, A DISTANCE OF 138.86 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 70°10'00" EAST, A DISTANCE OF 120.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 12°21'39", AN ARC DISTANCE OF 25.89 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 07°28'21" WEST, A DISTANCE OF 146.50 FEET TO A POINT ON THE SOUTHERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15;

THENCE SOUTH 89°33'37" WEST, ALONG SAID SOUTHERLY LINE, A DISTANCE OF 2248.31 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 1,614,973 SQUARE FEET OR 37.0747 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 33 - PLAT
SUNDANCE
OCTOBER 3, 2002

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR BEARS AS A BASIS OF BEARINGS NORTH 00°00'10" EAST, A DISTANCE OF 2626.06 FEET;

THENCE SOUTH 89°33'37" WEST, ALONG THE SOUTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, A DISTANCE OF 2238.036 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°33'37" WEST, A DISTANCE OF 782.52 FEET;

THENCE NORTH 07°28'21" EAST, A DISTANCE OF 146.50 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 82°31'39" EAST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 12°21'39", AN ARC DISTANCE OF 25.89 FEET TO A POINT OF TANGENCY;

THENCE NORTH 19°50'00" EAST, A DISTANCE OF 138.86 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 70°10'00" WEST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 19°07'03", AN ARC DISTANCE OF 40.04 TO A POINT OF TANGENCY;

THENCE NORTH 00°42'57" EAST, A DISTANCE OF 88.54 FEET TO THE BEGINNING OF A TANGENCY CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 89°17'03" WEST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 23°47'20", AN ARC DISTANCE OF 49.82 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 66°55'37" EAST, A DISTANCE OF 120.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 35°15'47", AN ARC DISTANCE OF 73.85 FEET TO A POINT OF TANGENCY;

THENCE NORTH 12°11'24" EAST, A DISTANCE OF 44.37 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 77°48'36" WEST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 27°50'34", AN ARC DISTANCE OF 24.30 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 74°20'50" EAST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°01'15", AN ARC DISTANCE OF 26.20 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 75°37'55" WEST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 16°55'07", AN ARC DISTANCE OF 14.76 FEET TO A POINT OF TANGENCY;

THENCE NORTH 02°33'02" WEST, A DISTANCE OF 204.41 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 87°26'58" WEST, A DISTANCE OF 30.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 32°09'56", AN ARC DISTANCE OF 16.84 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 55°17'02" EAST, A DISTANCE OF 30.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 28°17'07", AN ARC DISTANCE OF 14.81 FEET TO A POINT OF TANGENCY;

THENCE NORTH 06°25'51" WEST, A DISTANCE OF 115.97 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 83°34'09" EAST, A DISTANCE OF 50.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 26°59'13", AN ARC DISTANCE OF 23.55 FEET TO A POINT OF TANGENCY;

THENCE NORTH 20°33'22" EAST, A DISTANCE OF 161.31 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 69°26'38" EAST, A DISTANCE OF 30.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 20°40'02", AN ARC DISTANCE OF 10.82 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE NORTHWESTERLY, WHOSE RADIUS POINT BEARS NORTH 48°46'36" WEST, A DISTANCE OF 30.00 FEET;

THENCE NORTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL

ANGLE OF 30°00'29", AN ARC DISTANCE OF 15.71 FEET TO A POINT OF TANGENCY;

THENCE NORTH 11°12'55" EAST, A DISTANCE OF 155.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 78°47'05" WEST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 22°13'05", AN ARC DISTANCE OF 38.78 FEET TO A POINT OF TANGENCY;

THENCE NORTH 11°00'10" WEST, A DISTANCE OF 104.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS NORTH 78°59'50" EAST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 15°09'49", AN ARC DISTANCE OF 26.47 FEET TO A POINT OF TANGENCY;

THENCE NORTH 04°09'39" EAST, A DISTANCE OF 72.73 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS NORTH 85°50'21" WEST, A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 38°22'02", AN ARC DISTANCE OF 66.96 FEET TO A POINT OF TANGENCY;

THENCE NORTH 34°12'23" WEST, A DISTANCE OF 5.24 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 771.05 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 83°43'23" EAST, A DISTANCE OF 150.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 18°58'29", AN ARC DISTANCE OF 49.68 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 12°41'52" EAST, A DISTANCE OF 43.88 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 77°18'08" WEST, A DISTANCE OF 100.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 15°49'14", AN ARC DISTANCE OF 27.61 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 03°07'22" WEST, A DISTANCE OF 6.90 FEET;

THENCE SOUTH 54°58'00" WEST, A DISTANCE OF 81.17 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 353.92 FEET;

THENCE SOUTH 01°47'01" WEST, A DISTANCE OF 40.00 FEET;

THENCE NORTH 88°12'59" WEST, A DISTANCE OF 12.04 FEET;

THENCE SOUTH 01°47'01" WEST, A DISTANCE OF 115.81 FEET;

THENCE SOUTH 88°52'48" EAST, A DISTANCE OF 3.61 FEET;

THENCE SOUTH 01°17'01" WEST, A DISTANCE OF 157.23 FEET;

THENCE NORTH 88°42'59" WEST, A DISTANCE OF 17.03 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, WHOSE RADIUS POINT BEARS SOUTH 01°17'01" WEST, A DISTANCE OF 480.00 FEET;

THENCE SOUTHERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03°43'24", AN ARC DISTANCE OF 31.19 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 87°33'37" WEST, A DISTANCE OF 9.72 FEET;

THENCE SOUTH 02°26'23" EAST, A DISTANCE OF 115.30 FEET;

THENCE SOUTH 46°26'23" EAST, A DISTANCE OF 21.58 FEET;

THENCE NORTH 89°33'37" EAST, A DISTANCE OF 126.38 FEET;

THENCE SOUTH 00°26'23" EAST, A DISTANCE OF 275.00 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 947,570 SQUARE FEET OR 21.7532 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

LEGAL DESCRIPTION
PARCEL 35 - PLAT
SUNDANCE
OCTOBER 15, 2001

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 15, MONUMENTED BY A ½ INCH REBAR BEARS AS A BASIS OF BEARINGS NORTH 00°00'10" EAST, A DISTANCE OF 2626.06 FEET;

THENCE SOUTH 89°33'37" WEST, ALONG THE SOUTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, A DISTANCE OF 514.27 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°33'37" WEST, A DISTANCE OF 1723.76 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 275.00 FEET;

THENCE SOUTH 89°33'37" WEST, A DISTANCE OF 126.38 FEET;

THENCE NORTH 46°26'23" WEST, A DISTANCE OF 21.58 FEET;

THENCE NORTH 02°26'23" WEST, A DISTANCE OF 115.30 FEET;

THENCE NORTH 87°33'37" EAST, A DISTANCE OF 9.72 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 02°26'23" EAST, A DISTANCE OF 480.00 FEET;

THENCE WESTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03°43'24", AN ARC DISTANCE OF 31.19 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 88°42'59" EAST, A DISTANCE OF 17.03 FEET;

THENCE NORTH 01°17'01" EAST, A DISTANCE OF 157.23 FEET;

THENCE NORTH 88°52'48" WEST, A DISTANCE OF 3.61 FEET;

THENCE NORTH 01°47'01" EAST, A DISTANCE OF 115.81 FEET;

THENCE SOUTH 88°12'59" EAST, A DISTANCE OF 12.04 FEET;

THENCE NORTH 01°47'01" EAST, A DISTANCE OF 40.00 FEET;

THENCE NORTH 00°26'23" WEST, A DISTANCE OF 353.92 FEET;

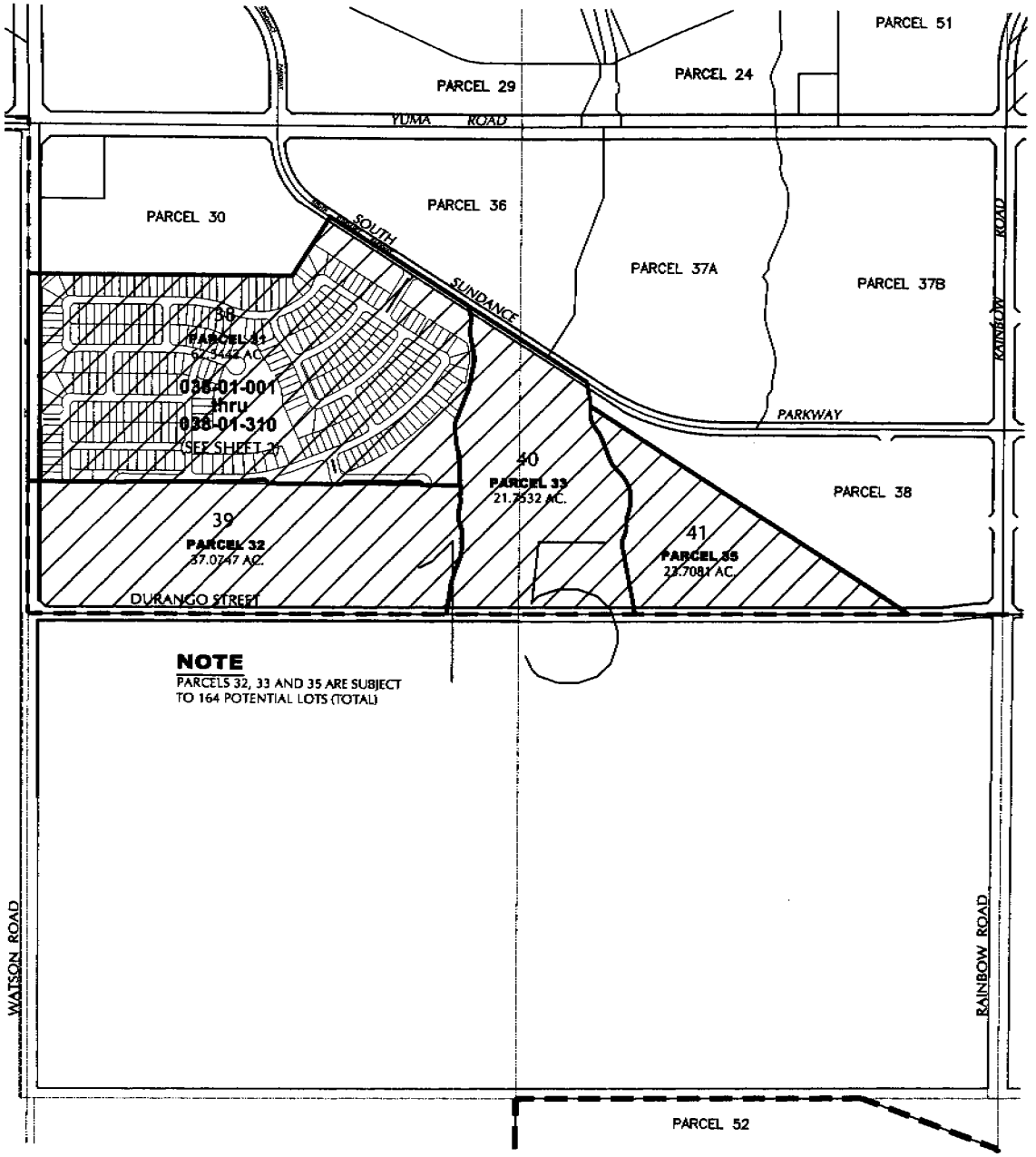
THENCE NORTH 54°58'00" EAST, A DISTANCE OF 81.17 FEET;

THENCE SOUTH 57°30'45" EAST, A DISTANCE OF 2056.02 FEET TO THE TRUE POINT OF BEGINNING.

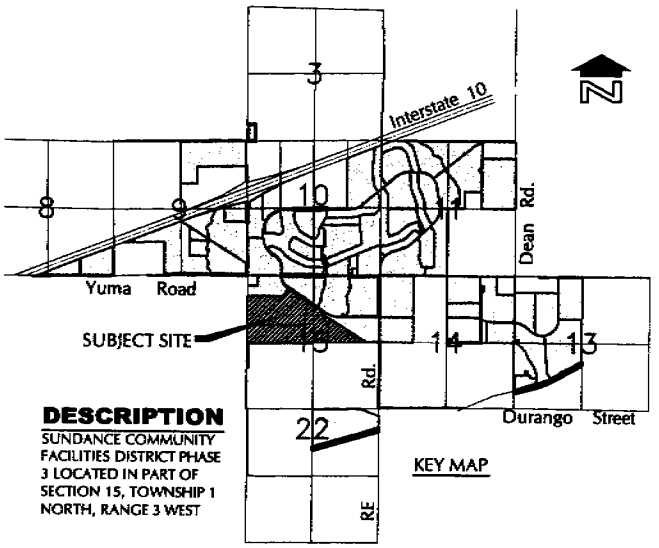
THE ABOVE DESCRIBED PARCEL CONTAINS 1,032,724 SQUARE FEET OR 23.7081 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

H:\PDATA\45100623\wp\LEGALS\PARC35-PLAT.doc



NOTE
PARCELS 32, 33 AND 35 ARE SUBJECT TO 164 POTENTIAL LOTS (TOTAL)



KEY MAP

DESCRIPTION
SUNDANCE COMMUNITY FACILITIES DISTRICT PHASE 3 LOCATED IN PART OF SECTION 15, TOWNSHIP 1 NORTH, RANGE 3 WEST

SCALE: 1" = 600'

LEGEND

— — —	SUNDANCE, COMMUNITY FACILITIES DISTRICT NO. 1
39	ASSESSMENT NO.
006-01-001	MODIFIED ASSESSMENT NO.

ORIGINAL ASSESSMENT NO. — LOT NO. — ASSESSMENT MODIFICATION NO.

DISTRICT ENGINEER CERTIFICATION

I HEREBY CERTIFY THAT THE PARCEL BOUNDARIES SHOWN ARE DEPICTED ON THIS PLAN WERE SUPPLIED BY RBF CONSULTING AND ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ENGINEER _____ DATE 7-21-04

APPROVED BY RESOLUTION NO. 10-04 AT A MEETING OF THE BOARD OF DIRECTORS OF THE SUNDANCE COMMUNITY FACILITIES DISTRICT OF THE TOWN OF BUCKEYE, ARIZONA ON THE 20th DAY OF July 2004

DISTRICT CLERK _____ DATE 7-22-04

SIGNED: THIS 21st DAY OF July, 2004

SUBMITTED: SUPERINTENDENT OF STREETS _____ DATE 7-21-04

WILLDAN
Serving Public Agencies

SUNDANCE COMMUNITY FACILITIES DISTRICT
OF THE TOWN OF BUCKEYE, ARIZONA
DISTRICT ASSESSMENT DIAGRAM FOR
SPECIAL ASSESSMENT DISTRICT NO. 3