$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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*"):

BOND DOCUMENTS

1. Feasibility Report for the issuance of the District's general obligation bonds dated July 20, 2004.

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

3. District Board Resolution No. 07-04, adopted July 20, 2004, approving the feasibility study and other matters, with a copy of the agenda attached.

4. District Board Resolution No. 13-04, adopted August 3, 2004 authorizing the issuance and sale of the Bonds to RBC Dain Rauscher Inc., as the purchaser of the Bonds (the "*Purchaser*") in accordance with the Purchase Contract, with a copy of the agenda, attached.

5. Indenture of Trust and Security Agreement, dated as of September 1, 2004 from the District to Wells Fargo Bank, N.A., as Trustee (the "*Trustee*").

6. UCC financing statement.

7. Purchase Contract between the District Board and the Purchaser, including Indemnity Letters.

8. Continuing Disclosure Undertaking (District).

9. Dissemination Agency Agreement (District).

10. County Assessor's Certificate.

11. District Closing Certificate and Certificate as to Tax Matters.

12. Closing Certificate of Town of Buckeye, Arizona.

13. Closing Certificates of Owners:
    A. Meritage Homes Construction, Inc.
    B. Meritage Homes of Arizona, Inc.
    C. D.R. Horton, Inc. - Dietz-Crane
    D. Pulte Home Corporation
    E. Buckeye Land, L.L.C.
    F. Canterra at Sundance, L.L.C.
    G. Sundance 1 Courts, L.L.C.
    H. Sundance 2 Shadows, L.L.C.
    I. Hallcraft-Sundance, L.L.C.

14. Acknowledgement and Request for Authentication.

15. Trustee's Certificate of Completion and Authentication.

16. Receipt of Trustee.

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

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

19. Receipt for Bonds.

20. Specimen bond.

21. Copy of Blanket Letter of Representations.

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

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

24. Opinion of Counsel to Underwriter.

25. Opinion of Counsel to the following Owners:
    A. Meritage Homes Construction, Inc.
    B. Meritage Homes of Arizona, Inc.
    C. D.R. Horton, Inc. - Dietz-Crane
    D. Pulte Home Corporation
    E. Buckeye Land, L.L.C.
    F. Canterra at Sundance, L.L.C.
    G. Sundance 1 Courts, L.L.C.
    H. Sundance 2 Shadows, L.L.C.
    I. Hallcraft-Sundance, L.L.C.

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

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

28. Limited Offering Memorandum dated September 15, 2004.

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

30. Issuer Request for payment of costs of issuance.

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

Clerk, Sundance Community Facilities District (1 paper, 1 CD)
Treasurer, Sundance Community Facilities District (CD)
Gust Rosenfeld P.L.C. (CD)
Wells Fargo Bank, N.A. (CD)
RBC Dain Rauscher Inc. (CD)
Greenberg Traurig, LLP (CD)
Fennemore Craig (CD)
Behrens, Kozub, Lord & Kloberdanz, PLC (CD)
Titus, Brueckner & Berry (CD)

FEASIBILITY REPORT

For The Issuance of

Not to Exceed
$5,000,000 Principal Amount

OF

SUNDANCE COMMUNITY FACILITIES DISTRICT

(TOWN OF BUCKEYE, ARIZONA)

GENERAL OBLIGATION BONDS
SERIES 2004

July 20, 2004

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SECTION ONE

INTRODUCTION; PURPOSE OF FEASIBILITY REPORT; AND GENERAL DESCRIPTION OF DISTRICT

INTRODUCTION

This Feasibility Report (the "Report") has been prepared for presentation to the Board of Directors of the Sundance Community Facilities District (Buckeye, Arizona) (the "District") in connection with the proposed issuance by the District of its General Obligation Bonds, Series 2004 (the "Bonds") in a principal amount of not to exceed $5,000,000, pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act").

PURPOSE OF FEASIBILITY REPORT

This Report has been prepared for consideration of the feasibility and benefits of the Public Infrastructure (as defined in A.R.S. 48-701) to be financed by the Bonds and of the plan for financing such Public Infrastructure in accordance with the provisions of A.R.S. 48-715. Pursuant to A.R.S. 48-715, this Report includes (i) a description of the Public Infrastructure to be financed [Section Two]; (ii) a map showing, in general, the area to be benefited by the Public Infrastructure [Section Three]; (iii) an estimate of the cost to acquire, operate and maintain the Public Infrastructure and a timetable for the acquisition of the Public Infrastructure [Section Four]; and (iv) a plan for financing the Public Infrastructure [Section Five].

This Report has been prepared for the consideration of the Board of Directors of the District only. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the Bonds. This Report does not attempt to address the quality of the Bonds as investments or the likelihood of repayment of the Bonds. In preparing this Report, financial advisors, appraisers, counsel, engineers, Town staff and other experts have been consulted as deemed appropriate.

GENERAL DESCRIPTION OF THE DISTRICT

The Town of Buckeye (the "Town") approved the formation of the District on June 19, 2001 upon the request of all of the landowners within the District. The project is an approximately 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 approximately 30 miles west of downtown Phoenix primarily south of Interstate 10 stretching from Miller Road to one 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 District consists of approximately 2,015 acres.

The total Project acreage can be categorized as follows:

Total Project	Project Acres
6,933 Residential Units	1,408
1 Golf Course	182
2 Elementary School Sites and 1 High School Site	102
1 Wastewater Treatment Plant	3
Commercial	210
Major Streets	110
	2,015

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 is included in Appendix 1. Maps of the District 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 District is as follows:

Landowner	**Homebuilder Having Right to Purchase Property**	**Approximate Gross Acreage**
Buckeye Land, L.L.C.	Hancock-MTH Builders, Inc. (as to part)	702
D.R. Horton, Inc.-Dietz-Crane	None	325
Taro Properties Arizona I, L.L.C.	Hancock-MTH Builders, Inc.	265
Hancock-MTH Builders, Inc.	None	182
Pulte Home Corporation	None	159
Stonebridge Capital Properties L.L.C.	Hancock-MTH Builders, Inc.	97
Canterra at Sundance, L.L.C.	None	85
Marlor Land Company, Inc.	Hallcraft Homes, Inc. (as to part)	67
Central Association of Southern Baptists	None	5
Watson @ Yuma, L.L.C.	Evergreen Devco, Inc.	3
Miscellaneous governmental agencies or utilities (by dedication or donation)	Not Applicable	125
	TOTAL	2,015

*Acreage estimates do no reflect sales to third party homebuyers.

SECTION TWO

DESCRIPTION OF PUBLIC INFRASTRUCTURE

DESCRIPTION OF PUBLIC INFRASTRUCTURE

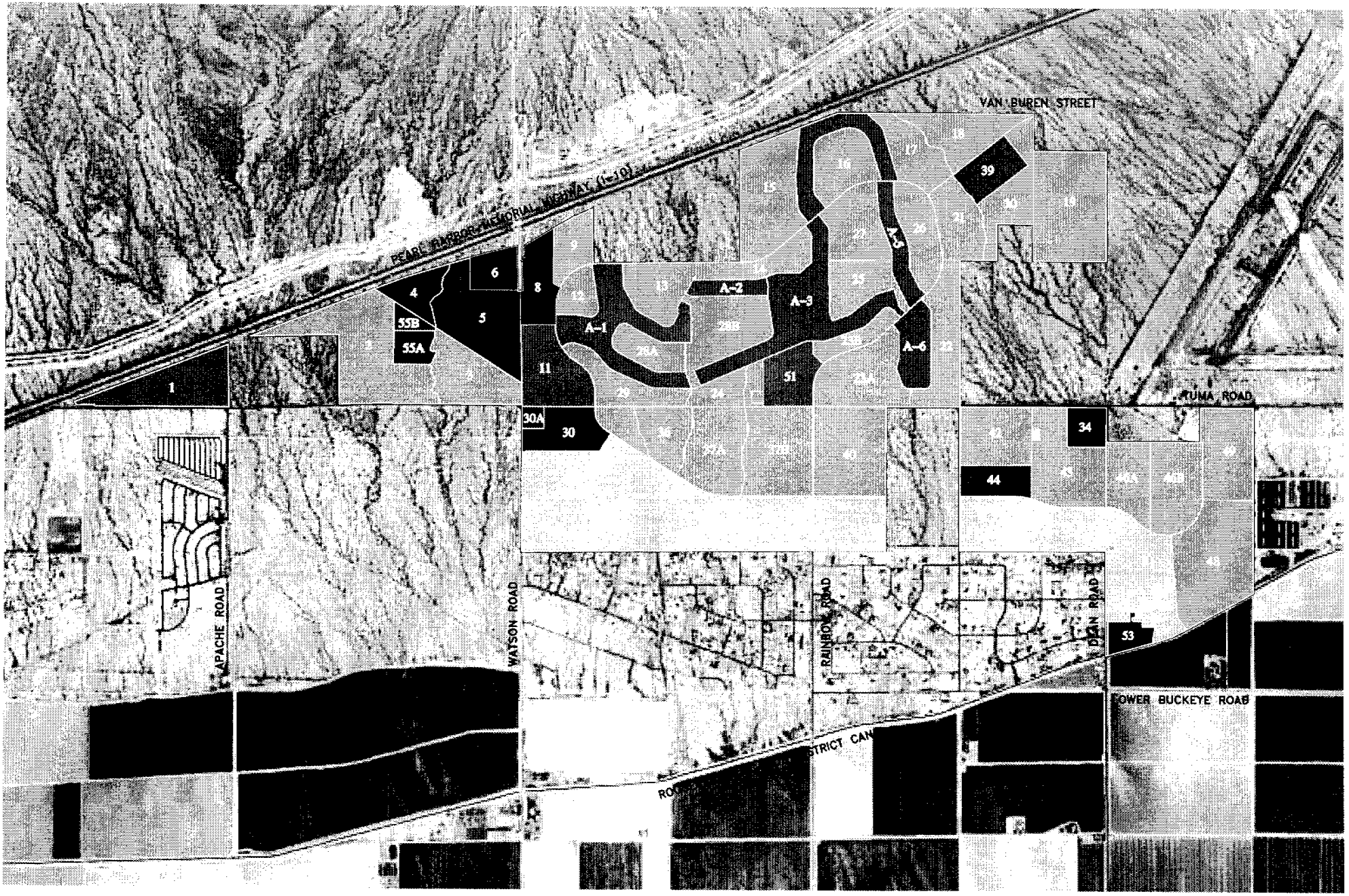
The Public Infrastructure to be financed by the General Obligation Bonds, Series 2004 has been or will be publicly bid pursuant to state statute. The improvements set forth below are completed. Any costs not paid by the Bonds have been paid by Buckeye Land Management, Inc.

PUBLIC INFRASTRUCTURE – GENERAL OBLIGATION BONDS

DESCRIPTION	EST. COST	COMPLETION
1. Water Supply Lines Proportionate share of cost to construct approximately 1,000 lf of 12" pipe northbound from Well #7 (located approximately 1,000 feet south of the NW corner of Parcel 43) to Yuma Road, and approximately 4,000 lf of 18" pipe westbound along Yuma Road to the Sundance Storage Tank located on the north side of Yuma Road approximately 1,300 feet west of Rainbow Road.	**$221,400**	**September 2005**
2. Minor Arterial Road – Watson Road Provide minor arterial road construction 2,600 lf (eastern half street improvements) ultimately to be 80′ wide with a 16′ curbed median along Watson Road from Yuma Road to Durango Road including materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, striping and signage, landscaping in the right of way, landscape sleeving, earthwork, and construction testing.	**$632,586**	**August 2004**
3. Interchange I-10@Watson Road Gross length of the Watson Road I-10 Interchange located in Maricopa County is approximately 1.14 miles. This project was approved by Arizona Department of Transportation and carries their project number #I-010-B-502, TRACHS No. 010-MA-116 H5549-01C. The project was completed in March 2003. Improvements within the ADOT right of way included the installation of 1,400 lf of 16" waterline installed in 30" casing, 937 lf of unrestrained 16" waterline, and 101 lf of 8" waterline with valves, fire hydrants and miscellaneous appurtenances. Sewer improvements within the ADOT right of way included the installation of 1,423 lf of restrained 8" sewer line, 1015 lf of unrestrained 8" sewer line with manholes, plugs, and miscellaneous appurtenances.	**$4,035,730**	**March 2003**
Total	**$4,889,716**	

SECTION THREE

MAP SHOWING AREA TO BE BENEFITED


VAN BUREN STREET
PEARL HARBOR MEMORIAL HIGHWAY (I-10)
YUMA ROAD
APACHE ROAD
WATSON ROAD
RAINBOW ROAD
DEAN ROAD
LOWER BUCKEYE ROAD
A-1
A-2
A-3
A-6
1
4
5
6
8
11
30
30A
34
39
44
51
53
55A
55B

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 (See Section Five), will be used to finance the acquisition of all or a portion of the Public Infrastructure listed in Section Two.

SECTION FIVE

PLAN OF FINANCE

PLAN OF FINANCE

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

(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. The District authorized, through an election at the time of formation of the District, general obligation bonded debt in an amount not to exceed $50,000,000.

(ii) Existing and Proposed Debt.

The District currently has no general obligation bonded debt outstanding. A property tax levy of up to $0.30 per $100 of assessed value was authorized to provide for the operations and maintenance of the District. In addition, a property tax levy of $3.00 per $100 of assessed value was authorized to provide for debt service of the District.

It is anticipated that approximately $5,000,000 of general obligation bonds (the "Bonds") will be sold in August 2004. The Bonds will have a final maturity of 25 years, and will be structured with one year of interest only and principal amortized over the balance of the term on a level debt service basis. Please refer to Table One in this section for estimated revenue versus debt service schedule. The Bonds will be unrated and sold through a limited offering ("private" offering pursuant to A.R.S. 48-722) to qualified institutional buyers or accredited investors who deliver a signed investor letter.

The Bonds will be structured such that the target tax rate is not expected to exceed $3.00 per $100 of secondary assessed value.

(iii) Estimated Sources and Uses of Funds.

The estimated sources and uses of funds related to the sale of the Bonds is shown below:

SOURCES:	
Principal of General Obligation Bonds, Series 2004	$5,000,000
Total	$5,000,000
USES:	
Acquisition of Public Infrastructure	$4,717,000
Costs of Issuance*	133,000
Underwriter's Discount	150,000
Total	$5,000,000

*The following represents the estimated detailed costs of issuance related to the sale of the Bonds:

Bond Counsel	$50,000
Underwriter's Counsel	25,000
Town Expenses	25,000
PLOM/LOM Printing	15,000
Trustee	8,000
Miscellaneous	10,000
Total	$133,000

(iv) Use of Proceeds.

The District will apply the proceeds from the sale of the Bonds to reimburse the Developer for the costs of the construction of the Public Infrastructure listed in Section Two, costs related thereto and to pay the costs of issuing the Bonds.

(v) Sale of the Bonds.

The Bonds will be unrated and sold through a limited offering ("private offering" pursuant to A.R.S. 48-722). Investors will be required to sign a "qualified investor" letter and meet certain criteria.

(vi) District Tax Rate

For each year until the Bonds are paid or otherwise provided for, the District will cause to be levied a combined ad valorem tax rate for each year of at least $3.30 per $100 of secondary assessed valuation on all taxable property within the boundaries of the District. This tax rate includes a $3.00 tax levy for debt service and a $0.30 tax levy for administrative, operations and maintenance expenses of the District. The District will continue to levy the $0.30 per $100 of secondary assessed valuation for the administrative, operations and maintenance expenses of the District.

(vii) Homeowner's Property Tax Obligation

At the $3.30 tax rate level, assuming an average home price of $120,000, the District portion of a tax bill for a homeowner is approximately $28 per month or $325 annually. A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes to be paid by a homeowner in the Subdivision Public Report. Prior to the home sale, each homebuyer must be supplied a Subdivision Public Report, and the homebuyer must acknowledge by signature that they have read and accepted the Subdivision Public Report.

In addition, each homebuyer will receive a form detailing the existence of the District, the tax rate and its financial impact and receipt of this form will be acknowledged in writing by the homebuyer, and a signed copy will be kept on file with the Town Clerk.

TABLE ONE

Sundance Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2004

Estimated District Debt Service and District Revenues

Fiscal Year Ending June 30	Net Secondary Assessed Value (1)	*Estimated Series 2004* $5,000,000 Principal	*Estimated Series 2004* Interest @ 7.00%	Total Estimated Debt Service	District Revenues @ $3.00 Tax Rate & 95% Collection Rate	Estimated Series 2004 Revenue Shortfall (2)	Estimated District Contribution for Series 2004 Revenue Shortfall (3)	Debt Tax Rate	Fiscal Year Ending June 30
2004	$ 1,899,181	$ -	$ -	$ -	$ 54,127	$ -	$ -	$ 3.000	2004
2005	9,846,355	-	306,250	306,250	280,621	(25,629)	25,629	3.000	2005
2006	16,709,099	85,000	350,000	435,000	476,209	-	-	2.603	2006
2007	16,709,099	90,000	344,050	434,050	476,209	-	-	2.598	2007
2008	16,709,099	100,000	337,750	437,750	476,209	-	-	2.620	2008
2009	16,709,099	105,000	330,750	435,750	476,209	-	-	2.608	2009
2010	16,709,099	115,000	323,400	438,400	476,209	-	-	2.624	2010
2011	16,709,099	120,000	315,350	435,350	476,209	-	-	2.605	2011
2012	16,709,099	130,000	306,950	436,950	476,209	-	-	2.615	2012
2013	16,709,099	140,000	297,850	437,850	476,209	-	-	2.620	2013
2014	16,709,099	150,000	288,050	438,050	476,209	-	-	2.622	2014
2015	16,709,099	160,000	277,550	437,550	476,209	-	-	2.619	2015
2016	16,709,099	170,000	266,350	436,350	476,209	-	-	2.611	2016
2017	16,709,099	180,000	254,450	434,450	476,209	-	-	2.600	2017
2018	16,709,099	195,000	241,850	436,850	476,209	-	-	2.614	2018
2019	16,709,099	205,000	228,200	433,200	476,209	-	-	2.593	2019
2020	16,709,099	220,000	213,850	433,850	476,209	-	-	2.596	2020
2021	16,709,099	235,000	198,450	433,450	476,209	-	-	2.594	2021
2022	16,709,099	255,000	182,000	437,000	476,209	-	-	2.615	2022
2023	16,709,099	270,000	164,150	434,150	476,209	-	-	2.598	2023
2024	16,709,099	290,000	145,250	435,250	476,209	-	-	2.605	2024
2025	16,709,099	310,000	124,950	434,950	476,209	-	-	2.603	2025
2026	16,709,099	335,000	103,250	438,250	476,209	-	-	2.623	2026
2027	16,709,099	355,000	79,800	434,800	476,209	-	-	2.602	2027
2028	16,709,099	380,000	54,950	434,950	476,209	-	-	2.603	2028
2029	16,709,099	405,000	28,350	433,350	476,209	-	-	2.593	2029
Totals		$ 5,000,000	$ 5,763,800	$ 10,763,800		$ (25,629)	$ 25,629		

(1) The secondary assessed valuation for fiscal year ending 2005 is preliminary as provided by the Maricopa County Assessor's Office in February 2004. The Maricopa County Assessor has included 472 single-family homes within the District on the preliminary 2004-05 tax roll. The projected secondary assessed valuation assumes the following additional single-family home absorption: 686 homes added in fiscal year ending 2006 at a $122,000 average sales price. As of June 30, 2004, there were 938 homes closed to homebuyers in the District and 220 homes under construction by only Hancock Communities (1,158 total homes).

(2) Represents the estimated amount of shortfall between District revenues and District debt service on the Series 2004 Bonds.

(3) The estimated fiscal year 2004-05 revenue shortfall will be paid from fiscal year 2004 District revenues and will be applied to the January 15, 2005 interest payment.

APPENDIX 1

LEGAL DESCRIPTION FOR THE SUNDANCE COMMUNITY FACILITIES DISTRICT

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.

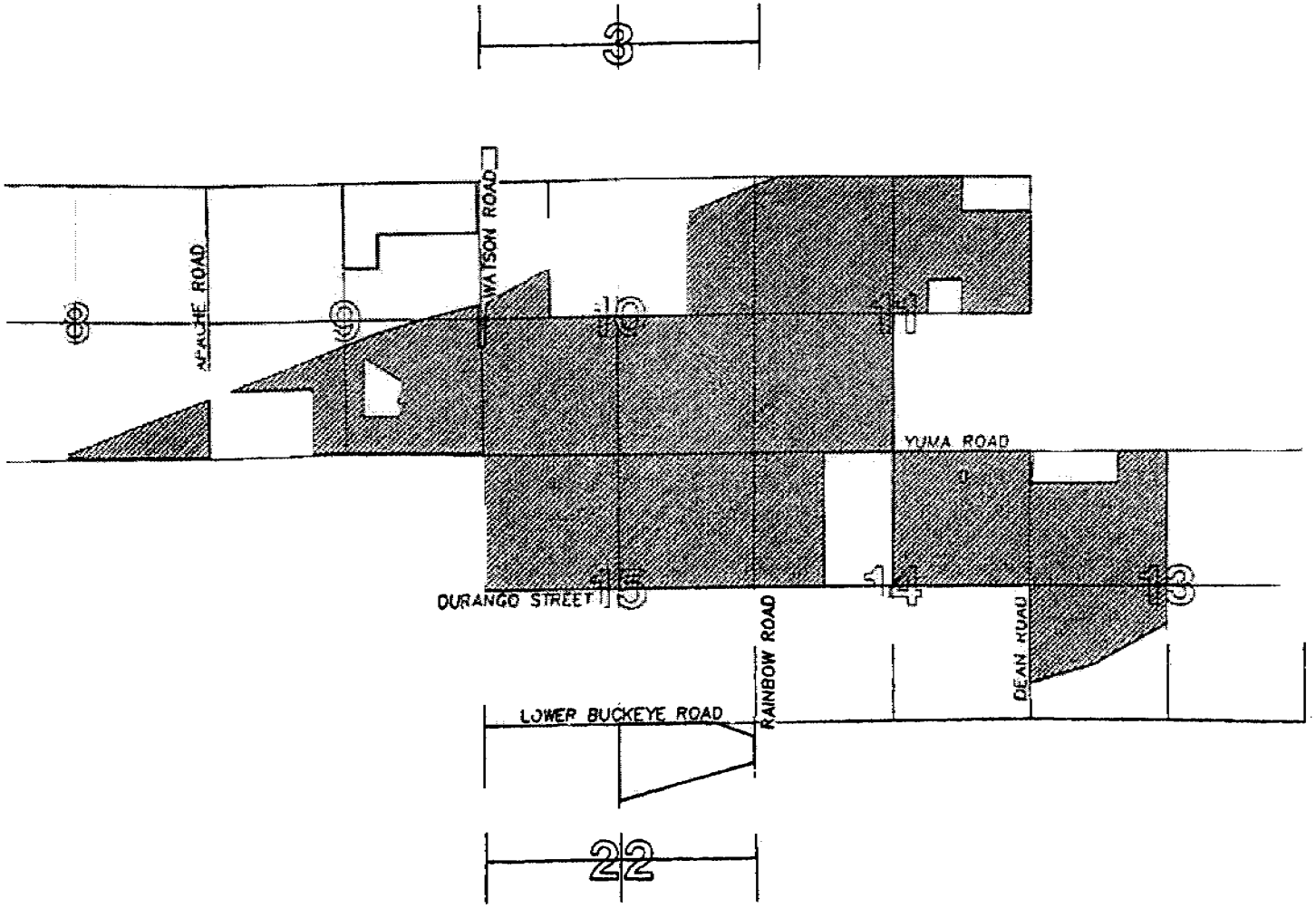


EXHIBIT 1
COMMUNITIES FACILITY DISTRICT SUNDANCE

RBF CONSULTING

PLANNING
DESIGN
CONSTRUCTION

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. 07-04 (Sundance GO – feasibility res.)

RESOLUTION OF THE BOARD OF DIRECTORS OF SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), RESCINDING RESOLUTION NO. 06-03 PREVIOUSLY ADOPTED ON APRIL 1, 2003; APPROVING THE FEASIBILITY AND BENEFITS REPORT RELATING TO THE ACQUISITION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND FINANCE CERTAIN IMPROVEMENTS AS DESCRIBED IN THE FEASIBILITY REPORT RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED $5,000,000 GENERAL OBLIGATION BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.

WHEREAS, pursuant to Section 48-715, Arizona Revised Statues ("*A.R.S.*"), as amended, the Board of Directors of the Sundance Community Facilities District (Town of Buckeye, Arizona), has caused a report of the feasibility and benefits of the Project (as such term and all other initially capitalized terms are defined hereinafter) to be prepared, relating to certain public infrastructure provided for in the General Plan of the District and to be financed with the proceeds of the sale of general obligation bonds of the District, which report includes, among other things, a description of certain public infrastructure to be acquired 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 Projects and a plan for financing the Project (the "*Feasibility Report*"), a copy of which is on file with Clerk of the District; and

WHEREAS, pursuant to Section 48-715, A.R.S., as amended, a public hearing on the Feasibility Report was held on the date hereof, after provision for publication of notice thereof as provided by law;

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

Section 1. Rescission of Resolution 06-03. This Board hereby rescinds Resolution No. 06-03 heretofore adopted by this Board on April 1, 2003, in its entirety.

Section 2. Definitions. In this resolution, the following terms shall have the following meanings:

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

"*Board*" shall mean this board of directors of the District.

"*Bonds*" shall mean the District's General Obligation Bonds, Series 2004.

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

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

"*Feasibility Report*" shall mean the feasibility and benefits study pertaining to the Project on file with the Clerk prior to the date and time of this resolution, discussing the matters required by Section 48-715, A.R.S., as amended.

"*General Plan*" shall mean the General Plan for the District recorded on July 3, 2001 at docket 2001-0594336 in the Maricopa County Recorder's office.

"*Project*" shall mean the acquisition of public infrastructure (as such term is defined in the Act) described in the Feasibility Report, including particularly the acquisition and/or construction by the District of the improvements described on *Exhibit A* hereto.

Section 3. Approval of Feasibility Report. Based on the review by the Board and the presentation of the Feasibility Report at the public hearing on July 20, 2004, the Feasibility Report is hereby adopted and approved in the form submitted to the Board. The Feasibility Report has been filed with the Clerk prior to adoption of this resolution. The publication by the Clerk of the notice of the hearing on the Feasibility Report is hereby ratified and approved.

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 Feasibility Report, for any and all purposes of the Act. Any portion of the costs of the Project not financed by the proceeds of the Bonds shall remain eligible to be financed through the sale of future bonds of the District.

Section 5. Preliminary Approval to Issue and Sell Bonds. The Board hereby declares its intent to proceed with the financing of the Project in substantially the manner presented in the Feasibility Report and hereby declares its intent to issue not to exceed $5,000,000 principal amount of Bonds to finance the costs of the Project.

PASSED, ADOPTED AND APPROVED on July 20, 2004.

Chairman

Clerk

APPROVED AS TO FORM:

District Attorney

Attachments: Exhibit A - Description of Improvements

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Sundance Community Facilities District (Town of Buckeye, Arizona) at a regular 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 530888 07/13/04

EXHIBIT A

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

1. **I-10 Interchange at Watson Road**: gross length of the Watson Road I-10 Interchange located in Maricopa County is approximately 1.14 miles. This project is approved by Arizona Department of Transportation and carries their project number #I-010-B-502, TRACHS No. 010-MA-116 H5549-01C. Improvements within the ADOT right of way include the installation of 1400 lf of 16" waterline installed in 30" casing, 937 lf of unrestrained 16" waterline, and 101 lf of 8" waterline with valves, fire hydrants and miscellaneous appurtenances. Sewer improvements within the ADOT right of way include the installation of 1423 lf of restrained 8" sewer line, 1015 lf of unrestrained 8" sewer line with manholes, plugs, and miscellaneous appurtenances. Estimated Total cost: $4,035,730.

2. **Water Supply Lines**: Proportionate share of cost to construct approximately 1,000 lf of 12" pipe northbound from Wells #7 (located approximately 1,000 feet south of the NW corner of Parcel 43) to Yuma Road, and approximately 4,000 lf of 18" pipe westbound along Yuma Road to the Sundance Storage Tank located on the north side of Yuma Road approximately 1,300 feet west of Rainbow Road. Estimated Total cost: $221,400.

3. **Minor Arterial Road – Watson Road**: Provide minor arterial road construction 2,600 lf (eastern half street improvements) ultimately to be 80' wide with a 16' curbed median along Watson Road from Yuma Road to Durango Road including materials, labor, equipment, tools, transportation, traffic control, permits and services for installing grading, paving, concrete, storm drain, striping and signage, landscaping in the right of way, landscape sleeving, earthwork, and construction testing. Estimated Total cost: $632,586.

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. 13-04 (SUNDANCE)

A RESOLUTION OF THE BOARD OF DIRECTORS OF SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) RESCINDING RESOLUTION NO. 07-03 PREVIOUSLY ADOPTED ON JUNE 3, 2003; AUTHORIZING THE ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION BONDS, SERIES 2004, IN THE PRINCIPAL AMOUNT OF $5,000,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; APPROVING A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AND LEVYING AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT.

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

1. **Findings.**

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

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

(c) Pursuant to the Enabling Act, the District Board has caused a feasibility report dated as of July 20, 2004 of the feasibility and benefits of the projects relating to certain public infrastructure provided for in the General Plan of the District and to be financed with proceeds of the sale of a portion of such bonds, such report having been prepared by or on behalf of the District and including a description of certain public infrastructure to be acquired and all other information useful to understand the projects, a map showing, in general, the location of the projects, the costs of constructing the projects, an estimate of the cost to acquire, operate and maintain the projects, a map or description of the area to be benefited by the projects, and a plan for financing the projects (the "*Feasibility Report*"). A public hearing on the Feasibility Report was held July 20, 2004, after provision of publication of notice of the hearing as provided by law, and, pursuant to the Enabling Act and Resolution No. 07-04 adopted on July 20, 2004, the Feasibility Report was ratified and approved in all respects.

(d) The District Board has determined to rescind the resolution authorizing the issuance of general obligation bonds previously adopted on June 3, 2003 and to authorize the issuance of the general obligation bonds described herein (the "*Bonds*") to provide funds for any and all of the public infrastructure purposes provided for in the Enabling Act and the Feasibility Report, to the extent authorized in the Election, and upon issuance of the Bonds the District Board (1) shall enter in its minutes a record of the Bonds sold and their numbers and dates and (2) shall levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is defined in the Indenture referred to below) when due.

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

(f) There have been presented in connection herewith (1) the proposed form of the Indenture; (2) the proposed form of the Purchase Contract relating to the Bonds (the "*Purchase Contract*"), by and between the District and RBC Dain Rauscher Inc. (the "*Underwriter*"); (3) the Preliminary Limited Offering Memorandum relating to the Bonds, (the "*Preliminary Limited Offering Memorandum*"), and which, with such completions and changes as may be necessary will constitute the form of the Final Limited Offering Memorandum for the Bonds (the "*Final Limited Offering Memorandum*"); and (4) the proposed forms of indemnity letters required by the Purchase Contract and the indemnity letter relating to the development agreement to which the Owners are bound. (The documents described in Clauses (1) through (4), inclusive, and the Indenture are referred to, collectively, as the "*Bond Documents*".)

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

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

2. **Approval of Issuance and Sale of Bonds**. The Bonds are hereby authorized to be issued as a series of general obligation bonds of the District to be designated

"Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004". The Bonds shall be issued in an aggregate principal amount of $5,000,000, shall be in fully registered form only, shall be dated as of August 1, 2004 or such later date as set forth in the Purchase Contract and shall bear interest at rates and mature on the dates and in the amounts as may be approved by the Chairman or the District Manager and set forth in the Purchase Contract. The average interest rate on the Bonds shall not exceed the rate authorized in the ballot approved at the Election and the final maturity of the Bonds shall be no later than July 1st or 15th, 2029. The Bonds shall be subject to redemption prior to maturity as may be approved by the Chairman or the District Manager and set forth in the Purchase Contract and shall bear such other terms and provisions as set forth in the Indenture. The Bonds shall be sold to the Underwriter pursuant to the Purchase Contract. As a condition to the execution and delivery of the Bonds, there shall be executed and delivered the Bond Documents in substantially the same form as presented herewith with such insertions, deletions and changes as are no inconsistent herewith and as are approved by the Chairman or the District Manager.

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

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

5. **Authorization to Execute and Deliver Order to Trustee**. The District Manager is authorized to execute and deliver to the Trustee the written order of the District for the authentication and delivery of the Bonds by the Trustee.

6. **Other Actions Necessary**. The Chairman (or any other member of the District Board in the event the Chairman is absent or such signature cannot be obtained), the District Manager, the District Clerk and the officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Bond Documents and the Final Limited Offering Memorandum, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and delivery of the Bonds.

7. **Distribution of Disclosure Documents**. The Preliminary Limited Offering Memorandum is hereby deemed final for all purposes of SEC Rule 15c(2)(12), its distribution by the Underwriter is hereby authorized and approved, and the District Manager or any member of

the District Board is hereby authorized and directed to complete, execute and deliver the Final Limited Offering Memorandum in substantially the form presented at the meeting at which this Resolution was adopted, with such completions and changes as may be acceptable to such District Manager or member of the District Board, and the distribution and use of the Final Limited Offering Memorandum by the Underwriter is hereby approved.

8. **Tax Levy**.

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

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

(c) The District Board shall make annual statements and estimates of the amount to be raised to pay Debt Service on the Bonds and such other costs of the District as are permitted under "public infrastructure purposes" as provided in the Enabling Act. The District Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The District Board, on or before the date set by law for certifying the annual budget of the Town, shall fix, levy and assess the amounts to be raised by ad valorem taxes of the District and shall cause certified copies of the order to be delivered to the Board of Supervisors of Maricopa County, Arizona, and to the Department of Revenue of the State. All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

9. **No Obligation of Town**. Nothing contained in this resolution, the Bond Documents or any other instrument shall be construed as obligating the Town or as incurring a charge upon the general credit of the Town nor shall the breach of any agreement contained herein, in the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Town.

10. **Appointment of Trustee and Clerk**. Wells Fargo Bank, Arizona, National Association, is hereby confirmed as Trustee, Registrar and Paying Agent for the purpose of the Indenture. The District Clerk shall be the person serving as Clerk of the Town and such person is hereby appointed District Clerk. The District Manager shall continue to be the person serving as Town Manager.

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

12. **Severability; Amendment**.

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

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

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

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

SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

Chairman, District Board

ATTEST:

District Clerk

APPROVED AS TO FORM:

Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing Resolution No. 13-04 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.

District Clerk

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)

and

WELLS FARGO BANK, N.A.,
as Trustee

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

DATED AS OF SEPTEMBER 1, 2004

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS, SERIES 2004

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

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*"), the district board of the Issuer (the "*Board*") caused a general obligation bond election to be held on August 7, 2001 "*Election*"), submitting to those persons who are qualified to vote pursuant to the Enabling Act the question of authorizing the Board to issue general obligation bonds of the Issuer to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with the General Plan for the District filed with the Town Clerk of the Town of Buckeye, Arizona on June 19, 2001 (the "*General Plan*"); and

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

WHEREAS, pursuant to a Resolution of the Board adopted on August 3, 2004 (the "*Bond Resolution*"), the Board (1) has authorized the issuance of the general obligation bonds described herein (the "*Bonds*" or "*Series 2004 Bonds*") to provide funds for any and all of the public infrastructure purposes provided for in the Enabling Act and in the Report to the extent authorized in the Election and (2) has entered in its minutes a record of the Bonds sold and their numbers and dates and levied and caused an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the Issuer sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is hereinafter defined) when due; and

WHEREAS, pursuant to the Enabling Act and Section 9-500.05, Arizona Revised Statutes, as amended, the Town of Buckeye, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Municipality*"), the Issuer and 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, having an interest in real property within the boundaries of the Issuer (collectively the "*Original Owner*") have entered into a Development,

Financing Participation and Intergovernmental Agreement No. 1 (the "*Development Agreement*"), as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Enabling Act) and the financing of public infrastructure; and

WHEREAS, with regard to the property which makes up the real property included within the boundaries of the Issuer, the Municipality, the Issuer and the Original Owner have specified some of such matters in the Development Agreement, particularly matters relating to the acquisition and construction of certain public infrastructure by the Issuer and the acceptance thereof by the Municipality, all pursuant to the Enabling Act; and

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

WHEREAS, 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 hereof; and

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

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, 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 owners thereof, the Issuer by these presents does grant, bargain, sell, remise, release, convey, collaterally assign, transfer, mortgage, hypothecate, pledge, set over, and confirm to the Trustee, forever, all and singular the following described properties, and grants a security interest therein for the purposes herein expressed, to-wit:

GRANTING CLAUSE FIRST

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

GRANTING CLAUSE SECOND

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

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

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

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

AND IT IS HEREBY COVENANTED AND DECLARED that all the Bonds are to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions, and 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 I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

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

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

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

"*Acquisition and Construction Fund*" means the fund of the Issuer so defined in Section 5.03.

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

"*Authorized Denomination*" means $5,000 and integral multiples of $5,000 in excess thereof.

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

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

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

"*Bond Fund*" means the fund of the Issuer so defined in Section 5.01.

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

"*Bond Resolution*" means the Board Resolution 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, being the Issuer's $5,000,000 District General Obligation Bonds, Series 2004.

"*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.

"*Costs of Acquisition and Construction*" means all items of expense directly or indirectly relating to the cost of the "public infrastructure purposes" (as such term is defined in the Enabling Act) and as described in the Report.

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

"*Debt Service*" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds; (ii) fees and costs of registrars, trustees, paying agents or other agents necessary to handle the Bonds; (iii) amounts due with regard to Rebate; and (iv) fees and costs of complying with continuing disclosure undertakings.

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

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

"*Election*" means the election of the Issuer held on August 7, 2001, to authorize the issuance of the Bonds.

"*Enabling Act*" means Title 48, Chapter 4, Article 6, Arizona Revised Statues, 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 Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in clause (1) are not available to satisfy any other claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating categories of S&P and Moody's, but in the case of both Clause (1) and Clause (2) of this paragraph, for purposes of Section 6.02, only if such obligations are non-callable prior to the Maturity of the Bonds or (3) REFCORP STRIPS as defined in "Permitted Investments". Governmental Obligation also includes for purposes other than Section 6.02, a "no load," open-end management investment company or trust (mutual fund), registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States, and repurchase agreements secured by the same and which money market fund has a rating by S&P of AAAm-G; AAAm; or AAm or better and a rating by Moody's of "VMIG-1" or better.

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

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

"*Interest Payment Date*" means each January 15 and July 15 commencing January 15, 2005.

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

"*Issuer Representative*" means the manager for the Issuer or his designee.

"*Issuer Request*" means a written request signed in the name of the Issuer by the District Manager or by the District Clerk and delivered to the Trustee.

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

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

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

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

"*Opinion of Counsel*" means a written opinion of counsel who may (except as otherwise expressly provided in this Indenture) be counsel for the Issuer and shall be acceptable to the Trustee and, when given with respect to the status of interest on any Bond under federal income tax law, shall be 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*" when used with respect to Bonds means, as of the date of determination, all Bonds therefore 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 to this Indenture, or waived, or provision therefor satisfactory to the Trustee has been made;

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

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

(5) Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or a Paying Agent with the effect specified in Section 6.02.

"*Outstanding Secured Bonds*" means, as of the date of determination, (1) all Bonds then Outstanding and (2) all Bonds, if any, alleged to have been destroyed, lost, or stolen which

have been replaced or paid as provided in Section 3.06 but whose ownership and enforceability by the Holder thereof have been established by a court of competent jurisdiction or other competent tribunal or otherwise established to the satisfaction of the Issuer and the Trustee.

"*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, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"*Permitted Investments*" means:

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

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

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

2. Farmers Home Administration
   Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures

5. General Services Administration
   Participation certificates

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

7. U.S. Maritime Administration
   Guaranteed title XI financing

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

9. U.S. Public Housing Notes and Bonds

U.S. government guaranteed public housing notes and bonds

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

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

1. Federal Home Loan Bank System
Senior debt obligations

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

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

4. Student Loan Marketing Association
Senior Debt obligations

D. Money market funds registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a(7) under the Investment Company Act of 1940, and having a rating by S&P of AAAm-G; AAAm; or AAm or better and having a rating by Moody's of "VMIG-1" or better, including funds which the trustee or its affiliates provides investment advisory services.

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

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

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

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

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

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

Repurchase Agreements must satisfy the following criteria.

1. Repos must be between the Issuer and a dealer bank or securities firm

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

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

2. The written repo contract must include the following:

a. Securities which are acceptable for transfer are:

(1) Direct U.S. government, or

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

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

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

d. Valuation of Collateral

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

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

securities used as collateral are FNMA, then the value of collateral must equal 105%.

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

a. Repo meets guidelines under state law for legal investment of public funds.

K. Governmental Obligations.

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

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

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

"*Predecessor Bonds*" of any particular bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular bond, and, for purposes of this definition, any bond authenticated and delivered under Section 3.06 in lieu of a mutilated, lost, destroyed, or stolen Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed, or stolen Bond.

"*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 10.06.

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

"*Redemption Price*" when used with respect to any bond to be redeemed means the price fixed for such redemption pursuant to the terms thereof and hereof.

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

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

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

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

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

"*State*" means the State of Arizona.

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

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

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

Section 1.02. Acts of Bondholders.

A. Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this indenture to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders in person or by an agent duly appointed in writing, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee. Such instrument or instruments (and the action embodied therein and

evidenced thereby) are herein sometimes referred to as the "Act" of the Bondholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Issuer and (subject to Section 8.01) the Trustee, if made in the manner provided in this Section.

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

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

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

Section 1.03. Notices, etc.

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

(1) the Trustee shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its principal corporate trust office or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at 100 West Washington Street, #4101-082, Phoenix, Arizona 85003, Attention: Corporate Trust Services or at any other address furnished in writing to such Person by the Trustee, or

(2) the Issuer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at c/o Town of Buckeye, Arizona, 100 North Apache, Suite A, Buckeye, Arizona 85326, Attention: District Manager, with copies to Gust Rosenfeld P.L.C., 201 E. Washington Street, Suite 800, Phoenix, AZ 85004-2327, Attention: 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 1.04. Form and Contents of Documents Delivered to the Trustee.

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

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

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

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

Section 1.05. Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.06. Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 1.07. Severability Clause. In case any provision in this Indenture or in the bonds or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

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

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

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

ARTICLE II

FORM OF BONDS

Section 2.01. Form Generally.

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

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

Section 2.02. Form of Bonds. The Bonds shall be in the following form:

[FORM OF BOND]

REGISTERED
No. R-_____

REGISTERED
$_____

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

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

[THIS BOND IS ONLY TRANSFERABLE UPON COMPLIANCE WITH THE RESTRICTED TERMS PROVIDED HEREIN][1]

UNITED STATES OF AMERICA
STATE OF ARIZONA

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2004

INTEREST RATE	MATURITY DATE	ORIGINAL DATED DATE	CUSIP NO.:
_____	_____	September 23, 2004	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS ($_____.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 (the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (the "*Holder*"), on the "Maturity Date" specified above unless earlier redeemed as provided herein, the "Principal Amount" specified above and to

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

pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "Original Dated Date" specified above, or from the most recent "Interest Payment Date" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is defined in the hereinafter described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 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 (as such term is defined in the Indenture) of the Issuer at the close of business on the "Regular Record Date" therefor, which shall be the first day (whether or not a business day) of the calendar month of 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 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 (the "*Paying Agent*") in the City of Phoenix, Arizona (the "*Place of Payment*"), which shall initially be the designated corporate trust office of Wells Fargo Bank, N.A., by check mailed on or before the Interest Payment Date to the Holder as of the relevant record date at the address specified in the Bond Register or pursuant to customary arrangements made by such Holder acceptable to the Paying Agent. The principal and Redemption Price (as such term is defined in the Indenture) of this Bond are payable at the designated corporate trust office in Phoenix, Arizona of the Paying Agent in the Place of Payment, upon presentation and surrender of this Bond.

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

This Bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (the "*Bonds*"), issued and to be issued in one series under, and all equally and ratably secured, with the limitations described herein, by an Indenture of Trust and Security Agreement, dated as of September 1, 2004 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and

assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this Bond hereby consents. The Bonds are authorized the be issued by a resolution of the District Board of the Issuer adopted on August 3, 2004 (the "*Bond Resolution*"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 16, Arizona Revised Statutes, as amended (the "*Enabling Act*").

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

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

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

Optional Redemption. The Bonds maturing on or before July 15, 2014 are not subject to call for redemption prior to maturity. Bonds maturing on and after July 15, 2015, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 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, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without a premium.

Mandatory Redemption. The Bonds maturing on July 15, 2029, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

REDEMPTION DATE (July 15)	PRINCIPAL AMOUNT
2019	$205,000
2020	215,000
2021	230,000
2022	245,000

2023	260,000
2024	275,000
2025	295,000
2026	310,000
2027	330,000
2028	355,000
2029 (maturity)	375,000

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

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

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

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

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the

registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees. [Notwithstanding any other provision of this Bond to the contrary, but except as otherwise provided in Section 3.04(b)(2) of the Indenture, this Bond is nontransferable unless the transferee or transferees are Sophisticated Municipal Market Professionals or Qualified Investors and such Qualified Investor provides the Trustee a completed certificate of qualified investor in the form included in this Bond.][2]

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

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

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

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

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

It is hereby certified, covenanted, and represented that all acts, conditions and things required to be performed, exist, and be done precedent to or in the issuance of this Bond in order to render the same a legal, valid, and binding general obligation of the Issuer have been performed, exist and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the bonds does not exceed any constitutional or statutory limitation. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

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

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 _____

[The following certificate shall be required only to the extent required by Section 3.04(B)(2) of the Indenture.]

["CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL"]

TO: SUNDANCE COMMUNITY FACILITIES DISTRICT

c/o Wells Fargo Bank, N.A., as Trustee

Re: Sundance Community Facilities District
General Obligation 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 $5,000,000, 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: _____

["CERTIFICATE OF QUALIFIED INVESTOR"]

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

Re: Sundance Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2004

1. Please be advised that the undersigned is purchasing one 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 a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of September 1, 2004 (hereinafter referred to as the "*Indenture*") from the addressee Community Facilities District listed above (hereinafter referred to as the "*Issuer*") to the addressee Trustee (or any successor thereto as provided in such Indenture of Trust, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that a transferee must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws in such regard.

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

(i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in

excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

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

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

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

(v) any officer of RBC Dain Rauscher Inc.; or

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

5. The undersigned further acknowledges that (i) an opportunity was available to obtain and that the undersigned has obtained all materials which were regarded as necessary to evaluate the merits and risks of investment in the Bonds and (ii) after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the primary developer of land in the District, failure or inability of such developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds, bankruptcy and foreclosure delays, and the probable lack of any secondary market for the Bonds.

6. The undersigned acknowledges, warrants and represents that the undersigned is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds.

7. The undersigned understands that the Bonds (i) are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service, and (v) are not likely to be readily marketable.

8. 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 either been supplied with or has had access to the information, including financial statements and other financial information, that the undersigned requested from the Issuer.

9. 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.

QUALIFIED INVESTOR:

Name:_____

Printed Name:_____

[END OF "CERTIFICATE OF QUALIFIED INVESTOR"]

[END OF FORM OF BOND]

Section 2.03. Form of Certificate of Authentication. Each of the Bonds shall have on the it the following form:

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, N.A., as Trustee

By_____
Authorized Representative

DATE:_____

Section 2.04. Form of Assignment. Each of the Bonds shall have on it 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 **[,subject to the transfer restrictions described in the within Bond,]**[3], hereby sells, assigns, and transfers unto (print or typewrite name, address, and zip code of transferee):

_____

_____

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

DATED: _____

_____

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 III

TERMS AND ISSUANCE OF THE BONDS

Section 3.01. Title and Terms.

A. There shall be one series of Bonds issued and secured hereunder entitled *"SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2004"* dated as of the date of initial delivery.

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 $5,000,000, and the Stated Maturities, the principal amounts thereof maturing thereon, and the rates of interest the Bonds so maturing shall bear shall be as follows:

YEAR (July 15)	PRINCIPAL AMOUNT	INTEREST RATE	DESIGNATION
2006	$ 110,000	3.00%	Serial
2007	115,000	3.50%	Serial
2008	120,000	4.00%	Serial
2009	125,000	4.35%	Serial
2010	130,000	4.60%	Serial
2011	135,000	4.90%	Serial

[3] Insert bracketed language in the Bonds only and until otherwise required as provided in Section 3.04(B)(2)

2012	145,000	5.00%	Serial
2013	150,000	5.15%	Serial
2014	155,000	5.25%	Serial
2015	165,000	5.35%	Serial
2016	175,000	5.40%	Serial
2017	185,000	5.45%	Serial
2018	195,000	5.50%	Serial
2029	3,095,000	6.25%	Term

D. The Bonds shall bear interest from and including 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 15 and July 15 commencing January 15, 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 3.07.

Section 3.02. Redemption of Bonds.

(1) **Optional Redemption**. The Bonds maturing on or before July 15, 2014 are not subject to call for redemption prior to maturity. The Bonds maturing on and after July 15, 2015, shall be redeemable from funds of the Issuer at the option of the Issuer, prior to their Stated Maturity in accordance with Article IV in whole or in part on any date on or after July 15, 2014, upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without a premium.

(2) **Mandatory Redemption**. The Bonds maturing on July 15, 2029 shall be redeemed from funds of the Issuer prior to their Stated Maturities in accordance with Article IV on the following Redemption Dates and in the following amounts upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without premium:

REDEMPTION DATE (July 15)	PRINCIPAL AMOUNT
2019	$205,000
2020	215,000
2021	230,000
2022	245,000
2023	260,000
2024	275,000

2025	295,000
2026	310,000
2027	330,000
2028	355,000
2029 (maturity)	375,000

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

Section 3.03. Execution, Authentication, Delivery and Dating.

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

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

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

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

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

D. No Bond shall be entitled to any right or benefit under this Indenture, or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided in Section 2.03, executed by the Trustee by manual signature, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or authenticated and delivered.

E. All Bonds authenticated and delivered by the Trustee hereunder shall be dated the date of their authentication.

Section 3.04. Registration, Transfer and Exchange.

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

B. (1) Upon surrender for transfer of any Bond to a Paying Agent therefor in the Place of Payment, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds, of any Authorized Denominations, and of a like aggregate principal amount as requested by the transferor.

(2) The restrictions on transfer of the Bonds included in the form of the Bonds in Section 2.02 shall not be applicable after receipt by the Trustee of (a) proof of at least an investment grade rating on the Bonds from a Rating Agency and (b) written approval of the Issuer to the deletion of such restrictions.

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 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 4.04 and ending at the close of business on the day of such mailing or (2) thereafter to transfer or exchange any Bond to be redeemed in whole or in part pursuant to such notice.

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 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) It is hereby acknowledged that the Issuer and the Trustee have entered into an agreement (the "*Letter of Representations*") with DTC in connection with the issuance of bonds of the District 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 3.05. Temporary Bonds.

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

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

Section 3.06. Mutilated, Destroyed, Lost and Stolen Bonds.

(A) If (1) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the Trustee such security or indemnity as may be required by it to save each of the Issuer and Trustee harmless, then, in the absence of notice to the Issuer or the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon a request of the 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 which payment was made or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expenses incurred by the Issuer or the Trustee in connection therewith.

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

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

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

Section 3.07. Payment of Interest on Bonds; Interest Rights Preserved.

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

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

Section 3.08. Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, replacement or conversion, and all Bonds, if surrendered to the Trustee, shall be promptly canceled by it and, if surrendered to the Issuer or any Paying Agent, shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously certified or authenticated and delivered which the Issuer may have acquired by any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond canceled as provided in this Section, except as expressly provided by this Indenture.

Section 3.09. Persons Deemed Owners. The Issuer, the Trustee, and their agents may treat the Person in whose name any Bond is registered as the owner of such bond for the purpose of receiving payment of the principal (and Redemption Price) of and interest on such Bond as provided herein and for all other purposes whatsoever, whether or not such Bond be

overdue, and, to the extent permitted by law, none of the Issuer, the Trustee, and any such agent shall be affected by notice to the contrary.

ARTICLE IV

REDEMPTION OF BONDS

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

Section 4.02. Election to Redeem; Notice to Trustee. The exercise by the Issuer of its option to redeem any Bonds shall be evidenced by a Board Resolution. In case of any redemption at the election of the Issuer of less than all of the Outstanding Bonds of a series, the Issuer shall, at least sixty (60) days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount and maturities of the Bonds to be redeemed.

Section 4.03. Selection of Bonds to be Redeemed.

A. If less than all the Outstanding Bonds of a Stated Maturity of the Bonds or, as applicable, are to be redeemed, the particular Bonds of such Stated Maturity of the Bonds, to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to Authorized Denominations) of the principal of Bonds and provided that no Bonds shall be redeemed if such redemption would result in such Bond being less than the minimum Authorized Denomination for such Bonds.

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

Section 4.04. Notice of Redemption.

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

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

(1) the Redemption Date,

(2) the Redemption Price,

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

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

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

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

Midwest Securities Trust Company
Capital 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 Called Bond Service
65 Broadway Street
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 4.05. Deposit of Redemption Price and Interest. On or before the Business Day preceding the earliest date for mailing of the notice required by Section 4.04 with regard to any Redemption Date relating to Section 3.02(1), the Issuer shall deposit or cause to be deposited with the Trustee an amount of money which, together with any amounts in the Bond Fund available for such purpose, is sufficient to pay the Redemption Price of all the Bonds then to be redeemed and interest, if any, accrued thereon to the Redemption Date. Such money and amounts shall be segregated and shall be held in trust, uninvested, for the benefit of the Holders entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

Section 4.06. Bonds Payable on Redemption Date.

A. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Issuer at the Redemption Price, but solely from the sources therein provided. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Holders of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 3.07.

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

Section 4.07. Bonds Redeemed in Part. 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 or denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

ARTICLE V

FUNDS

Section 5.01. Bond Fund. There is hereby created by the Issuer and established with the Trustee, a special fund of the Issuer designated its "District General Obligation Bonds, Series 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 5.02 and 7.03 hereof.

Section 5.02. Deposits to and Application of Bond Fund.

A. The Issuer shall, upon receipt, promptly deposit with the Trustee and the Trustee shall deposit to the credit of the Bond Fund:

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

(2) the amount received from proceeds of the sale of the Bonds indicated in Section 5.05A;

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

B. The Bond Fund shall be applied solely to pay Debt Service on the Bonds on the dates due in the amounts and order provided in Section 7.03B.

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

Section 5.04. Deposits to and Application of Acquisition and Construction Fund. The Issuer shall deposit to the credit of the Acquisition and Construction Fund the balance of the proceeds of the Bonds remaining after the deposits to the Bond Fund as provided in Section 5.05(A). Upon an Issuer Request, amounts on deposit in the Acquisition and Construction Fund shall be applied by the Trustee in the amounts and to the persons set forth in such Issuer Request to pay Costs of Issuance and Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the Issuer as provided by Issuer Request to transfer such unexpended proceeds or income to the Bond Fund. On September 1, 2007, any amounts remaining in the Acquisition and Construction Fund shall be transferred to the Bond Fund.

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

Section 5.06. Investment of and Security for Funds.

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

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

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

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

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

Section 5.07. Reports by Trustee. As soon as possible after January 15 and July 15 of each year, the Trustee shall provide to the Issuer, the Original Purchaser and counsel to the Issuer (as identified by a certificate of the Issuer) the balances as of such date in each Fund established hereunder.

ARTICLE VI

DEFEASANCE AND RELEASES

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

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

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

(2) Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.06, except for any such Bond which, prior to the satisfaction and discharge of this Indenture, has been presented to the Trustee with a claim of ownership and enforceability by the Holder thereof and where enforceability has not been determined adversely against such Holder by a court of competent jurisdiction,

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

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

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

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

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

Section 6.02. Defeasance. Any Bond shall be deemed to be no longer Outstanding when payment of the principal of such Bond, plus interest thereon to the Maturity thereof (whether such Maturity be by reason of the Stated Maturity thereof or call for redemption, if notice of such call has been given or waived or irrevocable arrangements therefor satisfactory to

the Trustee have been made) shall have been provided for by depositing for such payment from funds of the Issuer under the terms provided in this Section (1) money sufficient to make such payment or (2) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as shall, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom be sufficient to make such payment, provided that all necessary and proper fees, compensation, and expenses of the Trustee and Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Any such deposit shall be made either with the Trustee or, if notice of such deposit is given to the Trustee, with a state or nationally chartered bank with a minimum combined capital and surplus of $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 4.03 for the selection of Bonds to be redeemed.

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

Section 6.03. Application of Deposited Money. Money or Governmental Obligations deposited with the Trustee pursuant to Section 6.02 shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Subject to the provisions of Section 4.03, such money or Governmental Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent as the Trustee may determine) to the Holders entitled thereto of the principal (and premium, if any) and interest for the payment of which such money has been deposited with the Trustee.

ARTICLE VII

REMEDIES

Section 7.01. 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 in this Indenture or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or the Bondholders.

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

Section 7.02. Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment.

A. If

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

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

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

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

Section 7.03. Application of Money Collected. Any money collected by the Trustee pursuant to this Article together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

A. *First*: To the payment of all unpaid amounts due the Trustee under Section 8.06;

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

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

Section 7.04. Trustee May File Proofs of Claim.

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

(1) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Secured Bonds and to file

such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel) and of the Bondholders allowed in such judicial proceeding, and

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

and any custodian, receiver, assignee, trustee, liquidator, sequestrator, or other similar official in any such judicial proceeding is hereby authorized by each Bondholder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements, and advances to the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 8.06.

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

Section 7.05. Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Bonds in respect of which such judgment has been recovered.

Section 7.06. Unconditional Right of Bondholders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, a Bondholder 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), 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 7.07. 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 7.08. 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 7.09. Control by Bondholders.

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

(1) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Indenture, the sale of the Trust Estate, or otherwise; and

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

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

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

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

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

B. Before taking action pursuant to this Section, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Issuer shall reimburse the Trustee for all of the expenses of the Trustee pursuant to Section 8.06.

Section 7.10. 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 Outstanding Bonds affected thereby may, by Act of such Bondholders delivered to the Trustee and the Issuer, on behalf of the Holders of all the Bonds waive any past default hereunder and its consequences, except a default in respect of a covenant or provision hereof which under Article Twelve cannot be modified or amended without the consent of the Holder of each Outstanding Bond affected.

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

Section 7.11. 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 under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondholder, or group of Bondholders of 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 VIII

THE TRUSTEE

Section 8.01. Certain Duties and Responsibilities.

A. The Trustee undertakes to perform such duties and only such duties as are specifically set forth herein and no implied covenants or obligations shall be read into this Indenture against the Trustee. In the absence of bad faith on its part, the Trustee may conclusively

rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and confirming to the requirements of this Indenture; but in the case of any such certificates or opinions which by an provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements hereof.

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

(1) this Subsection shall not be construed to limit the effect of Subsection A of this Section;

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

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

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in Section 7.09B.

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

Section 8.02. Certain Rights of Trustee. Except as otherwise provided in Section 8.01 hereof:

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

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

(2) failure of the Trustee to receive any such paper, document, or communication, if prior receipt thereof is required by this Indenture before the Trustee is to take or refrain from taking any action;

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

C. whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate or, for purposes of Section 10.05(B), an appropriate certificate of the Rebate Consultant;

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

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

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

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

Section 8.03. Not Responsible for Recitals or Application of Proceeds. The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer of the Bonds or the proceeds thereof.

Section 8.04. May Hold Bonds. The Trustee, any Paying Agent, the Bond Registrar, and any other agent appointed hereunder, in its individual or any other capacity, may

become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, Paying Agent, Bond Registrar or such other agent.

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

Section 8.06. Compensation and Reimbursement.

A. The Issuer shall

(1) pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and

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

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

Section 8.07. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $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 8.08. Resignation and Removal; Appointment of Successor.

A. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall be come effective until the acceptance of appointment by the successor Trustee under Section 8.09.

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

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

D. If at any time:

(1) the Trustee shall cease to be eligible under Section 8.07 and shall fail to resign after written request therefor by the Issuer or any such Bondholder, 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 given notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Holders of the Bonds. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

Section 8.09. Acceptance of Appointment by Successor.

A. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to the Issuer and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such

successor Trustee, without any further act, deed, or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers, and trusts of the retiring Trustee, and shall duly assign, transfer, and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 8.06. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers, and trusts.

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

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

ARTICLE IX

SUPPLEMENTAL INDENTURES; AMENDMENTS TO BOND RESOLUTION

Section 9.01. Supplemental Indentures or Amendments to Bond Resolution Without Consent of Bondholders. Without the consent of the Holders of any Bonds, when authorized by Board Resolution, the Issuer and the Trustee may from time to time enter into one or more indentures supplemental hereto in form satisfactory to the Trustee, or the Issuer may amend the Bond Resolution for any of the following purposes:

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

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

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

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

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

Section 9.02. Supplemental Indentures or Amendments to the Bond Resolution With Consent of Bondholders.

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

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

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

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

(4) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture

cannot be modified or waived without the consent of the Holder of each Bond affected thereby.

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

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

Section 9.03. Execution of Supplemental Indentures and Amendments to Bond Resolution. In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Bond Resolution permitted by this Article or the modification thereby of the trusts created hereby, the Trustee shall be entitled to receive and, subject to Section 8.01, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture or adoption of such amendment is authorized or permitted hereby. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture or be governed by any amended Bond Resolution which affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

Section 9.04. Effect of Supplemental Indentures and Amendments to Bond Resolution. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part of this Indenture for all purposes, and upon the amendment of the Bond Resolution under this Article, the Bond Resolution shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution for all purposes, and every Holder of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.05. Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution. Bonds authenticated and delivered after the execution of any supplemental indenture, amendment to the Bond Resolution pursuant to this Article may bear a notation as to any matter provided for in such supplemental indenture, amended Bond Resolution. If the Issuer shall so determine, new Bonds so modified as to conform to any such supplemental indenture, amended Bond Resolution may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE X

COVENANTS

Section 10.01. Pledge and Levy of Taxes.

A. For each year while any Bond is Outstanding, the Board shall annually levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property of the Issuer, to pay Debt Service on the Bonds and to pay "debt service" (which term shall mean the same as Debt Service, but as applied to other general obligations of the Issuer) on all outstanding general obligation bonds of the Issuer due for such year whether previously or hereafter issued ("*Parity Debt Service*") when due.

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

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

D. The Board shall make annual statements and estimates of the amount to be raised to pay Debt Service. The Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The Board, on or before the date set by law for certifying the annual budget of the Municipality (which shall be the third Monday in August unless the Issuer certifies to the Trustee otherwise), shall fix, levy and assess the amounts to be raised by ad valorem taxes of the Issuer and shall cause certified copies of the order to be delivered to the Board of Supervisors of Maricopa County, Arizona, to the Department of Revenue of the State and to the Trustee. All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

Section 10.02. Payment of Debt Service.

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

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

event of a moratorium) and with the same force and effect as if made on the specified date for such payment.

Section 10.03. Maintenance of Agency. The Issuer shall maintain an agency in the Place of Payment where Bonds of each series may be presented or surrendered for payment, where Bonds of each series entitled to be registered, transferred, exchanged, or converted may be presented or surrendered for registration, transfer, exchange, or conversion, and where notices and demands to or upon the Issuer in respect of the Bonds of each series and this Indenture may be served. The Trustee is hereby appointed as Paying Agent for such purposes. The Issuer shall give prompt written notice to the Trustee of the location, and of any change in the location, of any such agency. If at any time the Issuer shall fail to maintain such an agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices, and demands may be made or served at the principal corporate trust office of the Trustee, and the Issuer hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices, and demands.

Section 10.04. Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money.

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

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

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

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

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

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

Section 10.05. Further Assurances; Recording.

A. The Issuer shall do, execute, acknowledge, and deliver all and every such further acts, conveyances, mortgages, financing statements, and assurances as shall be reasonably required for accomplishing the purposes hereof.

B. The Issuer shall cause this instrument and all supplemental indentures and other instruments of further assurance, including all financing statements, to be promptly recorded, registered, and filed, and to be kept recorded, registered, and filed, and, when necessary, to re-record, re-register, and re-file the same, all in such manner and in such places as may be required by law, fully to preserve and protect the rights of the Bondholders and the Trustee hereunder to all property comprising the Trust Estate, and the Issuer shall execute any financing statement, continuation statement or other document required for such purposes.

Section 10.06. Compliance with Federal Law.

A. The Issuer recognizes that the 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 affects the exempt status of the interest income on the Bonds.

B. The District Manager of the Issuer or his designee is hereby authorized to execute on behalf of the Issuer the Tax Agreement and to make therein such elections as required by law to assure the purchasers and owners of the Bonds that the proceeds of the Bonds will not be used in a manner which would or might result in the Bonds being "arbitrage bonds" under Section 148 of the Code. The Tax Agreement shall constitute a certification, representation and

no agreement of the Issuer and no investment shall be made of the proceeds of the Bonds herein authorized nor of the money in the account established hereunder in violation of the expectations and covenants prescribed by the Tax Agreement. The Tax Agreement shall constitute an agreement of the Issuer to follow certain covenants which may require the Issuer to take certain actions (including the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions as specified in the Tax Agreement.

C. 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.

D. 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 _____
District Manager

ATTEST:

_____
District Clerk

WELLS FARGO BANK, N.A., as Trustee

By _____
Its A. V. P.

200413377089

SECRETARY OF STATE

2004 OCT 20 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, AZ 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: 83-9339500 | 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 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 (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 $5,000,000 District General Obligation 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;

B. 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)

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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 Letters, dated the date hereof (each an "Indemnity Letter" and, collectively, the "Indemnity Letters"), by each of Meritage Homes Construction, Inc. ("Meritage Construction"), Meritage Homes of Arizona, Inc. ("Meritage Arizona"), D.R. Horton, Inc. - Dietz Crane ("Dietz-Crane"), Pulte Homes Corporation ("Pulte"), Buckeye Land, L.L.C. ("Buckeye Land"), 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") as Attachment I, Attachment II, Attachment III, Attachment IV, Attachment V, Attachment VI, Attachment VII, Attachment VIII and Attachment IX, respectively.

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 District General Obligation 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 issued pursuant to the resolution adopted by the Board of the Issuer on August 3, 2004 (the "Bond Resolution"), and shall have the other terms provided by the Indenture of Trust and Security Agreement, to be dated as of September 1, 2004 (the "Indenture"), from the Issuer to Wells Fargo Bank Arizona, N.A., as trustee (the "Trustee").

(c) The purchase price for the Bonds shall be $4,880,000. The underwriting discount is $120,000.

2. Limited Offering. The Underwriter is making a limited offering of all of the Bonds so that the Bonds are not being sold in a "public offering" for purposes of Section 48-719(B), Arizona Revised Statutes, as amended, 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 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"), 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 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 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, the execution and delivery of the Issuer Documents 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 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 the Indenture 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 security it purports to create as set forth therein;

(d) The Issuer is not in breach of or default in any respect under any applicable constitutional provision, statute or administrative rule or regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein shall not conflict with or constitute a breach of or default under any constitutional provision, statute, administrative rule or regulation, judgment,

decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor shall any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such statute, rule or regulation or instrument, except as provided by the Indenture;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Issuer Documents conform to the descriptions thereof contained in the 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 levy and collection of the *ad valorem* property taxes 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 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 Meritage Construction, Meritage Arizona, Dietz-Crane, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 and Hallcraft contained in the Indemnity Letters 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 Meritage Construction, Meritage Arizona, Dietz-Crane, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 and Hallcraft contained in the Indemnity Letters 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 adopted and the Issuer Documents 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 Meritage Construction, Meritage Arizona, Dietz-Crane, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 or Hallcraft, 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, certificates 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 the separate counsel to each of Meritage Construction, Meritage Arizona, Dietz-Crane, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 and Hallcraft, dated the Closing Date, addressed to the Underwriter and substantially in the form attached hereto as Exhibit B, modified as necessary to conform to the facts applicable to the particular Owner;

(4) The 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 certificate from each of Meritage Construction, Meritage Arizona, Dietz-Crane, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 and Hallcraft, dated the Closing Date, signed by an authorized official of each of Meritage Construction, Meritage Arizona, Dietz-Crane, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 and Hallcraft and in form and substance satisfactory to the Underwriter, to the effect that the representations and warranties contained in their respective Indemnity Letters are true and correct in all material respects as of the Closing Date;

(6) 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 levy and receipt of *ad valorem* property taxes 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;

(7) A specimen of the Bonds;

(8) A certified copy of the Bond Resolution;

(9) A counterpart original of the Limited Offering Memorandum manually executed on behalf of the Issuer by the Chairman of the District Board;

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

(11) The filing copy of the Information Return Form 8038-G (IRS) and of the Report of Bond and Security Issuance Pursuant To A.R.S. § 35-301(B) (Arizona Department of Revenue) for the Bonds;

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

(13) 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 Meritage Construction, Meritage Arizona, Dietz-Crane, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 and Hallcraft and the due performance or satisfaction by the Issuer and Meritage Construction, Meritage Arizona, Dietz-Crane, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 and Hallcraft 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 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 *ad valorem* property taxes 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 Meritage Construction, Meritage Arizona, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 or Hallcraft;

(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 in reasonable quantities and all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby; (2) the fees and disbursements of the Trustee and the Depository 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 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 "Dusty" Hull, Chairman,
District Board

ATTEST:

.....
Linda Garrison, District Clerk

APPROVED AS TO FORM:

GUST ROSENFELD, PLC,
Attorney for the District

By.....

1447824.4-9/16/04

SCHEDULE

Aggregate Principal Amount: $5,000,000

Interest Payment Dates: January 15, 2005, and July 1 and January 1 thereafter

Maturity Schedule:

Maturity Date (July 1)	Principal Amount	Per Annum Interest Rate
2006	$ 110,000	3.00%
2007	115,000	3.50
2008	120,000	4.00
2009	125,000	4.35
2010	130,000	4.60
2011	135,000	4.90
2012	145,000	5.00
2013	150,000	5.15
2014	155,000	5.25
2015	165,000	5.35
2016	175,000	5.40
2017	185,000	5.45
2018	195,000	5.50
2029	3,095,000	6.25

Redemption Provisions:

Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of the District as a whole or from time to time in part on July 15, 2014, or any date thereafter, upon payment of the redemption price which shall consist of the principal amount of the Bonds so redeemed plus accrued interest to the redemption date, without premium.

Mandatory Redemption. The Bonds maturing on July 15, 2029, will be redeemed on July 15 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

Year Redeemed	Principal Amount Redeemed
2019	$205,000
2020	215,000
2021	230,000
2022	245,000
2023	260,000
2024	275,000
2025	295,000
2026	310,000
2027	330,000
2028	355,000

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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation 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 District General Obligation Bonds, Series 2004, in the aggregate principal amount of $5,000,000 (hereinafter referred to as the "Bonds") and otherwise as counsel to the Issuer including for purposes relating to the execution and delivery of the hereinafter described Purchase Contract. The Bonds (i) are issued pursuant to 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 have the terms provided by 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 Arizona, 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 Purchase Contract;

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

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

(iv) An executed copy of the Indenture;

(v) 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;

(vi) An executed copy of a Continuing Disclosure Undertaking, dated of even date hereof (hereinafter referred to as the "Undertaking"), from the Issuer;

(vii) An executed copy of a Dissemination Agency Agreement, dated as of September 1, 2004 (hereinafter, collectively with the Purchase Contract, the Indenture, the Letter and the Undertaking, referred to as the "District Documents"), by and between the Issuer and RBC Dain Rauscher Inc.;

(viii) Such other agreements, certificates, opinions (including particularly, but not by way of limitation, opinions of counsel to each of the "Residential District Property Owners" as such term is defined in the Limited Offering Memorandum), letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein and

(ix) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

IN OUR EXAMINATION, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. In connection with our representation of the Issuer in the capacities described above, we have also participated in conferences from time to time with representatives of the Issuer, the Underwriter, the Town of Buckeye, Arizona, the Trustee and the Residential District Property

Owners 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 September 15, 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 *ad valorem* property taxes from which the Bonds are payable. 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 and collect 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," "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS," "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 D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" and Appendix E - "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.

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

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the District Documents 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 APPLICABLE COUNSEL TO EACH OF MERITAGE CONSTRUCTION, MERITAGE ARIZONA, DIETZ CRANE, PULTE, BUCKEYE, CANTERRA, SUNDANCE 1, SUNDANCE 2 AND HALLCRAFT]

September 23, 2004

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

District Board
Sundance Community Facilities District
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Re: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004

We have acted as special counsel to ...., a ..... (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. Limited Offering Memorandum issued by the District;

2. Owner Indemnity Letter of even date with the Purchase Contract (the "Indemnity Letter");

3. [insert organizational documents of Owner];

4. [insert authorizing resolutions of Owner];

5. [insert good standing certificate(s) of Owner]; and

6. Certificate of the ..... of the Owner issued in favor of the undersigned (the "Owner's Certificate").

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Documents and the legal capacity of each natural person executing any of the Documents;

(b) The authenticity and completeness of documents submitted as originals, and the conformity to originals of documents submitted as copies;

(c) That the transactions contemplated by the Limited Offering Memorandum were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, the Indemnity Letter;

(e) That the Owner owns good and indefeasible interests in the real and personal property described in the Documents which are purported to be owned by it;

(f) 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;

(g) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(h) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents and

(i) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the transactions contemplated by the Indemnity Letter 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 ....., duly ..... and existing under the laws of the State of ..... and duly authorized to transact business in the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by, the Indemnity Letter.

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 Indemnity Letter and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Indemnity Letter has been duly and validly authorized, executed and delivered by the Owner and the same is in full force and effect as of the date hereof and is the valid and legally binding obligation of the Owner, enforceable against the Owner in accordance with its terms.

4. The execution and delivery by the Owner of the Indemnity Letter 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 Indemnity Letter 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 Indemnity Letter, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Indemnity Letter 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 "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS - .....," 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 Indemnity Letter. 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 Indemnity Letter 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 Indemnity Letter may be restricted by the doctrines of waiver, estoppel, election of remedies, commercial reasonableness or by the application of other equitable principles, whether remedies are sought in equity or at law. Without limiting the generality of the foregoing, we note specifically that such principles of equity are of general application, and in applying such principles an Arizona State Court or a Federal District Court for the State of Arizona, 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 Letter 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 Indemnity Letter 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 Indemnity Letter 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 Indemnity Letter 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 Indemnity Letter 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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation 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 $5,000,000 principal amount of District General Obligation 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 Meritage Construction, Meritage Arizona, Dietz-Crane, Pulte,

Buckeye Land, Canterra, Sundance 1, Sundance 2 and Hallcraft (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," "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - General," "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS," "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 - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" and Appendix E - "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,

ATTACHMENT I

OWNER INDEMNITY LETTER (MERITAGE CONSTRUCTION)
FOR
$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004

This Indemnity Letter is delivered by Meritage Homes Construction, Inc., an Arizona 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 15, 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 which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Owner represents and warrants to the Underwriter that:

(a) The Owner is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Arizona and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Limited Offering Memorandum, the information in the Preliminary Limited Offering Memorandum under the headings "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS - Meritage Homes" 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 nor the consummation of any of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms hereof, 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 constitutes 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 this Indemnity Letter or (iii) adversely affect the validity or enforceability of this Indemnity Letter against the Owner.

(e) The Owner has the full power and authority to execute and deliver this Indemnity Letter and perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Purchase Contract and this Indemnity Letter, and this Indemnity Letter has been duly authorized by the Owner and, when executed will constitute a valid, binding and enforceable obligation 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 this Indemnity Letter; 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 this Indemnity Letter 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. This Indemnity Letter shall be construed in accordance with and governed by the laws of the State of Arizona.

5. The Owner hereby consents to the references made to the Owner in the Limited Offering Memorandum.

Respectfully submitted,

MERITAGE HOMES CONSTRUCTION, INC., an Arizona corporation

By_____

Printed Name: Larry W. Seay

Title: Vice President/Secretary

ATTACHMENT II

OWNER INDEMNITY LETTER (MERITAGE ARIZONA)
FOR
$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004

This Indemnity Letter is delivered by Meritage Homes of Arizona, Inc., an Arizona 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 15, 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 which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Owner represents and warrants to the Underwriter that:

(a) The Owner is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Arizona and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Limited Offering Memorandum, the information in the Preliminary Limited Offering Memorandum under the headings "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS - Meritage Homes" 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 nor the consummation of any of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms hereof, 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 constitutes 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 this Indemnity Letter or (iii) adversely affect the validity or enforceability of this Indemnity Letter against the Owner.

(e) The Owner has the full power and authority to execute and deliver this Indemnity Letter and perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Purchase Contract and this Indemnity Letter, and this Indemnity Letter has been duly authorized by the Owner and, when executed will constitute a valid, binding and enforceable obligation 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 this Indemnity Letter; 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 this Indemnity Letter 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. This Indemnity Letter shall be construed in accordance with and governed by the laws of the State of Arizona.

5. The Owner hereby consents to the references made to the Owner in the Limited Offering Memorandum.

Respectfully submitted,

MERITAGE HOMES OF ARIZONA, INC.,
an Arizona corporation

By_____

Printed Name: Larry W. Seay

Title: Vice President/Secretary

ATTACHMENT III

OWNER INDEMNITY LETTER (DIETZ CRANE)
FOR
$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation 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 "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Dietz-Crane" 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 and the Waiver Agreement (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

ATTACHMENT IV

September 15, 2004

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

District Board
Sundance Community Facilities
District
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004

This Indemnity Letter is delivered by Pulte Homes Corporation, a Michigan 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 15, 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 which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Owner represents and warrants to the Underwriter that:

(a) The Owner is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan 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 "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT OWNERS - Pulte" 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 nor the consummation of any of the transactions herein contemplated, nor the fulfillment of, or

15333 N. Pima Road, Suite 300
Scottsdale, Arizona 85260
480-598-2100 480-391-6100 (Fax)
www.pulte.com

compliance with, the terms hereof, 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 constitutes 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 this Indemnity Letter or (iii) adversely affect the validity or enforceability of this Indemnity Letter against the Owner.

(e) The Owner has the full power and authority to execute and deliver this Indemnity Letter and perform its obligations hereunder and engage in the transactions contemplated by the Purchase Contract and this Indemnity Letter, and this Indemnity Letter has been duly authorized by the Owner and, when executed will constitute a valid, binding and enforceable obligation 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 this Indemnity Letter; 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 this Indemnity Letter 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. This Indemnity Letter shall be construed in accordance with and governed by the laws of the State of Arizona.

5. The Owner hereby consents to the references made to the Owner in the Limited Offering Memorandum.

Respectfully submitted,

PULTE HOMES CORPORATION, a Michigan corporation

By: _____

Printed Name: JOHN CHADWICK

Title: PRESIDENT, ARKANSAS AREA

ATTACHMENT V

OWNER INDEMNITY LETTER (BUCKEYE LAND)
FOR
$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004

This Indemnity Letter is delivered by Buckeye Land, L.L.C., an Arizona limited liability company (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 15, 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 which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Owner represents and warrants to the Underwriter that:

(a) The Owner is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Arizona and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Limited Offering Memorandum, the information in the Preliminary Limited Offering Memorandum under the headings "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS - Buckeye Land" 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 nor the consummation of any of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms hereof, 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 constitutes 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 this Indemnity Letter or (iii) adversely affect the validity or enforceability of this Indemnity Letter against the Owner.

(e) The Owner has the full power and authority to execute and deliver this Indemnity Letter and perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Purchase Contract and this Indemnity Letter, and this Indemnity Letter has been duly authorized by the Owner and, when executed will constitute a valid, binding and enforceable obligation 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 this Indemnity Letter; 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 this Indemnity Letter 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. This Indemnity Letter shall be construed in accordance with and governed by the laws of the State of Arizona.

5. The Owner hereby consents to the references made to the Owner in the Limited Offering Memorandum.

Respectfully submitted,

BUCKEYE LAND, L.L.C., an Arizona limited liability company

By: _____

Printed Name: Gregory S. Hancock

Title: Manager

ATTACHMENT VI

OWNER INDEMNITY LETTER (CANTERRA)
FOR
$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004

This Indemnity Letter is delivered by Canterra at Sundance, L.L.C., an Arizona limited liability company (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 15, 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 which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Owner represents and warrants to the Underwriter that:

(a) The Owner is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Arizona and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Limited Offering Memorandum, the information in the Preliminary Limited Offering Memorandum under the headings "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS - Canterra" 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 nor the consummation of any of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms hereof, 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 constitutes 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 either 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 this Indemnity Letter or (iii) adversely affect the validity or enforceability of this Indemnity Letter against the Owner.

(e) The Owner has the full power and authority to execute and deliver this Indemnity Letter and perform its obligations hereunder and engage in the transactions contemplated by the Purchase Contract and this Indemnity Letter, and this Indemnity Letter has been duly authorized by the Owner and, when executed will constitute a valid, binding and enforceable obligation 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 this Indemnity Letter; 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 this Indemnity Letter 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. This Indemnity Letter shall be construed in accordance with and governed by the laws of the State of Arizona.

5. The Owner hereby consents to the references made to the Owner in the Limited Offering Memorandum.

Respectfully submitted,

CANTERRA AT SUNDANCE, L.L.C., an Arizona limited liability company

By: Vantage Holdings, L.L.C.
Its: Manager

By: _____

Printed Name: Thomas P. Reitz RIETZ

Title: Manager

ATTACHMENT VII

OWNER INDEMNITY LETTER (SUNDANCE 1)
FOR
$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004

This Indemnity Letter is delivered by Sundance 1 Courts, L.L.C., an Arizona limited liability company (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 15, 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 which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Owner represents and warrants to the Underwriter that:

(a) The Owner is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Arizona and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Limited Offering Memorandum, the information in the Preliminary Limited Offering Memorandum under the headings "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS - Sundance 1 and Sundance 2" 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 nor the consummation of any of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms hereof, 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 constitutes 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 either 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 this Indemnity Letter or (iii) adversely affect the validity or enforceability of this Indemnity Letter against the Owner.

(e) The Owner has the full power and authority to execute and deliver this Indemnity Letter and perform its obligations hereunder and engage in the transactions contemplated by the Purchase Contract and this Indemnity Letter, and this Indemnity Letter has been duly authorized by the Owner and, when executed will constitute a valid, binding and enforceable obligation 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 this Indemnity Letter; 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 this Indemnity Letter 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. This Indemnity Letter shall be construed in accordance with and governed by the laws of the State of Arizona.

5. The Owner hereby consents to the references made to the Owner in the Limited Offering Memorandum.

Respectfully submitted,

SUNDANCE 1 COURTS, L.L.C., an Arizona limited liability company

By: _____

Printed Name: Mark Hardy

Title: Authorized Member

ATTACHMENT VIII

OWNER INDEMNITY LETTER (SUNDANCE 2)
FOR
$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004

This Indemnity Letter is delivered by Sundance 2 Shadows, L.L.C., an Arizona limited liability company (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 15, 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 which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Owner represents and warrants to the Underwriter that:

(a) The Owner is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Arizona and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Limited Offering Memorandum, the information in the Preliminary Limited Offering Memorandum under the headings "LAND DEVELOPMENT," "THE OTHER DISTRICT PROPERTY OWNERS - Sundance 1 and Sundance 2" 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 nor the consummation of any of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms hereof, 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 constitutes 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 either 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 this Indemnity Letter or (iii) adversely affect the validity or enforceability of this Indemnity Letter against the Owner.

(e) The Owner has the full power and authority to execute and deliver this Indemnity Letter and perform its obligations hereunder and engage in the transactions contemplated by the Purchase Contract and this Indemnity Letter, and this Indemnity Letter has been duly authorized by the Owner and, when executed will constitute a valid, binding and enforceable obligation 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 this Indemnity Letter; 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 this Indemnity Letter 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. This Indemnity Letter shall be construed in accordance with and governed by the laws of the State of Arizona.

5. The Owner hereby consents to the references made to the Owner in the Limited Offering Memorandum.

Respectfully submitted,

SUNDANCE 2 SHADOWS, L.L.C., an Arizona limited liability company

By: _____

Printed Name: Mark Hardy

Title: Authorized Member

The Mark Of Excellence
in Arizona Homes and Neighborhoods

September 15, 2004

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

District Board
Sundance Community Facilities
District
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004

This Indemnity Letter is delivered by Hallcraft Sundance, L.L.C., an Arizona limited liability company (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 15, 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 which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Owner represents and warrants to the Underwriter that:

(a) The Owner is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Arizona and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Limited Offering Memorandum, the information in the Preliminary Limited Offering Memorandum under the headings "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT OWNERS - Hallcraft" 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.

www. hallcrafthomesaz.com ROC# B-158871

16622 Avenue of the Fountains, Ste. 100, Fountain Hills, AZ 85268 Office 480-816-8999 Fax 480-816-9797

(c) Neither the execution or delivery of this Indemnity Letter nor the consummation of any of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms hereof, 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 constitutes 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 this Indemnity Letter or (iii) adversely affect the validity or enforceability of this Indemnity Letter against the Owner.

(e) The Owner has the full power and authority to execute and deliver this Indemnity Letter and perform its obligations hereunder and engage in the transactions contemplated by the Purchase Contract and this Indemnity Letter, and this Indemnity Letter has been duly authorized by the Owner and, when executed will constitute a valid, binding and enforceable obligation 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 this Indemnity Letter; 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 this Indemnity Letter 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. This Indemnity Letter shall be construed in accordance with and governed by the laws of the State of Arizona.

5. The Owner hereby consents to the references made to the Owner in the Limited Offering Memorandum.

Respectfully submitted,

Hallcraft Sundance, L.L.C., an Arizona limited liability company

By: _____

Printed Name: Eugene L. Baker

Title: Co President

Hallcraft Homes, Inc. Manager

CONTINUING DISCLOSURE UNDERTAKING
(ISSUER)

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION 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 Arizona, 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 2, 3, 4, and 7 (but as to any valuations requirement, only the actual amount of the current valuation) of the Limited Offering Memorandum, dated September 15, 2004, with respect to the Securities.

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

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

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

Section 3. Reporting of Material Events.

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

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

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

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

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

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

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

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

(I) Any 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

1455482.1-9/16/04

SUNDANCE COMMUNITY FACILITIES DISTRICT

and

RBC DAIN RAUSCHER INC.

DISSEMINATION AGENCY AGREEMENT

Dated as of September 1, 2004

$5,000,000
Sundance Community Facilities District
(Town of Buckeye, Arizona)
General Obligation Bonds, Series 2004

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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 general obligation bonds (hereinafter referred to as the "*Securities*") to provide funds for certain public infrastructure purposes provided for in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Enabling Act*"); and

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

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

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

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

ARTICLE ONE

SECTION 1.01. *Definitions*.

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

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

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

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

SECTION 1.02. *Notices, etc.*

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

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

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

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

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

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

SECTION 1.04. *Successors and Assigns.*

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

SECTION 1.05. *Severability Clause.*

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

SECTION 1.06. *Benefits of Agreement.*

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

SECTION 1.07. *Governing Law.*

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

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

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

SECTION 1.09. *Further Assurances; Recording.*

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

SECTION 1.10. *Amendments.*

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

SECTION 1.11. *Termination.*

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

SECTION 1.12. *Integration.*

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

* * *

ARTICLE TWO

SECTION 2.01. *Annual Reports.*

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

SECTION 2.02. *Material Events.*

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

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

SECTION 2.03. *Dissemination of Annual Reports.*

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

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

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

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

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

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

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

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

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

SECTION 2.05. *Dissemination of Other Notices.*

The Agent shall file the notices required pursuant to Section 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

1409272.1-9/17/2004

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

COUNTY ASSESSOR'S CERTIFICATE

I, the undersigned, hereby certify that the full cash value of all the taxable property within the Sundance Community Facilities District, is $ 76,471,131 .

DATED: September 23, 2004.

MARICOPA COUNTY ASSESSOR

Fred Kelly, Chief Deputy

SWR:gmh 494669 09/15/04

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

DISTRICT CLOSING CERTIFICATE AND CERTIFICATE AS TO TAX MATTERS

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

A. We have executed $5,000,000 principal amount of Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004 (the "*Bonds*"), and we are the duly elected, qualified and acting officers indicated therein and authorized to execute the typewritten Bonds. We further certify that we have executed the Bonds by having our signatures affixed to the Bonds by mechanical reproduction and we hereby adopt as and for our respective signatures the respective signatures shown on the Bonds. The Bonds are dated September 23, 2004, and are in the denomination of $5,000 each or integral multiples thereof. The Bonds mature on July 15 in the years 2006 through 2018, inclusive, and in 2029, and bear interest at the rates shown on the attached *Exhibit A*.

Bonds maturing after July 15, 2014 are subject to call for optional redemption, at the option of the District, on any date on or after July 15, 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 Bonds maturing on July 15, 2029, are subject to mandatory redemption on July 15 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:

Maturing on July 15, 2029

Year	Principal Amount
2019	$ 205,000
2020	215,000
2021	230,000
2022	245,000
2023	260,000
2024	275,000
2025	295,000
2026	310,000
2027	330,000
2028	355,000
2029 (maturity)	375,000

Interest is payable on January 15 and July 15 of each year during the term of each of the Bonds, commencing on January 15, 2005.

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

(i) (a) On August 3, 2004, Resolution 13-04 of the District Board of the District (the "*Resolution*") was duly adopted at a duly called meeting (the "*Meeting*") of the District Board, at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than twenty-four (24) hours prior to the Meeting and that the Meeting was open to the public.

(b) The Resolution duly authorized the issuance and sale of the Bonds and execution and delivery of the Purchase Contract for the Bonds, dated September 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*"), and a Blanket Letter of Representations between the District and The Depository Trust Company (the "*Letter of Representations*") (collectively, the Purchase Contract, Indenture and Letter of Representations are hereafter referred to as the "*District Documents*").

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

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

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

(iii) Except as described in the 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 levy of ad valorem taxes for payment of the Bonds; (B) in any way contesting or affecting the authority for, or the validity of, the Purchase Contract or the application of the proceeds of the Bonds or (C) in any way contesting the existence or powers of the District;

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

(v) The District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the date of the payment for and initial delivery of the Bonds; and

(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 affecting the District has occurred since the date of the Limited Offering Memorandum which should be disclosed in the Limited Offering Memorandum which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect, provided that, as to the information provided by each of the Developers, respectively, relating to each Developer and such Developer's project, the District is relying solely on the information provided.

C. We further certify, in good faith, (i) that we are duly authorized officers of the District charged with the responsibility of issuing the Bonds; (ii) as to the following expectations of the District regarding the Bonds as of the date hereof, which is the date of issuance and delivery of the Bonds against payment therefor; and (iii) as to the following facts and estimates upon which such expectations are based.

1. The Bonds are being issued to provide funds to acquire the project shown on the attached *Exhibit B* and to pay the expenses of issuance of the Bonds which is the project to be financed by the Bonds (the "*Project*").

2. (a) The District has received from the sale of the Bonds the following amounts:

Principal	$5,000,000.00
Less purchaser's compensation	(150,000.00)
TOTAL AMOUNT RECEIVED	$4,850,000.00

(b) The "Issue Price", "Sale Proceeds", "Net Sale Proceeds" and "Minor Portion" for the Bonds are as set forth below:

Principal Amount of Bonds (Issue Price)	$5,000,000.00
"Sale Proceeds"	$5,000,000.00
Less Sale Proceeds deposited in Reserve	0.00
Less "Minor Portion"	(100,000.00)
"Net Sales Proceeds"	$4,900,000.00

3. (a) The District expects that the Net Sale Proceeds and investment proceeds of the Bonds will be allocated to expenditures for capital projects.

(b) The District has incurred, or within six months from the date hereof will incur, binding obligations to commence, acquire or construct the Project and to expend thereon at least 5% of the Net Sale Proceeds. The binding obligation consists 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.

(c) Completion of the Project and the allocation of the Net Sale Proceeds to expenditures will proceed with due diligence.

(d) At least eighty-five percent (85%) of the Net Sale Proceeds will be allocated to expenditures on the Project within three (3) years of the date hereof.

4. Neither the issuance of the Bonds nor any other action of the District will result in issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds, based on all the facts and circumstances. The weighted average maturity of the portion of the proceeds of the Bonds that is to be used to finance the Project does not exceed 120% of the average reasonably expected economic life of the Project. The amount received from the sale of the Bonds plus all expected investment income or gain thereon, will not exceed the amount necessary for the governmental purposes for which the Bonds are being issued by more than the Minor Portion.

5. The amount received from the sale of the Bonds plus all expected investment income or gain received from the amount received from the sale of the Bonds will not exceed the amount necessary for the purposes for which the Bonds are being issued by more than five percent (5%), and any excess within such five percent (5%) is necessary as a reasonable amount to cover contingencies which may arise on projects such as the Project.

6. Any amounts received from investment or reinvestment of amounts received from the sale of the Bonds, or from investment of amounts derived from such investments, will be expended to pay interest on the Bonds during construction and any such amounts not expended within such period will be expended within one (1) year of receipt or commingled within one year

of receipt for the purpose of accounting for expenditures with substantial tax revenues of the District. Any such commingled amounts shall within six (6) months from the date of such commingling, be expended for governmental purposes.

7. The District does not expect to dispose of the Project prior to the maturity of all of the Bonds except by transfer to the Town of Buckeye, Maricopa County or other political subdivision of the State of Arizona.

8. It is expected that principal and interest on the Bonds will be paid from moneys received by the District within thirteen (13) months prior to being so spent, except for amounts received from the sale of the Bonds to be so spent, which will be so spent within three (3) years from the date hereof, and amounts derived from investment of amounts received from the sale of the Bonds to be so spent, which will be so spent within three (3) years from this date or within one (1) year from receipt. Moneys referred to above, other than any moneys received from the sale of the Bonds, are expected to be received each year in amounts equaling or exceeding the amount of debt service to be paid on the Bonds in that bond year. Moneys to be used to pay debt service will be credited to a fund which, to the extent it is expected to be used to pay the debt service on the Bonds, will be used primarily to achieve a proper matching of revenues and debt service during each bond year, and will be depleted to pay debt service at least once each bond year, except for any carryover amount which is not expected to exceed the greater of the earnings from investments in the fund for the immediately preceding year or one-twelfth of the principal and interest payments on the Bonds for the immediately preceding bond year.

9. 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 on hand no funds which could be used to finance the Project which are not pledged, budgeted, earmarked or expected to be used for other purposes.

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

11. Other than the fund described in paragraph 8 and the funds described in this paragraph 11, there are no funds or accounts which are reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds or which is directly or indirectly pledged to pay principal or interest on the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay principal or interest on the Bonds if the District encounters financial difficulties.

12. No other obligations are being issued (i) at substantially the same time as the Bonds, (ii) pursuant to the same plan of financing, and (iii) payable out of substantially the same source of funds as the Bonds, determined without regard to guarantees from unrelated parties.

13. Pursuant to Treasury Regulations Section 1.148-7(2), the District elects to apply the provisions of paragraphs (e) through (m) of Section 1.148-7 based on actual facts.

14. Other than the Sale Proceeds and amounts received as investment earnings on the Sale Proceeds and amounts held in the funds described in paragraphs 8 and 11 hereof, there will be no other Gross Proceeds of the Bonds (as described in Treasury Regulation Section 1.148.1(b)).

15. To the best of our knowledge and belief, the foregoing expectations of the District are reasonable.

16. No notice has been published in the Internal Revenue Bulletin that the District has been disqualified from certifying its expectations concerning its bond issues in certificates such as this one, and the undersigned have not been advised that such notice is contemplated.

D. In the Resolution of the District Board authorizing the issuance of the Bonds, the District Board covenanted to comply with requirements necessary in order for interest on the Bonds to remain excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "*Code*"). To implement the covenants in the Resolution, we further certify and represent to and covenant with the Developers from time to time of the Bonds as set forth in this Certificate, unless and until the District receives the opinion of Gust Rosenfeld P.L.C., or any nationally recognized bond counsel as successor thereto, to the effect that continued compliance with such provision is not necessary for interest on the Bonds to remain excluded from gross income for federal income tax purposes under the Code. The District certifies and represents to and covenants with the Developers from time to time of the Bonds as set forth below:

1. 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; or (c) 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).

2. 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 governmental unit (except for use on the same basis as the general public), or (ii) payments in respect of such property; or (b) to be derived from payments (whether or not to 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.

3. (a) For purposes of arbitrage restrictions, "yield" means that discount rate which when used in computing the present value as of the date hereof of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Bonds and amounts reasonably expected to be paid as fees for qualified guarantees on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of this date. In determining the yield on the Bonds, the 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 acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity (i.e., not less than ten percent (10%) of such maturity) were reasonably expected to be sold as of the sale date.

(b) The yield on an investment allocated to the Bonds is the discount rate that, when used in computing the present value as of the date the investment is first allocated to the Bonds of all unconditionally payable receipts from the investment (using the same compounding intervals and financial conventions used to compute the yield on the Bonds), produces an amount equal to the present value of all unconditionally payable payments for the investment. The purchase price used in determining its yield will be the market price on an established market.

(c) No proceeds of the Bonds are expected to be used directly or indirectly to acquire any security, obligation, annuity contract or other investment property (other than a tax-exempt obligation) which produces a materially higher yield than the yield on the Bonds; provided, the District may invest a Minor Portion in such higher yielding investments and may invest in such higher yielding investments during any applicable temporary period.

(d) Proceeds of the Bonds will not be invested (in other than tax-exempt bonds) in investments with a materially higher yield than the yield on the Bonds beyond the date of issuance of refunding bonds to advance refund the Bonds.

(e) The District will not invest any proceeds of the Bonds in higher yielding investments as part of a reserve or replacement fund or deposit any proceeds from the sale of the Bonds in such a fund.

F. The District has caused to be delivered to the Underwriter of the Bonds a Limited Offering Memorandum dated September 15, 2004, and hereby reaffirms that said Limited Offering Memorandum incorporates all preceding documents containing information concerning the Bonds and is deemed to be the final Limited Offering Memorandum as defined in Securities and Exchange Commission Rule 15c2-12 with respect to the Bonds.

DATED: September 23, 2004.

OFFICIAL TITLE

Chairman, Sundance Community Facilities District
(Town of Buckeye, Arizona)

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

SWR:gmh 494647 09/17/04

EXHIBIT A

Maturity Schedule

Maturity Date (July 15)	Principal Amount	Interest Rate
2006	$ 110,000	3.00%
2007	115,000	3.50%
2008	120,000	4.00%
2009	125,000	4.35%
2010	130,000	4.60%
2011	135,000	4.90%
2012	145,000	5.00%
2013	150,000	5.15%
2014	155,000	5.25%
2015	165,000	5.35%
2016	175,000	5.40%
2017	185,000	5.45%
2018	195,000	5.50%
2029*	3,095,000	6.25%

* Term Bond

SWR:gmh 494647 09/17/04

EXHIBIT B

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)

LIST OF PROJECTS TO BE FINANCED
WITH BOND PROCEEDS

Water Supply Lines - Proportionate share of cost to construct approximately 1,000 lf of 12" pipe northbound from Well #7 (located approximately 1,000 feet south of the NW corner of Parcel 43) to Yuma Road, and approximately 4,000 lf of 18" pipe westbound along Yuma Road to the Sundance Storage Tank located on the north side of Yuma Road approximately 1,300 feet west of Rainbow Road.

Minor Arterial Road-Watson Road - Provide minor arterial road construction 2,600 lf (eastern half street improvements) ultimately to be 80' wide with a 16' curbed median along Watson Road from Yuma Road to Durango Road including materials, labor, equipment, tools, transportation, traffic control, permits, and services for installing grading, paving, concrete, storm drain, striping and signage, landscaping n the right of way, landscape sleeving, earthwork and construction testing.

Interchange I-10@ Watson Road - Gross length of the Watson Road I-10 Interchange located in Maricopa County is approximately 1.14 miles. This project was approved by Arizona Department of Transportation and carries their project number #I-010-GB-502, TRACHS No. 010-MA-116 H5549-01C. The project was completed in March 2003. Improvements within the ADOT right of way include the installation of 1,400 lf of 16" waterline installed in 30" casing, 937 lf of unrestrained 16" waterline, and 101 lf of 8" waterline with valves, fire hydrants and miscellaneous appurtenances. Sewer improvements within the ADOT right of way included the installation of 1,423 lf of restrained 8" sewer line, 1,015 lf of unrestrained 8" sewer line with manholes, plugs, and miscellaneous appurtenances.

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

CLOSING CERTIFICATE OF TOWN OF BUCKEYE, ARIZONA

The undersigned, the Mayor, Town Manager and 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, Town Manager and Town Clerk of the Town, respectively, and as such Mayor, Town Manager and Town Clerk 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 a Mayor and six Council Members and that from September 1, 2004, the following persons are the duly qualified and acting Mayor and members of the Council of the Town:

Dustin "Dusty" Hull	Mayor
Chris P. Urwiller	Vice Mayor
Levi Beard	Council Member
W. Robert Doster	Council Member
Elaine May	Council Member
Jackie A. Meck	Council Member

3. (a) That on June 19, 2001, Resolution No. 14-01 of the Town Council of the Town of Buckeye, Arizona, Declaring Intent to Form a Community Facilities District and Ordering Formation of the Tax Levying Sundance Community Facilities District (the "*Resolution*") was duly adopted by the Mayor and Council of the Town at a duly called meeting (the "*Meeting*") of the Mayor and Council of the Town at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than twenty-four (24) hours prior to the Meeting and that the Meeting was open to the public.

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

(c) That the copy of the Resolution attached hereto is a true and correct copy of the Resolution.

4. That the persons named below were on the date or dates of the execution of the Resolution, and are on the date hereof, 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 their actual knowledge no litigation or proceeding is pending or threatened in any court or administrative body contesting the due organization and valid existence of the Council of the Town or the Town, the titles of the Mayor and members of the Council of the Town to their respective offices or the validity, due authorization and execution of the Resolution; restricting or preventing the Town from performing its obligations under the Resolution; or attempting to limit, enjoin or otherwise restrict or prevent the Mayor and Council of the Town or the Town from functioning pursuant to the terms of the Resolution.

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

DATED: September 23, 2004

TOWN OF BUCKEYE, ARIZONA

By _____
Dustin "Dusty" Hull, Mayor

By _____
Carroll Reynolds, Town Manager

By _____
Linda Garrison, Town Clerk

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

CLOSING CERTIFICATE OF MERITAGE HOMES CONSTRUCTION, INC.

The undersigned, Larry W. Seay and Roger Zetah of Meritage Homes Construction, Inc., an Arizona corporation (the "*Company*"), acting for and on behalf of the Company, HEREBY CERTIFY as follows:

1. They are the duly qualified and acting Vice President/Secretary and Vice President/Assistant Secretary 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 Arizona 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:

The Letter of Indemnity dated September 15, 2004 (the "Indemnity Letter") from the Company to the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and RBC Dain Rauscher Inc. (the "*Underwriter*").

4. The Company 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
Larry W. Seay	Vice President/Secretary
Roger Zetah	Vice President/Assistant Secretary

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. The consummation of the transactions contemplated by the Documents and the Development Agreement and compliance by the Company with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any material indenture, agreement or other instrument to which the Company is a party or by which the Company may be bound, which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Company taken as a whole.

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 1, 2004 pertaining to the above-referenced Bonds (the "*Limited Offering Memorandum*").

10. 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.

11. The Company is not in default in the payment of principal of or interest on any of its indebtedness for borrowed money and is not in default under any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder and there has not occurred any material change or any development involving a prospective material change in the condition, financial or otherwise, or in the revenues or operations of the Company.

12. No litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness or validity of the proceedings relating to 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.

13. Attached hereto as *Exhibit A* is a true, complete and correct copy of the certificate of incorporation of the Company which was in full force and effect as of 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.

14. Attached hereto as *Exhibit B* is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the Arizona Corporation Commission dated September 22, 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.

15. All of the representations and warranties of the Company made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were made as of the date hereof, and, with respect to the Indemnity Letter, the representations and warranties in paragraphs 1(b) and (d) would be accurate if the reference therein to the "Preliminary Limited Offering Memorandum" were changed to "Limited Offering Memorandum".

16. The information pertaining to the Company and the Project contained in the Limited Offering Memorandum dated September 15, 2004 under the headings "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Meritage Homes" 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.

23 **IN WITNESS WHEREOF,** the undersigned have hereunto set their hands on September ~~22~~, 2004.

MERITAGE HOMES CONSTRUCTION, INC., an Arizona corporation

By_____
Name: Larry W. Seay
Title: Vice President/Secretary

By_____
Name: Roger Zetah
Title: Vice President/Assistant Secretary

ATTACHMENTS
Exhibit A — Articles of Incorporation
Exhibit B — Certificate of Good Standing

EXHIBIT "A"

CERTIFICATE OF INCORPORATION

WILLIAM A. MUNDELL
CHAIRMAN

JIM IRVIN
COMMISSIONER

MARC SPITZER
COMMISSIONER

ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
EXECUTIVE SECRETARY

JOANNE C. MACDONNELL
DIRECTOR, CORPORATIONS DIVISION

SNELL & WILMER
ONE ARIZONA CENTER
400 E VAN BUREN
PHOENIX, AZ 85004-0001

RE: HANCOCK-MTH BUILDERS, INC.
File Number: -0982797-5

We are pleased to notify you that your Articles of Incorporation were filed on May 7, 2001.

You must publish a copy of your Articles of Incorporation. The publication must be in a newspaper of general circulation in the county of the known place of business, for three (3) consecutive publications. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the File Date.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, on the anniversary of the date of incorporation. Each year, a preprinted Annual Report Form will be mailed to you prior to the due date of the report.

If you have any questions or need further information, please contact us at (602) 542-3135 in Phoenix, (520) 628-6560 in Tucson, or Toll Free (Arizona residents only) at 1-800-345-5819.

Very truly yours,

THERESA TITTLE
Examiner
Corporations Division
Arizona Corporation Commission

CF:04
Rev: 4/97

EXPEDITED
AZ CORP COMMISSION
FILED

2001 MAY -7 P 12:57

APPR: Jen Little
DATE APPR: 5/07/2001
TERM
DATE TIME

ARTICLES OF INCORPORATION
OF
HANCOCK-MTH BUILDERS, INC.

-0982797-5

1. The name of the corporation is Hancock-MTH Builders, Inc.

2. The purpose for which the corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time. The character of business which the corporation initially intends actually to conduct in the State of Arizona is residential real property development.

3. The aggregate number of shares that the corporation shall have authority to issue is one thousand (1,000) common shares, all of which shares shall be of a single class.

4. The name and street address in Arizona of the initial statutory agent of the corporation is CT Corporation System, Inc., 3225 N Central Ave, Phoenix, AZ 85012.

5. The number of directors constituting the initial board of directors of the corporation is two (2). The names and addresses of the persons who are to serve as directors until the first annual meeting of shareholders, or until their successors are elected and qualified, are Steve Hilton, 6613 N Scottsdale Rd, Scottsdale, AZ 85252 and John Landon, 6613 N Scottsdale Rd, Scottsdale, AZ 85252. The number of persons to serve on the board of directors thereafter shall be fixed by the bylaws of the corporation.

6. The name and address of the incorporator is Larry Seay, 6613 N Scottsdale Rd, Scottsdale, AZ 85252.

7. The liability of a director or former director to the corporation or its shareholders shall be eliminated to the fullest extent permitted by Section 10-202.B.1 of the Arizona Revised Statutes.

If the Arizona Business Corporation Act is amended to authorize corporate action further eliminating or limiting the liability of directors, the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Arizona Business Corporation Act, as amended.

Any repeal or modification of this Article 7 shall not adversely affect any right or protection of a director of the corporation existing hereunder with respect to any act or omission occurring prior to or at the time of such repeal or modification.

The provisions of this Article 7 shall not be deemed to limit or preclude indemnification of a director by the corporation for any liability of a director which has not been eliminated by the provisions of this Article 7.

8. The corporation shall indemnify any and all of its existing and former directors and officers to the fullest extent permitted by Section 10-202.B.2 of the Arizona Business

Corporation Act. If the Arizona Business Corporation Act is amended to authorize corporate action broadening the corporation's ability to indemnify its directors and officers, the corporation shall indemnify its existing and former directors and officers to the fullest extent permitted by the Arizona Business Corporation Act, as amended. Any repeal or modification of this Article 8 shall not adversely affect any right or protection of any existing or former director or officer of the corporation existing hereunder with respect to any act or omission occurring prior to or at the time of such repeal or modification.

DATED: May 7, 2001

Larry Bray
Incorporator

97(436.1)

COMMISSIONERS
MARC SPITZER - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
Executive Secretary

JOANNE C. MACDONNELL
Director, Corporations Division

June 22, 2004

Dana McDonald
Greenberg Traurig

Re: Meritage Homes Construction, Inc..

This letter concerns the document checked below which was filed on July 1, 2004.

[X] Articles of Merger

This document must be published within sixty (60) days from the date of this letter in a newspaper of general circulation in the county of the known place of business in Arizona, as filed with the Commission for three (3) consecutive publications. An affidavit evidencing the publication must be filed with the Commission within ninety (90) days from the date of this letter. For your convenience we have attached a list of known qualified newspapers for publishing.

The Commission strongly recommends that you periodically check Commission records regarding the corporation. The Commission web site **www.cc.state.az.us/corp** contains information specific to each corporation of record and is a good general source of information.

Christine Rosales
602-542-0018
Corporations Division

If you have any questions, please call the Corporations Division Phoenix (602) 542-3135,
Tucson 520-628-6560 or toll free (Arizona residents only) at 1-800-345-5819
For more information contact our web site, at the address indicated below.

Approther.wpd
Revised 03/2004

AZ. CORP. COMMISSION
FILED

JUN 1 8 2004

APPR. Christine Rosalez
TERM
DATE 6/18/04
Effective 7/1/04

ARTICLES OF AMENDMENT AND MERGER

MERGING MERITAGE HOMES CONSTRUCTION, INC. 0977676-1

WITH AND INTO HANCOCK-MTH BUILDERS, INC. 0982797-5

AND

CHANGING SURVIVOR NAME TO MERITAGE HOMES CONSTRUCTION, INC.

Dated June 18, 2004

Effective July 1, 2004

Pursuant to Section 10-1105 of the Arizona Business Corporation Act, Meritage Homes Construction, Inc., an Arizona corporation ("Meritage Homes Construction") and Hancock-MTH Builders, Inc., an Arizona corporation ("Hancock-MTH"), hereby adopt the following Articles of Merger to merge Meritage Homes Construction with and into Hancock-MTH, with Hancock-MTH being the corporation surviving the merger (the "Merger"):

FIRST: The Plan of Merger is being simultaneously filed with the Arizona Corporation Commission.

SECOND: The names of the corporations that are the parties to this merger are Meritage Homes Construction, Inc., an Arizona corporation, and Hancock-MTH Builders, Inc., an Arizona corporation.

THIRD: The known place of business of Hancock-MTH, the surviving corporation, is 8501 E. Princess Drive, Suite #290, Scottsdale, Arizona 85255.

FOURTH: The name and address of the statutory agent of Hancock-MTH, the surviving corporation, are Lorence M. Zimtbaum, 8501 E. Princess Dr., Suite 290, Scottsdale, Arizona 85255.

FIFTH: The designation, number of outstanding shares and number of votes entitled to be cast by each voting group entitled to vote separately on the Plan of Merger, are as follows:

Name of Corporation	Designation of Class or Series	Number of Shares Outstanding	Shares Entitled to Vote
Meritage Homes Construction	Common	1,000	1,000
Hancock-MTH	Common	1,000	1,000

SIXTH: The total number of votes cast for and against the Plan of Merger by the holders of the common stock (the only class of stock of the respective corporations issued, outstanding and entitled to vote) is sufficient for approval by all voting groups and is as follows:

Name of Corporation	Shares Voted For	Shares Voted Against
Meritage Homes Construction	1,000	0
Hancock-MTH	1,000	0

SEVENTH: Article 1 of the Articles of Incorporation of Hancock-MTH is hereby amended and restated to read as follows:

"1. The name of the corporation is Meritage Homes Construction, Inc."
OK CR

EIGHTH: Article 3 of the Articles of Incorporation of Hancock-MTH is hereby amended and restated to read as follows:

"The aggregate number of shares that the corporation shall have authority to issue is two thousand (2,000) common shares, all of which shares shall be a single class."

IN WITNESS WHEREOF, the undersigned have hereunto set their hand this 18th day of June, 2004.

MERITAGE HOMES CONSTRUCTION, INC.,
an Arizona corporation

By: _____
Name: Ron French
Title: President

HANCOCK-MTH BUILDERS, INC.,
an Arizona corporation

By: _____
Name: Ron French
Title: President

STATE OF ARIZONA

ACCEPTANCE OF APPOINTMENT AS STATUTORY AGENT

of

MERITAGE HOMES CONSTRUCTION, INC., an Arizona corporation,

To: Arizona Corporation Commission
Incorporating Division
1210 West Washington
Phoenix, Arizona 85007

Please be advised that Lorence M. Zimtbaum, Esq., 8501 E. Princess Drive, Suite 290, Scottsdale, AZ 85255, a resident of the State of Arizona, hereby accepts and acknowledges appointment as statutory agent for service of process upon Meritage Homes Construction, Inc., an Arizona corporation, formerly known as Hancock-MTH Builders, Inc., an Arizona corporation, and consents to act in that capacity until removal or resignation.

EFFECTIVE the 1st day of July, 2004.

Lorence M. Zimtbaum

EXHIBIT "B"

CERTIFICATE OF GOOD STANDING

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

******MERITAGE HOMES OF ARIZONA, INC.******

a domestic corporation organized under the laws of the State of Arizona, did incorporate on May 7, 2001.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved 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 Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence 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 22nd Day of September, 2004, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
* 1912 *

Executive Secretary

By Pam Bedard

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

CLOSING CERTIFICATE OF MERITAGE HOMES OF ARIZONA, INC.

The undersigned, Larry W. Seay and Roger Zetah of Meritage Homes of Arizona, Inc., an Arizona corporation (the "*Company*"), acting for and on behalf of the Company, HEREBY CERTIFY as follows:

1. They are the duly qualified and acting Vice President/Secretary and Vice President/Assistant Secretary 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 Arizona 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:

The Letter of Indemnity dated September 15, 2004 (the "Indemnity Letter") from the Company to the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and RBC Dain Rauscher Inc. (the "*Underwriter*").

4. The Company 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
Larry W. Seay	Vice President/Secretary
Roger Zetah	Vice President/Assistant Secretary

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. The consummation of the transactions contemplated by the Documents and the Development Agreement and compliance by the Company with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any material indenture, agreement or other instrument to which the Company is a party or by which the Company may be bound, which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Company taken as a whole.

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 1, 2004 pertaining to the above-referenced Bonds (the "*Limited Offering Memorandum*").

10. 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.

11. The Company is not in default in the payment of principal of or interest on any of its indebtedness for borrowed money and is not in default under any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder and there has not occurred any material change or any development involving a prospective material change in the condition, financial or otherwise, or in the revenues or operations of the Company.

12. No litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness or validity of the proceedings relating to 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.

13. Attached hereto as *Exhibit A* is a true, complete and correct copy of the certificate of incorporation of the Company which was in full force and effect as of 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.

14. Attached hereto as *Exhibit B* is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the Arizona Corporation Commission dated September 22, 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.

15. All of the representations and warranties of the Company made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were made as of the date hereof, and, with respect to the Indemnity Letter, the representations and warranties in paragraphs 1(b) and (d) would be accurate if the reference therein to the "Preliminary Limited Offering Memorandum" were changed to "Limited Offering Memorandum".

16. The information pertaining to the Company and the Project contained in the Limited Offering Memorandum dated September 15, 2004 under the headings "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Meritage Homes" 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.

23 **IN WITNESS WHEREOF,** the undersigned have hereunto set their hands on September ~~22~~, 2004.

MERITAGE HOMES OF ARIZONA, INC., an Arizona corporation

By_____
Name: Larry W. Seay
Title: Vice President/Secretary

By_____
Name: Roger Zetah
Title: Vice President/Assistant Secretary

ATTACHMENTS
Exhibit A — Articles of Incorporation
Exhibit B — Certificate of Good Standing

EXHIBIT "A"

CERTIFICATE OF INCORPORATION

WILLIAM A. MUNDELL
CHAIRMAN

JIM IRVIN
COMMISSIONER

MARC SPITZER
COMMISSIONER

ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
EXECUTIVE SECRETARY

JOANNE C. MACDONNELL
DIRECTOR, CORPORATIONS DIVISION

SNELL & WILMER
ONE ARIZONA CENTER
400 E VAN BUREN
PHOENIX, AZ 85004-0001

RE: HANCOCK-MTH COMMUNITIES, INC.
File Number: -0982799-7

We are pleased to notify you that your Articles of Incorporation were filed on May 7, 2001.

You must publish a copy of your Articles of Incorporation. The publication must be in a newspaper of general circulation in the county of the known place of business, for three (3) consecutive publications. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the File Date.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, on the anniversary of the date of incorporation. Each year, a preprinted Annual Report Form will be mailed to you prior to the due date of the report.

If you have any questions or need further information, please contact us at (602) 542-3135 in Phoenix, (520) 628-6560 in Tucson, or Toll Free (Arizona residents only) at 1-800-345-5819.

Very truly yours,

THERESA TITTLE
Examiner
Corporations Division
Arizona Corporation Commission

CF:04
Rev: 4/97

MAY-09-2001 08:49 ACC/CORP FILING 602 542 4990 P.03
EXPEDITED
AZ CORP COMMISSION
FILED

2001 MAY -7 P 12:57
APPR Jen Little
DATE APPR 5/07/2001
TERM
DATE TIME -0982799-7

ARTICLES OF INCORPORATION
OF
HANCOCK-MTH COMMUNITIES, INC.

1. The name of the corporation is Hancock-MTH Communities, Inc.

2. The purpose for which the corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time. The character of business which the corporation initially intends actually to conduct in the State of Arizona is the marketing of residential real property.

3. The aggregate number of shares that the corporation shall have authority to issue is one thousand (1,000) common shares, all of which shares shall be of a single class.

4. The name and street address in Arizona of the initial statutory agent of the corporation is CT Corporation System, Inc., 3225 N Central Ave, Phoenix, AZ 85012.

5. The number of directors constituting the initial board of directors of the corporation is two (2). The names and addresses of the persons who are to serve as directors until the first annual meeting of shareholders, or until their successors are elected and qualified, are Steve Hilton, 6613 N Scottsdale Rd, Scottsdale, AZ 85252 and John Landon, 6613 N Scottsdale Rd, Scottsdale, AZ 85252. The number of persons to serve on the board of directors thereafter shall be fixed by the bylaws of the corporation.

6. The name and address of the incorporator is Larry Seay, 6613 N Scottsdale Rd, Scottsdale, AZ 85252.

7. The liability of a director or former director to the corporation or its shareholders shall be eliminated to the fullest extent permitted by Section 10-202.B.1 of the Arizona Revised Statutes.

If the Arizona Business Corporation Act is amended to authorize corporate action further eliminating or limiting the liability of directors, the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Arizona Business Corporation Act, as amended.

Any repeal or modification of this Article 7 shall not adversely affect any right or protection of a director of the corporation existing hereunder with respect to any act or omission occurring prior to or at the time of such repeal or modification.

The provisions of this Article 7 shall not be deemed to limit or preclude indemnification of a director by the corporation for any liability of a director which has not been eliminated by the provisions of this Article 7.

8. The corporation shall indemnify any and all of its existing and former directors and officers to the fullest extent permitted by Section 10-202.B.2 of the Arizona Business

Corporation Act. If the Arizona Business Corporation Act is amended to authorize corporate action broadening the corporation's ability to indemnify its directors and officers, the corporation shall indemnify its existing and former directors and officers to the fullest extent permitted by the Arizona Business Corporation Act, as amended. Any repeal or modification of this Article 8 shall not adversely affect any right or protection of any existing or former director or officer of the corporation existing hereunder with respect to any act or omission occurring prior to or at the time of such repeal or modification.

DATED: May 7, 2001

Larry Sery
Incorporator

076439.1

COMMISSIONERS
MARC SPITZER - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
Executive Secretary

JOANNE C. MACDONNELL
Director, Corporations Division

June 22, 2004

Dana McDonald
Greenberg Traurig

Re: Meritage Homes of Arizona, Inc.

This letter concerns the document checked below which was filed on July 1, 2004.

[X] Articles of Merger

This document must be published within sixty (60) days from the date of this letter in a newspaper of general circulation in the county of the known place of business in Arizona, as filed with the Commission for three (3) consecutive publications. An affidavit evidencing the publication must be filed with the Commission within ninety (90) days from the date of this letter. For your convenience we have attached a list of known qualified newspapers for publishing.

The Commission strongly recommends that you periodically check Commission records regarding the corporation. The Commission web site **www.cc.state.az.us/corp** contains information specific to each corporation of record and is a good general source of information.

Christine Rosales
602-542-0018
Corporations Division

If you have any questions, please call the Corporations Division Phoenix (602) 542-3135,
Tucson 520-628-6560 or toll free (Arizona residents only) at 1-800-345-5819
For more information contact our web site, at the address indicated below.

Approther.wpd
Revised 03/2004

AZ. CORP. COMMISSION
FILED

JUN 1 8 2004

APPR. Christine Rosale
TERM 6/18/04
DATE
Effective 7/1/04

ARTICLES OF AMENDMENT AND MERGER

MERGING MERITAGE HOMES OF ARIZONA, INC. -0973509-4

WITH AND INTO HANCOCK-MTH COMMUNITIES, INC. -0982799-7

AND

CHANGING SURVIVOR NAME TO MERITAGE HOMES OF ARIZONA, INC.

Dated June 18, 2004

Effective July 1, 2004

Pursuant to Section 10-1105 of the Arizona Business Corporation Act, Meritage Homes of Arizona, Inc., an Arizona corporation ("Meritage Homes of Arizona") and Hancock-MTH Communities, Inc., an Arizona corporation ("Hancock-MTH"), hereby adopt the following Articles of Merger to merge Meritage Homes of Arizona with and into Hancock-MTH, with Hancock-MTH being the corporation surviving the merger (the "Merger"):

FIRST: The Plan of Merger is being simultaneously filed with the Arizona Corporation Commission.

SECOND: The names of the corporations that are the parties to this merger are Meritage Homes of Arizona, Inc., an Arizona corporation, and Hancock-MTH Communities, Inc., an Arizona corporation.

THIRD: The known place of business of Hancock-MTH, the surviving corporation, is 8501 E. Princess Drive, Suite #290, Scottsdale, Arizona 85255.

FOURTH: The name and address of the statutory agent of Hancock-MTH, the surviving corporation, are Lorence M. Zimtbaum, 8501 E. Princess Drive, Suite 290, Scottsdale, Arizona 85255.

FIFTH: The designation, number of outstanding shares and number of votes entitled to be cast by each voting group entitled to vote separately on the Plan of Merger, are as follows:

Name of Corporation	Designation of Class or Series	Number of Shares Outstanding	Shares Entitled to Vote
Meritage Homes of Arizona	Common	1,000	1,000
Hancock-MTH	Common	1,000	1,000

SIXTH: The total number of votes cast for and against the Plan of Merger by the holders of the common stock (the only class of stock of the respective corporations issued, outstanding and entitled to vote) is sufficient for approval by all voting groups and is as follows:

Name of Corporation	Shares Voted For	Shares Voted Against
Meritage Homes of Arizona	1,000	0
Hancock-MTH	1,000	0

SEVENTH: Article 1 of the Articles of Incorporation of Hancock-MTH is hereby amended and restated to read as follows:

> "1. The name of the corporation is Meritage Homes of Arizona, Inc."
> RK CR

EIGHTH: Article 3 of the Articles of Incorporation of Hancock-MTH is hereby amended and restated to read as follows:

> "The aggregate number of shares that the corporation shall have authority to issue is two thousand (2,000) common shares, all of which shares shall be a single class."

IN WITNESS WHEREOF, the undersigned have hereunto set their hand this 18th day of June, 2004.

MERITAGE HOMES OF ARIZONA, INC.,
an Arizona corporation

By: _____
Name: Ron French
Title: President

HANCOCK-MTH COMMUNITIES, INC.,
an Arizona corporation

By: _____
Name: Ron French
Title: President

STATE OF ARIZONA

ACCEPTANCE OF APPOINTMENT AS STATUTORY AGENT

of

MERITAGE HOMES OF ARIZONA, INC., an Arizona corporation,

To: Arizona Corporation Commission
Incorporating Division
1210 West Washington
Phoenix, Arizona 85007

Please be advised that Lorence M. Zimtbaum, Esq., 8501 E. Princess Drive, Suite 290, Scottsdale, AZ 85255, a resident of the State of Arizona, hereby accepts and acknowledges appointment as statutory agent for service of process upon Meritage Homes of Arizona, Inc., an Arizona corporation, formerly known as Hancock-MTH Communities, Inc., an Arizona corporation, and consents to act in that capacity until removal or resignation.

EFFECTIVE the 1st day of July, 2004.

Lorence M. Zimtbaum

EXHIBIT "B"

CERTIFICATE OF GOOD STANDING

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

******MERITAGE HOMES CONSTRUCTION, INC.******

a domestic corporation organized under the laws of the State of Arizona, did incorporate on May 7, 2001.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved 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 Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence 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 22nd Day of September, 2004, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
1912

Executive Secretary

By Pam Bedard

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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 the 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 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*").

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. 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.

11. That the Company is not in default in the payment of principal of or interest on any of its indebtedness for borrowed money and is not in default under any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder and there has not occurred any material change or any development involving a prospective material change in the condition, financial or otherwise, or in the revenues or operations of the Company.

12. No litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness or validity of any the proceedings relating to the formation of the District or assessment district 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.

13. That 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.

14. Attached hereto as *Exhibit B* is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the Arizona Corporation Commission dated 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.

15. All of the representations and warranties of the Company made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were made as of the date hereof, and with respect to the Indemnity Letter, the representations and warranties in paragraphs 1(b) and (d) would be accurate if the reference therein to the "Preliminary Limited Offering Memorandum" were changed to "Limited Offering Memorandum".

16. The information pertaining to the Company and the Project contained in the Limited Offering Memorandum dated September 23, 2004 under the headings "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Dietz Crane" 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.

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

EXHIBIT "A"

CERTIFICATE OF INCORPORATION

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

040641128

AUTHENTICATION: 3330562

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\Min\DRH-Msc\Regrem1\Certoflnc.wpd

EXHIBIT "B"

CERTIFICATE OF GOOD STANDING

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive 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.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
* 1912 *

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.

Executive Secretary

By Pam Bedard

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "D.R. HORTON, INC. - DIETZ-CRANE" IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SECOND DAY OF SEPTEMBER, A.D. 2004.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "D.R. HORTON, INC. - DIETZ-CRANE" WAS INCORPORATED ON THE FIFTEENTH DAY OF MARCH, A.D. 2001.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

3368442 8300

040641128

AUTHENTICATION: 3330561

DATE: 09-02-04

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS
SERIES 2004

CLOSING CERTIFICATE OF
PULTE HOME CORPORATION

The undersigned, John Chadwick, President, Arizona Area, of Pulte Homes Corporation, a Michigan corporation, (the "*Company*"), acting for and on behalf of the Company, HEREBY CERTIFIES as follows:

1. That he is duly qualified and acting for and on behalf of the Company and as such is familiar with the books and corporate records of the Company.

2. That the Company is a duly formed and a validly existing corporation in the State of Michigan and is duly authorized and qualified to do business in the State of Arizona, and has no proceedings pending or contemplated with a view to liquidation or dissolution.

3. That the Company has the power and authority to execute and deliver the following documents (collectively, the "*Documents*") and that the Documents, as executed and delivered by the duly authorized representative of the Company, were approved or the execution and delivery thereof was authorized by the Company 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:

The Letter of Indemnity dated as of September 15, 2004 from the Company to the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "District") and RBC Dain Rauscher Inc. (the "*Underwriter*").

4. The Company 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 1, 2001, at Docket No. 2001-0594214 (the "*Development Agreement*"),

5. That the representative executing and delivering the Documents had the authority to execute and deliver the Documents.

6. That the person named below was on the date or dates of the execution or acceptance of the Documents, and is on the date hereof, the duly qualified and acting incumbent of the office set forth below his respective signature and the signature appearing above his respective name is the genuine official signature of said officer and that he is qualified as President, Phoenix

Traditional Division and he is duly empowered and authorized to execute the Documents for the Company.

7. That the consummation of the transactions contemplated by the Documents 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.

8. That the Company is the owner of a portion of the real property that is the subject matter of the Development Agreement.

9. That, except as set forth in the Limited Offering Memorandum, dated September 15, 2004 pertaining to the Bonds referenced in the caption of this certificate, 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.

10. That attached hereto as *Exhibit A* is a true, complete and correct copy of the Articles of Incorporation of the Company which was in full force and effect as of September 15, 2004, and which has been in effect from that date to the date hereof and that the Articles of Incorporation have not been amended.

11. That all of the representations and warranties of the Company made and contained in the Documents are true and correct in all material respects as of the date hereof as if said representations and warranties were made as of the date hereof.

12. That the information contained in the Limited Offering Memorandum dated September 15, 2004 under the headings "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS-PULTE" and "RISK FACTORS" to the extent it is applicable to the Company 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.

13. The Company is not now insolvent, nor did the levy of the assessments against property in the District owned by the Company render such Company insolvent or incapable of the performance of any of its obligations including without limitation the Company's ability to pay future assessments against such property nor does the levy of the assessments or the current financial standing of the Company leave the Company with unreasonably small capital or assets rendering the Developer incapable of developing the development described in the Official Statement pertaining to the Bonds.

14. The Company certifies that all improvements financed with the Bonds will be owned by a governmental entity and available for use by the general public and that the Company will proceed with all reasonable speed to develop such improvements and the property benefited thereby and to transfer said improvements to the District after the property benefited thereby is developed.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on September ~~15~~ 23, 2004.

PULTE HOMES CORPORATION a Michigan corporation

By: _____

Its: President, Arizona Area

ATTACHMENTS

Exhibit A – Articles of Incorporation

EXHIBIT "A"

CERTIFICATE OF INCORPORATION

RECEIVED

JAN 24 1995

MICHIGAN DEPT. OF COMMERCE

C&S-500

MICHIGAN DEPARTMENT OF COMMERCE -
CORPORATION AND SECURITIES BUREAU

FILED

JAN 21 1995

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Effective Date:

CORPORATION IDENTIFICATION NUMBER 150 148

ARTICLES OF INCORPORATION
For use by Domestic Profit Corporations

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

ARTICLE I

The name of the corporation is: Pulte Michigan Corporation

ARTICLE II

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

ARTICLE III

The total authorized capital stock is:

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

and/or shares without par value as follows:

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

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

Provisions Relating to Preferred Stock

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

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

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

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

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

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

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

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

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

ARTICLE IV

1. The address of the registered office is:

   6400 Farmington Road, West Bloomfield, Michigan 48033

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

   N/A

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

   David Ebling

ARTICLE V

The name and address of the incorporator is as follows:

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

ARTICLE VI

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

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

ARTICLE VII

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

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

Gregory Nelson

RK9q

CAS-515 (Rev. 1-83)

MICHIGAN DEPARTMENT OF COMMERCE -- CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

FEB 19 1985

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Date Received

FEB 19 1985

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Corporations

(Please read instructions on last page before completing form)

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

1. The name of the corporation is: Pulte Michigan Corporation

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

3. The location of its registered office is:

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

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

Pursuant to Section 784(1)(b) of the Michigan Business Corporation Act, the Corporation expressly elects not to be governed by Chapter 7A of the Michigan Business Corporation Act, being Sections 775 through 784 of the Michigan Business Corporation Act; provided that the Corporation's Board of Directors may terminate this election in whole or in part by action of the majority of directors then in office.

5. The foregoing amendment to the Articles of Incorporation was duly adopted on the 12th day of February, 19 85, in accordance with the provisions of the Act.

This Amendment (Complete and execute either a or b below, but not both.)

a. ☐ was duly adopted by the unanimous consent of the incorporator(s) before the first meeting of the board of directors or trustees.

Signed this _____ day of _____, 19 _____.

_____ _____

_____ _____

_____ _____

_____ _____

(Signatures of all incorporators; type or print name under each signature)

b. (Check one of the following)

☐ was duly adopted by the shareholders or members, or by the directors if it is a nonprofit corporation organized on a nonstock directorship basis, in accordance with Section 611(2) of the Act. The necessary votes were cast in favor of the amendment.

☐ was duly adopted by written consent of the shareholders or members having not less than the minimum number of votes required by statute in accordance with Section 407 (1) and (2) of the Act. Written notice to shareholders or members who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders or members is permitted only if such provision appears in the Articles of Incorporation.)

☒ was duly adopted by written consent of all the shareholders or members entitled to vote in accordance with Section 407 (3) of the Act.

Signed this 12th day of February, 19 85

By Richard C. Staky
(Signature)

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

(S-515 (Rev. 1-83)

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

Jeanette M. Sermo
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

Telephone:
Area Code (313)
Number 256-7634

INFORMATION AND INSTRUCTIONS

1. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.

2. This document is to be used pursuant to the provisions of section 631 of the Act for the purpose of amending the articles of incorporation of a domestic corporation.

3. Item 2 – Enter the identification number previously assigned by the Bureau. If this number is unknown, leave it blank.

4. Item 4 – The entire article being amended must be set forth in its entirety. However, if the article being amended is divided into separately identified sections, only the sections being amended need be included.

5. This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated.

6. If the amendment is adopted before the first meeting of the board of directors, item 5(a) must be completed and signed in ink by all of the incorporators. If the amendment is otherwise adopted, item 5(b) must be completed and signed in ink by the president, vice-president, chairperson, or vice-chairperson of the corporation.

7. FEES: Filing fee (Make remittance payable to State of Michigan) $10.00

   Franchise fee for profit corporations (payable only if authorized capital stock has increased) – 1/2 mill (.0005) on each dollar of increase over highest previous authorized capital stock.

8. Mail form and fee to:

   Michigan Department of Commerce
   Corporation and Securities Bureau
   Corporation Division
   P.O. Box 30054
   Lansing, Michigan 48909
   Telephone: (517) 373-0493

UNITED STATES OF AMERICA

The State of Michigan

Michigan Department of Commerce

Lansing, Michigan

This is to Certify That the Annexed Copy of

Certificate of Merger/Consolidation of PULTE HOME CORPORATION, a Delaware corporation qualified in Michigan, and PULTE MICHIGAN CORPORATION, the surviving corporation which changed its name to PULTE HOME CORPORATION

has been compared by me with the record on file in this Department and that the same is a true copy thereof, and the whole of such record.

In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 12th *day of* April *,19* 85 .

Director

C & S-172

CAS-500 (Rev 1-83)

MICHIGAN DEPARTMENT OF COMMERCE — CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

APR 10 1985

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Effective: April 12, 1985 (close of business)

Date Received

APR 10 1985

CERTIFICATE OF MERGER/CONSOLIDATION

For use by Domestic or Foreign Corporations

(Please read instructions on last page before completing form)

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

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

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

Pulte Michigan Corporation, a Michigan corporation	1 5 0 — 1 4 8
Pulte Home Corporation, a Delaware corporation	6 1 6 — 5 2 1

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

Pulte Michigan Corporation	1 5 0 — 1 4 8

c. For each constituent stock corporation, state:

Name of corporation	Designation and number of outstanding shares in each class or series	Indicate class or series of shares entitled to vote	Indicate class or series entitled to vote as a class
Pulte Michigan Corporation	1,000, $0.01 par value	Common	N/A
Pulte Home Corporation	23,532,576, $1.00 par value	Common	N/A

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

Exercise of stock options outstanding under four stock option plans of Pulte Home Corporation or conversion of Pulte Home Credit Corporation's 8-1/2% Convertible Subordinated Debentures, due February 1, 2008, into Pulte Home Corporation's Common Stock.

d. For each constituent nonstock corporation

(i) If it is organized on a membership basis, state (a) the name of the corporation, (b) a description of its members, and (c) the number, classification and voting rights of its members.

(ii) If it is organized on a directorship basis, state (a) the name of the corporation, (b) a description of the organization of its board, and (c) the number, classification and voting rights of its directors.

e. The terms and conditions of the proposed merger (consolidation), including the manner and basis of converting the shares of, or membership or other interests in, each constituent corporation into shares, bonds, or other securities of, or membership or other interest in, the surviving (consolidated) corporation, or into cash or other consideration, are as follows:

See Attachment 1 to this Certificate of Merger.

f. If a consolidation, the Articles of Incorporation of the consolidated corporation are attached to this certificate and are incorporated herein. If a merger, the amendments to the Articles, or a restatement of the Articles, of the surviving corporation to be effected by the merger are as follows:

See Attachment 2 to this Certificate of Merger.

g. Other provisions with respect to the merger (consolidation) are as follows:

See Attachment 3 to this Certificate of Merger.

2. (Complete for any foreign corporation only)

This merger (consolidation) is permitted by the laws of the state of Delaware, the jurisdiction under which Pulte Home Corporation (name of foreign corporation) is organized and the plan of merger (consolidation) was adopted and approved by such corporation pursuant to and in accordance with the laws of that jurisdiction.

3. (Complete only if an effective date is desired other than the date of filing)

The merger (consolidation) shall be effective on the 12th day of April, 19 85.

4. (Complete applicable section for each constituent corporation)

a. (For domestic profit corporations only)

The plan of merger (consolidation) was approved by the unanimous consent of the incorporators of _____, which has not commenced business, has not issued any shares, and has not elected a Board of Directors. (Incorporators must sign on this page of the Certificate.)

b. (For profit corporations involved in a merger only)

The plan of merger was approved by the Board of Directors of _____, the surviving corporation, without the approval of the shareholders of that corporation in accordance with Section 704 of the Act.

c. (For profit corporations only)

The plan of merger or consolidation was adopted by the Board of Directors of the following constituent corporations: Pulte Michigan Corporation
Pulte Home Corporation

and was approved by the shareholders of those corporations in accordance with Sections 701 to 704, or pursuant to Section 407 by written consent and written notice, if required.

d. (For nonprofit corporations only)

The plan of merger or consolidation was adopted by the Board of Directors (i) (Complete if organized upon a stock or membership basis)

of _____ and was approved by the shareholders or members of that corporation in accordance with Sections 701 and 703(1) and (2), or pursuant to Section 407 by written consent and written notice, if required.

(ii) (Complete if organized upon a directorship basis)

of _____ in accordance with Section 703(3).

Sign this area for item 4(a).

Signed this _____ day of _____, 19 ____.

_____ _____

_____ _____

Sign this area for items 4(b), 4(c), or 4(d).

Signed this 29th day of March, 1985.

Pulte Michigan Corporation
(Name of Corporation)

By Richard C. Staky
(Signature)

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

Signed this 29th day of March, 1985.

Pulte Home Corporation
(Name of Corporation)

By David Ebling
(Signature)

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

ATTACHMENT 1 TO
CERTIFICATE OF MERGER

The manner of converting the Common Stock or shares of the Constituent Corporations into stock or shares of the Surviving Corporation shall be as follows:

1. Each share of the Common Stock of the par value of $1.00 of the Delaware Company issued and outstanding at the effective date of the merger, and each share held in its treasury and all rights in respect thereof shall, by virtue of the merger and without any action on the part of the holder thereof, be converted upon the merger becoming effective, into one share of Common Stock of a par value of $0.01 per share of the Surviving Corporation. Outstanding certificates representing shares of the Common Stock of the Delaware Company shall thenceforth represent the same number of shares of Common Stock of the Surviving Corporation, and the holder thereof shall have the same rights which he would have if such certificates had been issued by the Surviving Corporation. Upon the surrender of any such certificate to the Surviving Corporation at the office of its transfer agent, the transferee or any other holder of the certificate surrendered shall receive in exchange therefor a certificate or certificates of the Surviving Corporation.

2. Any stock options granted by the Delaware Company and in existence on the effective date of the merger, and any other rights to acquire or receive shares of Common Stock of the Delaware Company in existence on such date, shall remain in full force and effect and be applicable to the shares of Common Stock of the Surviving Corporation, and all options or other rights for the purchase or other acquisition of shares of the Common Stock of the Delaware Company which are outstanding immediately prior to the merger becoming effective shall continue, without impairment or alteration following the effectiveness of the merger, as outstanding options or other rights for the purchase or other acquisition of shares of Common Stock of the Surviving Corporation.

3. Any employee benefit stock plan adopted by the Delaware Company and in existence on the effective date of the merger including, but not limited to, the Pulte Home Corporation 1969 Option Plan For Key Employees, the Pulte Home Corporation 1973 Stock Option Plan, the Pulte Home Corporation 1977 Key Employees Stock Option Plan, and the Pulte Home Corporation 1983 Key Employees Stock Option Plan, shall remain in full force and effect and be applicable to shares of Common Stock of the Michigan Company.

4. The 1,000 shares of Common Stock of the Michigan Company which are presently issued and outstanding and owned and held by the Delaware Company shall, on the effective date of the merger, be cancelled and given the status of authorized and unissued shares.

5. All shares of the Common Stock of the Michigan Company into which shares of the Delaware Company are converted shall be fully paid and non-assessable.

6. All securities which are convertible into shares of the Delaware Company's Common Stock and which are outstanding on the effective date of the merger including, but not limited to, Pulte Home Credit Corporation's 8-1/2% Convertible Subordinated Debentures due February 1, 2008, shall continue without impairment or alteration following the effectiveness of the merger, to be convertible, according to their terms, into shares of Common Stock of the Surviving Corporation.

RK14g

ATTACHMENT 2 TO
CERTIFICATE OF MERGER

The Articles of Incorporation of the Michigan Company shall be the Articles of Incorporation of the Surviving Corporation except that upon the effective date of the merger, Articles I and III shall be and hereby are by this Agreement of Merger amended:

1. By striking out Article I in its entirety and substituting in lieu thereof a new Article I as follows:

"ARTICLE I

The name of the corporation is Pulte Home Corporation."

2. By striking out only Sections 1 and 2 of Article III and substituting in lieu thereof new Sections 1 and 2 of Article III reading as follows:

"The total authorized capital stock is:

1.	Common Shares	40,000,000	Par Value Per Share	$0.01
	Preferred Shares	1,000,000	Par Value Per Share	$0.01

and/or shares without par value as follows:

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

The Articles of Incorporation of the Michigan Company, as hereinabove amended, shall constitute the composite Articles of Incorporation of the Surviving Corporation until further amended in the manner provided by law.

RK14h

ATTACHMENT 3 TO
CERTIFICATE OF MERGER

On the effective date of the merger as hereinafter provided, the Delaware Company and the Michigan Company shall be merged into a single corporation in accordance with the laws of the states of Delaware and Michigan, by the Delaware Company merging into the Michigan Company, which shall be the Surviving Corporation and which shall exist under the name "Pulte Home Corporation" as hereinafter provided.

Upon the merger becoming effective in accordance with the laws of the states of Michigan and Delaware:

1. The Constituent Corporations shall be a single corporation which shall be the Michigan Company as the Surviving Corporation and the separate existence of the Delaware Company shall cease except to the extent provided by the laws of the State of Delaware in the case of a corporation after its merger into another corporation.

2. The Surviving Corporation shall possess all the rights, privileges, powers, immunities and franchises of a public as well as a private nature of each of the Constituent Corporations; and all property, real, personal and mixed, including all trademarks, trademark registrations, and applications for registration of trademarks, and all debts due on whatever account, including subscriptions to shares, and all other choses in action, and all and every other interest of, or belonging to, or due to each of the Constituent Corporations, shall be taken and deemed to be transferred and vested in the Surviving Corporation without further act or deed; and the title to all real estate, or any interest therein, vested in either of the Constituent Corporations shall not revert nor be in any way impaired by reason of the merger.

3. The Surviving Corporation shall be responsible and liable for all liabilities and obligations of each of the Constituent Corporations; and any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted to judgment as if the merger had not taken place, or the Surviving Corporation may be substituted in its place, and neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the merger.

4. All corporate acts, plans, policies, contracts, approvals and authorizations of the Delaware Company, its stockholders, Board of Directors, committees elected or appointed by the Board of Directors, officers and agents, which were valid and effective immediately prior to the effective date of the merger shall be taken for all purposes as the acts, plans, policies, approvals, and authorizations of the Surviving Corporation and shall be as effective and binding thereon as the same were with respect to the Delaware Company. The requirement of any stock option plan or other plan or provision of the Delaware Company involving the issuance by the Delaware Company under such plans of

Common Shares of the Delaware Company to or for the account of the employees shall be satisfied by the issuance of a like number of shares of the Common Stock of the Surviving Corporation.

5. The By-Laws of the Michigan Company shall be and constitute the By-Laws of the Surviving Corporation, until the same shall thereafter be altered, amended, or repealed in accordance with applicable law, the Articles of Incorporation, and said By-Laws.

6. The directors and officers of the Delaware Company immediately prior to the merger becoming effective shall be and constitute the directors and officers of the Surviving Corporation and shall hold office until their successors shall have been chosen or appointed as provided in the By-Laws of the Surviving Corporation.

If at any time the Surviving Corporation shall consider or be advised that any further assignment or assurance in law is necessary or desirable to vest in the Surviving Corporation the title to any property or rights of the Delaware Company, the proper officers and directors of the Delaware Company shall execute and make all such proper assignments and assurances in law and do all things necessary or proper to vest such property or rights in the Surviving Corporation, and otherwise to carry out the purposes of this Agreement of Merger.

This Agreement of Merger shall be submitted to the stockholders of each of the Constituent Corporations as provided by law, and shall take effect and is conditioned upon, the approval or adoption thereof by the stockholders of each of the Constituent Corporations in accordance with the laws of the states of Delaware and Michigan. The effective date of the merger shall be determined by the Board of Directors of the Delaware Company. All acts and things shall be done as shall be required for accomplishing the merger under the applicable provisions of the laws of the State of Delaware and the State of Michigan.

Anything herein or elsewhere to the contrary notwithstanding, this Agreement of Merger may be abandoned by the Delaware Company by appropriate resolution of its Board of Directors at any time prior to the merger becoming effective, notwithstanding approval of the Agreement of Merger by the stockholders of both the Constituent Corporations. In the event of the termination and abandonment of this Agreement of Merger pursuant to the foregoing provisions of this Article VII, this Agreement of Merger shall become void and shall have no effect, without any liability on the part of either of the Constituent Corporations or the stockholders or directors or officers thereof. The Boards of Directors of the Delaware Company and the Michigan Company may modify this Agreement of Merger as they mutually agree at any time prior to the merger becoming effective, notwithstanding approval of the Agreement of Merger by the stockholders of both Constituent Corporations, provided that no such modification may materially adversely affect the Delaware Company's stockholders.

RK14f

CAS-550 (Rev. 1-83)

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

Robert J. Krueger, Jr.
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

Telephone:
Area Code (313)
Number 256-7675

INFORMATION AND INSTRUCTIONS

1. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.

2. This certificate is to be used pursuant to sections 701 through 707 of the Act for the purpose of merging or consolidating two or more domestic and/or foreign corporations and pursuant to Section 731 if the merger or consolidation involves one or more foreign corporations.

3. If more than two corporations are merging or consolidating, or the form is otherwise inadequate, the certificate may be adjusted as necessary. If additional space is required for any section, continue the section on an attachment.

4. Item 3 — This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated.

5. If a domestic corporation is merging or consolidating into a foreign corporation that does not have a certificate of authority, this certificate cannot be filed until a tax clearance is received. To obtain such a clearance, contact the Tax Clearance Division, Michigan Department of Treasury, Treasury Building, Lansing, Michigan 48922, and request that the tax clearance be sent to the Corporation Division.

6. A domestic nonprofit charitable purpose corporation must obtain the consent of the Michigan Attorney General if it is merging or consolidating into a for profit corporation or a foreign nonprofit corporation that does not have a certificate of authority with Michigan. Contact the Charitable Trust Division, Michigan Attorney General, Room 670, Law Building, 525 West Ottawa, Lansing, Michigan 48913 at least 45 days before the desired effective date of the merger or consolidation.

7. This certificate must be signed in ink by the president, vice-president, chairperson, or vice-chairperson of each corporation that is merging or consolidating, unless the incorporators of a domestic profit corporation approve the merger or consolidation pursuant to sections 706 and 707 of the Act. In that event, the certificate must be signed in ink by all of the incorporators of that corporation in item 4.

8. FEES: Filing fee (Make remittance payable to State of Michigan) $50.00

   Merger — If the survivor is a domestic profit corporation whose authorized capital stock is increased, an additional fee is due equal to ½ mill (.0005) on each dollar of the increase over the previous highest authorized capital stock on which a franchise fee was paid.

   Consolidation — Franchise fees are required for the articles of incorporation of the new consolidated corporation, if it is a domestic corporation.

   Credit — If a foreign corporation authorized to transact business in this State merges or consolidates into a domestic profit corporation, the amount of franchise fees required to be paid by that domestic corporation shall be reduced by the initial or additional franchise fees paid to this State by the foreign corporation.

9. Mail form and fee to:

   Michigan Department of Commerce
   Corporation and Securities Bureau
   Corporation Division
   P.O. Box 30054
   Lansing, MI 48909
   Telephone: (517) 373-0493

874EW8584 0430 DRG%FI $10.00

MICHIGAN DEPARTMENT OF COMMERCE — CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

APR 29 1987

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Date Received

APR 29 1987

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Corporations

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

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

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

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

3. The location of its registered office is:
6400 Farmington Road, West Bloomfield, Michigan 48033
(Street Address) (City) (ZIP Code)

4. The Articles of Incorporation are hereby amended by adding Article VIII which reads in its entirety, as follows:

ARTICLE VIII

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of the director's fiduciary duty. However, this Article shall not eliminate or limit the liability of a director for any of the following:

(1) A breach of the director's duty of loyalty to the corporation or its shareholders.

(2) Acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law.

(3) A violation of Section 551(1) of the Michigan Business Corporation Act.

(4) A transaction from which the director derived an improper personal benefit.

(5) An act or omission occurring before the effective date of this Article.

Any repeal or modification of this Article by the shareholders of the corporation shall not adversely affect any right or protection of any director of the corporation existing at the time of, or for or with respect to, any acts or omissions occurring before such repeal or modification.

5. COMPLETE SECTION (a) IF THE AMENDMENT WAS ADOPTED BY THE UNANIMOUS CONSENT OF THE INCORPORATOR(S) BEFORE THE FIRST MEETING OF THE BOARD OF DIRECTORS OR TRUSTEES; OTHERWISE, COMPLETE SECTION (b)

a. ☐ The foregoing amendment to the Articles of Incorporation was duly adopted on the _____ day of _____, 19____, in accordance with the provisions of the Act by the unanimous consent of the incorporator(s) before the first meeting of the board of directors or trustees.

Signed this _____ day of _____, 19__

_____ _____

_____ _____

_____ _____

_____ _____

(Signatures of all incorporators; type or print name under each signature)

b. ☒ The foregoing amendment to the Articles of Incorporation was duly adopted on the 29th day of, April, 19 87. The amendment: (check one of the following)

☒ was duly adopted in accordance with Section 611(2) of the Act by the vote of the shareholders if a profit corporation, or by the vote of the shareholders or members if a nonprofit corporation, or by the vote of the directors if a nonprofit corporation organized on a nonstock directorship basis. The necessary votes were cast in favor of the amendment.

☐ was duly adopted by the written consent of all the directors pursuant to Section 525 of the Act and the corporation is a nonprofit corporation organized on a nonstock directorship basis.

☐ was duly adopted by the written consent of the shareholders or members having not less than the minimum number of votes required by statute in accordance with Section 407(1) and (2) of the Act. Written notice to shareholders or members who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders or members is permitted only if such provision appears in the Articles of Incorporation.)

☐ was duly adopted by the written consent of all the shareholders or members entitled to vote in accordance with Section 407(3) of the Act.

Signed this 29th day of April, 19 87

By _____ (Signature)

JAMES Grossfeld Chairperson
(Type or Print Name) (Type or Print Title)

CRS-315 (Rev. 11-85)

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

Jeanette M. Sermo
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

Name of person or organization remitting fees:

Honigman Miller Schwartz and Cohn

Preparer's name and business telephone number:

Jeanette M. Sermo

(313) 256-7634

INFORMATION AND INSTRUCTIONS

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

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.
3. This document is to be used pursuant to the provisions of section 631 of the Act for the purpose of amending the articles of incorporation of a domestic profit or nonprofit corporation. Do not use this form for restated articles. A nonprofit corporation is one incorporated to carry out any lawful purpose or purposes not involving pecuniary profit or gain for its directors, officers, shareholders, or members. A nonprofit corporation organized on a nonstock directorship basis, as authorized by Section 302 of the Act, may or may not have members, but if it has members, the members are not entitled to vote.
4. Item 2 — Enter the identification number previously assigned by the Bureau. If this number is unknown, leave it blank.
5. Item 4 — The entire article being amended must be set forth in its entirety. However, if the article being amended is divided into separately identifiable sections, only the sections being amended need be included.
6. This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated.
7. If the amendment is adopted before the first meeting of the board of directors, item 5(a) must be completed and signed in ink by all of the incorporators listed in Article V of the Articles of Incorporation. If the amendment is otherwise adopted, item 5(b) must be completed and signed in ink by the president, vice-president, chairperson, or vice-chairperson of the corporation.
8. FEES: Filing fee (Make remittance payable to State of Michigan) $10.00

   Franchise fee for profit corporations (payable only if authorized capital stock has increased) — ½ mill (.0005) on each dollar of increase over highest previous authorized capital stock.
9. Mail form and fee to:

   Michigan Department of Commerce
   Corporation and Securities Bureau
   Corporation Division
   P.O. Box 30054
   Lansing, MI 48909
   Telephone: (517) 373-0493

MICHIGAN DEPARTMENT OF COMMERCE — CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

DEC 07 1987

Administrator
MICHIGAN DEPT. OF COMMERCE
Corporation & Securities Bureau

Date Received
DEC 07 1987

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

CERTIFICATE OF MERGER/CONSOLIDATION

For use by Domestic or Foreign Corporations

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

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

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

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

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

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

Pulte Home Corporation	1 5 0 — 1 4 8

c. For each constituent stock corporation, state:

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

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

*not including 2,160,000 treasury shares

d. If each constituent nonstock corporation

(i) if it is organized on a membership basis, state (a) the name of the corporation, (b) a description of its members, and (c) the number, classification and voting rights of its members.

N/A

(ii) if it is organized on a directorship basis, state (a) the name of the corporation, (b) a description of the organization of its board, and (c) the number, classification and voting rights of its directors.

N/A

e. The terms and conditions of the proposed merger (consolidation), including the manner and basis of converting the shares of, or membership or other interests in, each constituent corporation into shares, bonds, or other securities of, or membership or other interest in, the surviving (consolidated) corporation, or into cash or other consideration, are as follows:

SEE ATTACHED EXHIBIT A

f. If a consolidation, the Articles of Incorporation of the consolidated corporation are attached to this Certificate and are incorporated herein. If a merger, the amendments to the Articles, or a restatement of the Articles, of the surviving corporation to be effected by the merger are as follows:

SEE ATTACHED EXHIBIT A

g. Other provisions with respect to the merger (consolidation) are as follows:

SEE ATTACHED EXHIBIT A

2. (Complete for any foreign corporation only)

This merger (consolidation) is permitted by the laws of the state of _____.

the jurisdiction under which _____
(name of foreign corporation)

is organized and the plan of merger (consolidation) was adopted and approved by such corporation pursuant to and in accordance with the laws of that jurisdiction.

3. (Complete only if an effective date is desired other than the date of filing)

The merger (consolidation) shall be effective on the 7th day of December 19 87 at 4:22 p.m.

4. (Complete applicable section for each constituent corporation)

a. (For domestic profit corporations only)

The plan of merger (consolidation) was approved by the unanimous consent of the incorporators of _____, which has not commenced business, has not issued any shares, and has not elected a Board of Directors. (Incorporators must sign on this page of the Certificate.)

b. (For profit corporations involved in a merger only)

The plan of merger was approved by the Board of Directors of _____, the surviving corporation, without the approval of the shareholders of that corporation in accordance with Section 704 of the Act.

c. (For profit corporations only)

The plan of merger or consolidation was adopted by the Board of Directors of the following constituent corporations:

Pulte Home Corporation
Pulte Merger Company

and was approved by the shareholders of those corporations in accordance with Sections 701 to 704, or pursuant to Section 407 by written consent and written notice, if required by that section.

d. (For nonprofit corporations only)

The plan of merger or consolidation was adopted by the Board of Directors

(i) (Complete if organized upon a stock or membership basis)

of _____ and was approved by the shareholders or members of that corporation in accordance with Sections 701 and 703(1) and (2), or pursuant to Section 407 by written consent and written notice, if required.

(ii) (Complete if organized upon a directorship basis)

of _____ in accordance with Section 703(3).

Sign this area for item 4(a).

Signed this _____ day of _____, 19 _____.

_____ _____

_____ _____

Sign this area for items 4(b), 4(c), or 4(d).

Signed this 4th day of December, 19 87.

PULTE HOME CORPORATION
(Name of Corporation)

By _____
(Signature)

James Grosfeld, Chairman of the Board
(Type or Print Name and Title)

Signed this 4th day of December, 19 87.

PULTE MERGER COMPANY
(Name of Corporation)

By _____
(Signature)

James Grosfeld, Chairman of the Board
(Type or Print Name and Title)

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

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

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

Name of person or organization remitting fees:

Honigman Miller

Schwartz and Cohn

Preparer's name and business telephone number:

Susan Morris

(313) 256-7595

INFORMATION AND INSTRUCTIONS

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

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.
3. This certificate is to be used pursuant to sections 701 through 707 of the Act for the purpose of merging or consolidating two or more domestic and/or foreign corporations and pursuant to Section 731 if the merger or consolidation involves one or more foreign corporations.
4. If more than two corporations are merging or consolidating, the certificate may be adjusted as necessary, or the format may be used as a guide in drafting your own certificate. If additional space is required for any section, continue the section on an attachment.
5. Item 3 — This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated.
6. If a domestic corporation is merging or consolidating into a foreign corporation that does not have a certificate of authority, this certificate cannot be filed until a tax clearance is received. To obtain such a clearance, contact the Tax Clearance Division, Michigan Department of Treasury, Treasury Building, Lansing, Michigan 48922, and request that the tax clearance be sent to the Corporation Division.
7. A domestic nonprofit charitable purpose corporation must obtain the consent of the Michigan Attorney General if it is merging or consolidating into a for profit corporation or a foreign nonprofit corporation that does not have a certificate of authority with Michigan. Contact the Charitable Trust Division, Michigan Attorney General, Room 670, Law Building, 525 West Ottawa, Lansing, Michigan 48913 at least 45 days before the desired effective date of the merger or consolidation.
8. This certificate must be signed in ink by the president, vice-president, chairperson, or vice-chairperson of each corporation that is merging or consolidating, unless the incorporators of a domestic profit corporation approve the merger or consolidation pursuant to sections 706 and 707 of the Act. In that event, the certificate must be signed in ink by all of the incorporators of that corporation in item 4.
9. FEES: Filing fee (Make remittance payable to State of Michigan) $50.00

   Merger — If the survivor is a domestic profit corporation whose authorized capital stock is increased, an additional fee is due equal to ½ mill (.0005) on each dollar of the increase over the previous highest authorized capital stock on which a franchise fee was paid.

   Consolidation — Franchise fees are required for the articles of incorporation of the new consolidated corporation, if it is a domestic corporation.

   Credit — If a foreign corporation authorized to transact business in this State merges or consolidates into a domestic profit corporation, the amount of franchise fees required to be paid by that domestic corporation shall be reduced by the initial or additional franchise fees paid to this State by the foreign corporation.
10. Mail form and fee to:

    Michigan Department of Commerce, Corporation and Securities Bureau, Corporation Division, P.O. Box 30054, Lansing, MI 48909, Telephone: (517) 373-0493

EXHIBIT A

AGREEMENT OF MERGER
AND
PLAN OF REORGANIZATION

THIS AGREEMENT OF MERGER AND PLAN OF REORGANIZATION, dated as of October 1, 1987, among Pulte Home Corporation ("Pulte"), a Michigan corporation, PHM Corporation ("Holding"), a Michigan corporation and a wholly-owned subsidiary of Pulte, Pulte Diversified Companies, Inc. ("Subholding"), a Michigan corporation and a wholly-owned subsidiary of Holding and Pulte Merger Company ("Pulte Merger"), a Michigan corporation and a wholly-owned subsidiary of Subholding.

WITNESSETH

The parties agree as follows:

1. MERGER.

1.1 *Merger of Pulte Merger into Pulte.* At the Effective Date, as defined in Section 1.3., Pulte Merger shall be merged with and into Pulte (the "Merger"), in accordance with Chapter 7 of the Michigan Business Corporation Act (the "MBCA"), and the separate existence of Pulte Merger shall thereupon cease and Pulte shall be the surviving corporation (herein referred to, in its capacity as surviving corporation, as "Pulte Home"). The corporate existence of Pulte Home, with all its rights, privileges, powers and franchises and subject to all its debts, liabilities and duties (except to the extent otherwise provided herein), shall continue unaffected and unimpaired by the Merger, and Pulte Home shall thereupon, without further action, succeed to and be vested with all rights, privileges, powers and franchises and all property (real, personal and mixed) of Pulte Merger and shall be subject to all debts, liabilities and duties of Pulte Merger, all in accordance with the MBCA.

1.2 *Conversion of Common Stock.* At the Effective Date, each share of common stock, par value $.01 per share, of Pulte Merger issued and outstanding immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one share of common stock, par value $.01 per share of Pulte Home; and each share of common stock of Pulte, par value $.01 per share ("Pulte Common Stock"), issued and outstanding or held as treasury shares immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one new share of common stock of Holding, par value $.01 per share ("Holding Common Stock"); and each certificate representing shares of Pulte Common Stock immediately prior to the Effective Date shall be deemed (subject to Section 3.2 hereof) to represent the same number of shares of Holding Common Stock. Accordingly, as of the Effective Date, Subholding, which currently owns all of the issued and outstanding shares of Pulte Merger, will own all of the issued and outstanding shares of Pulte Home and all of the current shareholders of Pulte will become the shareholders of Holding.

1.3 *Effective Date.* The Merger shall become effective immediately upon the filing of a Certificate of Merger with respect thereto in accordance with the MBCA, except that, in the event such Certificate of Merger specifies in accordance with the MBCA a date and/or time subsequent to the date and time of such filing as of which the Merger is to become effective, the Merger shall be effective on, and at, such specified subsequent date and/or time. The date and time at which the Merger becomes effective is hereinafter referred to as "Effective Date." The effective date is December 7, 1987 at 4:22 p.m.

2. ARTICLES OF INCORPORATION, BYLAWS, BOARD OF DIRECTORS AND OFFICERS OF PULTE.

2.1 *Articles of Incorporation.* On the Effective Date, the Articles of Incorporation of Pulte, as amended and in effect immediately prior to the Effective Date, shall be amended as set forth below and as so amended shall thereafter continue in full force and effect as the Articles of Incorporation of Pulte Home until further amended as provided therein or by law.

(a) Article III shall be amended to read in its entirety as follows:

The total authorized capital stock is:

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

   and/or shares without par value as follows:

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

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

2.2 *Bylaws.* The Bylaws of Pulte, as amended and in effect immediately prior to the Effective Date, shall continue in full force and effect as the Bylaws of Pulte Home until amended or repealed as provided therein or by law.

2.3 *Directors.* On the Effective Date, each director of Pulte immediately prior thereto shall cease to hold such office, and each director of Pulte Merger immediately prior thereto shall thereupon become a director of Pulte Home and shall thereafter hold such office for the remainder of his term of office and until his successor has been elected and qualified, or as otherwise provided in the Articles of Incorporation or the Bylaws of Pulte Home, or by law.

2.4 *Officers.* On the Effective Date, each officer of Pulte immediately prior thereto shall cease to hold such office, and each officer of Pulte Merger immediately prior thereto shall thereupon become an officer of Pulte Home and shall thereafter hold such office for the remainder of his term of office and until his successor has been elected or appointed and qualified, or as otherwise provided in the Articles of Incorporation or the Bylaws of Pulte Home, or by law.

3. STOCK OF PULTE MERGER, HOLDING AND PULTE

3.1 *Conversion of Stock and Assumption of Certain Obligations.* On the Effective Date:

(a) *Common Stock of Pulte Merger.* As noted in Section 1.2 hereof, each share of Common Stock, par value $.01 per share, of Pulte Merger issued and outstanding immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one share of Common Stock, par value $.01 per share, of Pulte Home.

(b) *Common Stock of Pulte.* As noted in Section 1.2 hereof, each share of Pulte Common Stock issued and outstanding or held in its treasury immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one new share of Holding Common Stock and each certificate representing shares of Pulte Common Stock immediately prior to the Effective Date shall be deemed (subject to Section 3.2 hereof) to represent the same number of shares of Holding Common Stock.

(c) *Convertible Subordinated Debentures of Pulte Home Credit Corporation.* Each outstanding 8½% Convertible Subordinated Debenture Due 2008 ("Convertible Debentures") of Pulte Home Credit Corporation theretofore convertible into shares of Pulte Common Stock shall, after the Effective Date, be convertible into shares of Holding Common Stock at the same conversion price and on the same basis as the Convertible Debentures were convertible into shares of Pulte Common Stock immediately prior to the Effective Date.

(d) *Pulte Stock Options.* Pulte currently has outstanding, options granted under Pulte's 1969 Option Plan for Key Employees, 1973 Stock Option Plan, 1977 Key Employees Stock Option Plan and 1983 Key Employees Stock Option Plan (collectively the "Plans"). On the Effective Date, Holding will assume all of Pulte's obligations with respect to outstanding stock options under the Plans. Each Incentive Stock Option, as that term is defined in the Plans, outstanding immediately prior to the Effective Date shall be assumed in such manner so as to preserve the status of the options as "incentive stock options" within the meaning of Section 422A of the Internal Revenue Code of 1986, as amended (the "Code"). The outstanding options assumed by Holding shall be exercisable upon the same terms and conditions as under such Plans and the option agreements relating thereto immediately prior to the

Effective Date, except that upon the exercise of each such option one share of Holding Common Stock shall be issuable in lieu of each share of Pulte Common Stock issuable upon the exercise thereof immediately prior to the Effective Date. On the Effective Date, Holding shall assume all of Pulte's rights and obligations under Pulte's 1983 Key Employees Stock Option Plan (the "1983 Plan"), including the right to issue additional stock options under such Plan. (The other Plans have expired.) Accordingly, all options issued pursuant to the 1983 Plan after the Effective Date shall entitle the holder thereof to purchase shares of Holding Common Stock.

3.2 *Issuance of New Certificates.* Each holder of a certificate representing shares of Pulte Common Stock immediately prior to the Effective Date may thereafter surrender such certificate and shall be entitled, upon such surrender, to receive in exchange therefor a certificate representing the number of shares of Holding Common Stock into which such shares of Pulte Common Stock shall have been converted in accordance with Section 3.1(b) hereof. Until so surrendered, such certificate shall be deemed to evidence the ownership of such shares of Holding Common Stock and the holder of such certificate shall have and be entitled to exercise any voting and other rights with respect to, and to receive any dividends and other distributions upon, the shares of Holding Common Stock evidenced by such outstanding certificate. If any such certificate for Holding Common Stock is to be issued in a name other than that in which the surrendered certificate is registered, it shall be a condition of such exchange that the certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such exchange shall have paid any transfer and other taxes required by reason of such issuance of certificates of Holding Common Stock in a name other than that of the registered holder of the certificate surrendered, or shall have established to the satisfaction of Holding and its transfer agent that such tax has been paid or is not applicable.

3.3 *Pulte Stock Transfer Books.* On the Effective Date, the stock transfer books for the shares of Pulte Common Stock which will be converted to Holding Common Stock pursuant to Section 3.1 shall be deemed closed, and no transfer of such shares shall thereafter be made or consummated.

3.4 *Other Agreements.* On the Effective Date, Holding shall assume any obligation of Pulte to deliver or make available shares of Pulte Common Stock under any agreement or employee benefit plan, if any, not otherwise referred to in this Section 3 to which Pulte or any of its subsidiaries is a party. Any reference to Pulte Common Stock under any such agreement shall be deemed to be a reference to Holding Common Stock and one share of Holding Common Stock shall be issuable in lieu of each share of Pulte Common Stock required to be issued by any such agreement, subject to subsequent adjustment as provided in any such agreement.

4. CONDITIONS. The obligation of Pulte, Holding, Subholding and Pulte Merger to consummate the Merger is subject to the fulfillment of the following conditions:

4.1 *Shareholder Approval.* This Agreement and the Merger shall have been adopted by a majority of the issued and outstanding shares of Common Stock of each of Pulte, Holding, Subholding and Pulte Merger.

4.2 *Tax Ruling.* Pulte shall have received a ruling of the Internal Revenue Service, satisfactory in form and substance to Pulte, to the effect that the Merger constitutes a reorganization within the meaning of Section 368 of the Code, and neither gain nor loss will be recognized by Pulte, Holding, Pulte Merger or the shareholders of Pulte by reason of the consummation of such Merger; and as to such further matters relating to the tax consequences of the transactions contemplated herein as the Board of Directors of Pulte may deem advisable.

4.3. *Articles of Incorporation of Holding.* On the Effective Date, the Articles of Incorporation of Holding shall be substantially in the form set forth in Schedule I hereto.

4.4 *Listing.* The Holding Common Stock to be issued and initially reserved for issuance pursuant to the transactions contemplated herein shall have been approved for listing, upon official notice of issuance, by the New York Stock Exchange, Inc.

5. FURTHER ASSURANCES. Each party hereto agrees that from time to time on and after the Effective Date, it will execute and deliver or cause to be executed and delivered all such further assignments,

assurances or other instruments, and shall take or cause to be taken all such further actions as may be necessary or desirable to consummate the Merger and the other transactions contemplated by this Agreement.

6. AMENDMENT, TERMINATION.

6.1 *Amendment.* At any time prior to the Effective Date, the parties hereto may by written agreement amend, modify or supplement any provision of this Agreement, provided that an amendment made subsequent to the adoption of this Agreement by the shareholders of Pulte shall not without the approval of the holders of the requisite number of shares of capital stock of Pulte, alter or change the amount or nature of the consideration to be received by the holders of Pulte Common Stock as set forth in this Agreement.

6.2 *Termination.* This Agreement may be terminated and the Merger abandoned by the Board of Directors of Pulte at any time for any reason prior to the Effective Date, whether before or after approval of this Agreement by the shareholders of Pulte and Pulte Merger.

7. GOVERNING LAW. This Agreement shall be construed under and in accordance with the laws of the State of Michigan.

8. HEADINGS. The headings set forth herein are for convenience only and shall not be used in interpreting the text of the section in which they appear.

9. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

10. COUNTERPARTS. For the convenience of the parties hereto, this Agreement may be executed in separate counterparts, each of which, when so executed, shall be deemed to be an original, and all such counterparts when taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of Pulte, Holding, Subholding and Pulte Merger, pursuant to the approval and authority duly given by resolutions adopted by its respective Board of Directors, has caused this Agreement to be executed by a duly authorized officer thereof, and has further caused its respective corporate seal to be hereunto affixed, as of the date first above written.

ATTEST:

Gregory Nelson, Assistant Secretary

PULTE HOME CORPORATION

By: Robert K. Burgess

Robert K. Burgess, President

ATTEST:

Gregory Nelson, Assistant Secretary

PHM CORPORATION

By: Robert K. Burgess

Robert K. Burgess, President

ATTEST:

Gregory Nelson, Secretary

PULTE DIVERSIFIED COMPANIES, INC.

By: Richard C. Staky

Richard C. Staky, Vice President

ATTEST:

Gregory Nelson, Secretary

PULTE MERGER COMPANY

By: Richard C. Staky

Richard C. Staky, Senior Vice President

CAS-518 (Rev. 5-87)

(FOR BUREAU USE ONLY)

FILED

DEC 07 1987

Administrator
MICHIGAN DEPT. OF COMMERCE
Corporation & Securities Bureau

DEC 07 1987

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

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Corporations

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

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

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

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

3. The location of its registered office is:

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

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

ARTICLE III

The total authorized capital stock is:

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

and/or shares without par value as follows:

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

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

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

5. COMPLETE SECTION (a) IF THE AMENDMENT WAS ADOPTED BY THE UNANIMOUS CONSENT OF THE INCORPORATOR(S) BEFORE THE FIRST MEETING OF THE BOARD OF DIRECTORS OR TRUSTEES: OTHERWISE, COMPLETE SECTION (b)

a. ☐ The foregoing amendment to the Articles of Incorporation was duly adopted on the _____ day of _____, 19____, in accordance with the provisions of the Act by the unanimous consent of the incorporator(s) before the first meeting of the board of directors or trustees.

Signed this _____ day of _____, 19____

_____ _____

_____ _____

_____ _____

_____ _____

(Signatures of all incorporators: type or print name under each signature)

b. ☒ The foregoing amendment to the Articles of Incorporation was duly adopted on the 7th day of, December, 19 87 The amendment: (check one of the following)

☐ was duly adopted in accordance with Section 611(2) of the Act by the vote of the shareholders if a profit corporation, or by the vote of the shareholders or members if a nonprofit corporation, or by the vote of the directors if a nonprofit corporation organized on a nonstock directorship basis. The necessary votes were cast in favor of the amendment.

☐ was duly adopted by the written consent of all the directors pursuant to Section 525 of the Act and the corporation is a nonprofit corporation organized on a nonstock directorship basis.

☒ was duly adopted by the written consent of the shareholders or members having not less than the minimum number of votes required by statute in accordance with Section 407(1) and (2) of the Act. Written notice to shareholders or members who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders or members is permitted only if such provision appears in the Articles of Incorporation.)

☐ was duly adopted by the written consent of all the shareholders or members entitled to vote in accordance with Section 407(3) of the Act.

Signed this 7th day of December, 19 87

By _____
(Signature)

James Grosfeld, Chairman of the Board
(Type or Print Name) (Type or Print Title)

CAS-515

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

Name of person or organization remitting fees:

Honigman Miller

Schwartz and Cohn

Preparer's name and business telephone number:

Susan Morris

(313) 256-7595

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

INFORMATION AND INSTRUCTIONS

1. The amendment cannot be filed until this form, or a comparable document, is submitted.
2. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.
3. This document is to be used pursuant to the provisions of section 631 of the Act for the purpose of amending the articles of incorporation of a domestic profit or nonprofit corporation. Do not use this form for restated articles. A nonprofit corporation is one incorporated to carry out any lawful purpose or purposes not involving pecuniary profit or gain for its directors, officers, shareholders, or members. A nonprofit corporation organized on a nonstock directorship basis, as authorized by Section 302 of the Act, may or may not have members, but if it has members, the members are not entitled to vote.
4. Item 2 — Enter the identification number previously assigned by the Bureau. If this number is unknown, leave it blank.
5. Item 4 — The article being amended must be set forth in its entirety. However, if the article being amended is divided into separately identifiable sections, only the sections being amended need be included.
6. This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated.
7. If the amendment is adopted before the first meeting of the board of directors, item 5(a) must be completed and signed in ink by all of the incorporators listed in Article V of the Articles of Incorporation. If the amendment is otherwise adopted, item 5(b) must be completed and signed in ink by the president, vice-president, chairperson, or vice-chairperson of the corporation.
8. FEES: Filing fee (Make remittance payable to State of Michigan) $10.00

   Franchise fee for profit corporations (payable only if authorized capital stock has increased) — ½ mill (.0005) on each dollar of increase over highest previous authorized capital stock.
9. Mail form and fee to:

   Michigan Department of Commerce
   Corporation and Securities Bureau
   Corporation Division
   P.O. Box 30054
   6546 Mercantile Way
   Lansing, MI 48909
   Telephone: (517) 334-6302

EXHIBIT "B"

CERTIFICATE OF GOOD STANDING

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

******PULTE HOME CORPORATION******

a foreign corporation organized under the laws of Michigan did obtain authority to transact business in the State of Arizona on the 21st day of March 1985.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; 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.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
* 1912 *

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 15th Day of September, 2004, A. D.

Executive Secretary

By

UNITED STATES OF AMERICA

The State of Michigan

Michigan Department of Consumer and Industry Services

Lansing, Michigan

This is to Certify That

PULTE HOME CORPORATION

was validly incorporated on January 24, 1985, as a Michigan profit corporation, and said corporation is validly in existence under the laws of this state.

This certificate is issued pursuant to the provisions of 1972 PA 284, as amended, to attest to the fact that the corporation is in good standing in Michigan as of this date and is duly authorized to transact business and for no other purpose.

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

In testimony whereof, I have hereunto set my hand, in the City of Lansing, this 16th day of September, 2004.

Andrew L. Metcalf, *Director*

Bureau of Commercial Services

GOLD SEAL APPEARS ONLY ON ORIGINAL

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

CLOSING CERTIFICATE OF BUCKEYE LAND, L.L.C.

The undersigned, the Manager of Buckeye Land, L.L.C., an Arizona limited liability company (the "*Company*"), acting for and on behalf of the Company, HEREBY CERTIFIES as follows:

1. He is the duly qualified and acting Manager of the Company, and as such is familiar with the books and corporate records of the Company.

2. The Company is a duly organized and validly existing limited liability company under the laws of the State of Arizona 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:

The Letter of Indemnity dated September 15, 2004 (the "Indemnity Letter") from the Company to the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and RBC Dain Rauscher Inc. (the "*Underwriter*").

4. The Company 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 persons 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 person named below was on the date or dates of the execution or acceptance of the Documents, and is on the date hereof, the duly qualified and acting Manager of the Company and the signature appearing below is the genuine signature of said Manager.

NAME	TITLE
Gregory S. Hancock	Manager

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. The consummation of the transactions contemplated by the Documents and the Development Agreement and compliance by the Company with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any material indenture, agreement or other instrument to which the Company is a party or by which the Company may be bound, which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Company taken as a whole.

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 15, 2004 pertaining to the above-referenced Bonds (the "*Limited Offering Memorandum*").

10. 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.

11. The Company is not in default in the payment of principal of or interest on any of its indebtedness for borrowed money and is not in default under any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder and there has not occurred any material change or any development involving a prospective material change in the condition, financial or otherwise, or in the revenues or operations of the Company.

12. No litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness or validity of the proceedings relating to 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.

13. Attached hereto as *Exhibit A* is a true, complete and correct copy of the Articles of Organization 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 Articles of Organization have not been amended.

14. Attached hereto as *Exhibit B* is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the Arizona Corporation Commission dated September 10, 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.

15. All of the representations and warranties of the Company made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were made as of the date hereof, and, with respect to the Indemnity Letter, the representations and warranties in paragraphs 1(b) and (d) would be accurate if the reference therein to the "Preliminary Limited Offering Memorandum" were changed to "Limited Offering Memorandum".

16. The information pertaining to the Company and the Project contained in the Limited Offering Memorandum dated September 15, 2004 under the headings "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Buckeye Land" 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.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on September 23, 2004.

BUCKEYE LAND, L.L.C., an Arizona limited liability company

By _____
Name: Gregory S. Hancock
Title: Manager

ATTACHMENTS
Exhibit A — Articles of Organization
Exhibit B — Certificate of Good Standing

SWR:gmh 545801 09/17/04

EXHIBIT "A"

ARTICLES OF ORGANIZATION

ACC CORP FILING

STATE OF ARIZONA
ACC/FAX
DATE FILED

FEB 02 2001

TE APPR 02-07-2001
RM Mandy Robinson
-- 0977086-7

ARTICLES OF ORGANIZATION
OF
BUCKEYE LAND, L.L.C.

Pursuant to A.R.S. § 29-632 the undersigned states as follows:

1. The name of this limited liability company is:

Buckeye Land, L.L.C. OKAY

2. This limited liability company is organized to transact any and all lawful business for which a limited liability company may be organized under Arizona law.

3. The address of the registered office in Arizona is:

1414 W. Broadway, Suite 200
Tempe, Arizona 85282-1133

located in the County of Maricopa.

4. The statutory agent's name and address is:

Jon A. Titus
Titus, Brueckner & Berry, P.C.
Scottsdale Centre, Suite B-252
7373 North Scottsdale Road
Scottsdale, Arizona 85253-3527

5. Management of this limited liability company is vested in a Manager. The name and address of each person who is a Manager at the time of formation of the limited liability company is:

Gregory S. Hancock
1414 W. Broadway, Suite 200
Tempe, Arizona 85282-1133

The name and address of each member who owns a twenty percent (20%) or greater interest in the capital or profits of the limited liability company are:

Gregory S. Hancock
1414 W. Broadway, Suite 200
Tempe, Arizona 85282-1133

DATED: 2-1-01

By _____
Gregory S. Hancock

4390.148\Articles_Organization

CONSENT

I, Jon A. Titus, having been designated to act as Statutory Agent for Buckeye Land, L.L.C., hereby consent to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.

DATED this 1st day of February, 2001.

Jon A. Titus
Attorney at Law
Titus, Brueckner & Berry, P.C.
Scottsdale Centre, Suite B-252
7373 North Scottsdale Road
Scottsdale, Arizona 85253-3527
(480) 483-9600

4390.147/CONSENT

EXHIBIT "B"

GOOD STANDING CERTIFICATE

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

******BUCKEYE LAND, L.L.C.******

a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 2nd day of February 2001.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 10th Day of September, 2004, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
* 1912 *

Executive Secretary

By Kayla Flake

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

CLOSING CERTIFICATE OF CANTERRA AT SUNDANCE, L.L.C.

The undersigned, Thomas P. Rietz, as Manager of Vantage Holdings, L.L.C., the Manager of Canterra at Sundance, L.L.C., an Arizona limited liability company (the "*Company*"), acting for and on behalf of the Company, HEREBY CERTIFIES as follows:

1. He is the duly qualified and acting Manager of Vantage Holdings, L.L.C., the Manager of the Company, and as such is familiar with the books and corporate records of the Company.

2. The Company is a duly organized and validly existing limited liability company under the laws of the State of Arizona 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:

The Letter of Indemnity dated September 15, 2004 (the "Indemnity Letter") from the Company to the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and RBC Dain Rauscher Inc. (the "*Underwriter*").

4. The Company 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 persons 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 person named below was on the date or dates of the execution or acceptance of the Documents, and is on the date hereof, the duly qualified and acting Manager of Vantage Holdings, L.L.C., the Manager of the Company, and the signature appearing below is the genuine official signature of said person.

NAME	TITLE
Thomas P. Rietz	Manager of Vantage Holdings, L.L.C., the Manager of the Company

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. The consummation of the transactions contemplated by the Documents and the Development Agreement and compliance by the Company with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any material indenture, agreement or other instrument to which the Company is a party or by which the Company may be bound, which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Company taken as a whole.

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 15, 2004 pertaining to the above-referenced Bonds (the "*Limited Offering Memorandum*").

10. 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.

11. The Company is not in default in the payment of principal of or interest on any of its indebtedness for borrowed money and is not in default under any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder and there has not occurred any material change or any development involving a prospective material change in the condition, financial or otherwise, or in the revenues or operations of the Company.

12. No litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness or validity of the proceedings relating to 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.

13. Attached hereto as *Exhibit A* is a true, complete and correct copy of the Articles of Organization 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 Articles of Organization have not been amended since that date.

14. Attached hereto as *Exhibit B* is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the Arizona Corporation Commission dated September 10, 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.

15. All of the representations and warranties of the Company made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were made as of the date hereof, and, with respect to the Indemnity Letter, the representations and warranties in paragraphs 1(b) and (d) would be accurate if the reference therein to the "Preliminary Limited Offering Memorandum" were changed to "Limited Offering Memorandum".

16. The information pertaining to the Company and the Project contained in the Limited Offering Memorandum dated September 15, 2004 under the headings "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Canterra" 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.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on September 23, 2004.

Thomas P. Rietz, as Manager of
Vantage Holdings, L.L.C., the
Manager of Canterra at Sundance, L.L.C.

ATTACHMENTS
Exhibit A — Articles of Organization
Exhibit B — Certificate of Good Standing

SWR:gmh 545809 09/17/04

EXHIBIT "A"

ARTICLES OF ORGANIZATION

AZ. CORP. COMMISSION
FILED

NOV 26 2002

APPR. Christine Rowles
TERM
DATE 11/26
L-1054527-8

ARTICLES OF ORGANIZATION

OF

CANTERRA AT SUNDANCE, L.L.C.

Pursuant to A.R.S. §§ 29-631 and 632, the undersigned state as follows:

ARTICLE I

NAME

The name of this limited liability company is Canterra at Sundance, L.L.C.

ARTICLE II

REGISTERED OFFICE

The address of the initial registered office of this limited liability company is as follows:

8666 E. San Alberto
Scottsdale, Arizona 85258

ARTICLE III

AGENT FOR SERVICE OF PROCESS

The name and address of this limited liability company's agent for service of process is as follows:

Jay R. Graif
Meagher & Geer, P.L.L.P.
8800 N. Gainey Center Drive, Suite 261
Scottsdale, Arizona 85258

ARTICLE IV

MANAGEMENT

Management of this limited liability company is reserved to the members.

ARTICLE V

MEMBERS

The name and address of the initial members of this limited liability company are as follows:

Thomas Rietz
8666 E. San Alberto
Scottsdale, Arizona 85258

Tanya Rietz
8666 E. San Alberto
Scottsdale, Arizona 85258

IN WITNESS WHEREOF, the undersigned have executed these Articles of Organization of Canterra at Sundance, L.L.C. on this 25th day of November, 2002.

CANTERRA AT SUNDANCE, L.L.C.

By _____
Thomas Rietz
Member

By _____
Tanya Rietz
Member

ACCEPTANCE OF STATUTORY AGENT

I, Jay R. Graif, having been designated to act as statutory agent, hereby consent to act in that capacity until removed or until my resignation is submitted in accordance with the Arizona Revised Statutes.

_____
Jay R. Graif
Statutory Agent

19301.1

FILED

2003 NOV 12 P 3:54

APPR

TERM

DATE 11-12-2003

L-1054527-8

ARTICLES OF AMENDMENT
to the
ARTICLES OF ORGANIZATION
of
CANTERRA AT SUNDANCE, L.L.C.
an Arizona limited liability company

Pursuant to A.R.S. § 29-633, the undersigned states as follows:

1. The name of the limited liability company is: Canterra at Sundance, L.L.C. (the "Company").

2. The Articles of Organization of the Company were filed on November 26, 2002.

3. Article III of the Company's Articles of Organization is hereby amended in its entirety as follows:

"Article III. AGENT FOR SERVICE OF PROCESS. The Statutory Agent's name and address is: R. Quinn DeAngelis, Jr., 8585 E. Hartford Drive, Suite 113, Scottsdale, Arizona 85255-5474."

4. Article IV of the Company's Articles of Organization is hereby amended in its entirety as follows:

"Article IV. MANAGEMENT. Management of the Company is vested in a manager or managers. The name and address of each person who is a manager is:

Vantage Holdings, L.L.C., an Arizona limited liability company
8666 E. San Alberto Drive
Scottsdale, AZ 85258"

5. Article V of the Company's Articles of Organization is hereby amended in its entirety as follows:

"Article V. MEMBERS. Each member who owns a twenty percent or greater interest in the capital or profits of the Company and their address are:

The Thomas P. and Tanya N. Rietz Family Trust
Thomas P. Rietz and Tanya N. Rietz, Trustees
8666 E. San Alberto Drive
Scottsdale, AZ 85258"

DATED this 6 day of November, 2003.

CANTERRA AT SUNDANCE, L.L.C., an Arizona limited liability company

By: VANTAGE HOLDINGS, L.L.C., an Arizona limited liability company

Its: Manager

By: _____
Thomas P. Rietz, Manager

1033681_1.DOC (54986.5)

ACCEPTANCE OF APPOINTMENT BY STATUTORY AGENT

I, R. QUINN DEANGELIS, JR., having been designated to act as Statutory Agent, hereby consent to act in that capacity until removed or resignation is submitted in accordance with the Arizona Revised Statutes.

R. QUINN DEANGELIS, JR.

EXHIBIT "B"

GOOD STANDING CERTIFICATE

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

******CANTERRA AT SUNDANCE, L.L.C.******

a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 26th day of November 2002.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 10th Day of September, 2004, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
* 1912 *

Executive Secretary

By Kayla Ilaka

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

CLOSING CERTIFICATE OF SUNDANCE 1 COURTS, L.L.C.

The undersigned, the authorized member of Sundance 1 Courts, L.L.C., an Arizona limited liability company (the "*Company*"), acting for and on behalf of the Company, HEREBY CERTIFIES as follows:

1. He is the duly qualified and acting authorized member of the Company, respectively, and as such is familiar with the books and corporate records of the Company.

2. The Company is a duly organized and validly existing limited liability company under the laws of the State of Arizona 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:

The Letter of Indemnity dated September 15, 2004 (the "Indemnity Letter") from the Company to the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and RBC Dain Rauscher Inc. (the "*Underwriter*").

4. The Company 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 person 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 person named below was on the date or dates of the execution or acceptance of the Documents, and is on the date hereof, the duly qualified and acting authorized member of the offices of the Company appearing below and the signature appearing below is the genuine official signatures of said member.

NAME	TITLE
Mark Hardy	Authorized Member

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. The consummation of the transactions contemplated by the Documents and the Development Agreement and compliance by the Company with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any material indenture, agreement or other instrument to which the Company is a party or by which the Company may be bound, which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Company taken as a whole.

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 15, 2004 pertaining to the above-referenced Bonds (the "*Limited Offering Memorandum*").

10. 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.

11. The Company is not in default in the payment of principal of or interest on any of its indebtedness for borrowed money and is not in default under any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder and there has not occurred any material change or any development involving a prospective material change in the condition, financial or otherwise, or in the revenues or operations of the Company.

12. No litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness or validity of the proceedings relating to 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.

13. Attached hereto as *Exhibit A* is a true, complete and correct copy of the Articles of Organization 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 Articles of Organization have not been amended.

14. Attached hereto as *Exhibit B* is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the Arizona Corporation Commission dated September 10, 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.

15. All of the representations and warranties of the Company made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were made as of the date hereof, and, with respect to the Indemnity Letter, the representations and warranties in paragraphs 1(b) and (d) would be accurate if the reference therein to the "Preliminary Limited Offering Memorandum" were changed to "Limited Offering Memorandum".

16. The information pertaining to the Company and the Project contained in the Limited Offering Memorandum dated September 15, 2004 under the headings "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Sundance 1 and Sundance 2" 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.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on September 23, 2004.

SUNDANCE 1 COURTS, L.L.C., an Arizona limited liability company

By_____
Name: Mark Hardy
Title: Authorized Member

ATTACHMENTS
Exhibit A — Articles of Organization
Exhibit B — Certificate of Good Standing

EXHIBIT "A"

ARTICLES OF ORGANIZATION

AZ CORP COMMISSION
FOR THE STATE OF AZ
FILED

2004 MAR -5 P 4:03
APPR. [signature]
DATE APP. 3-8-2004
TERM.
DATE
L-1121209-9

EXPEDITED

ARTICLES OF ORGANIZATION
OF
SUNDANCE 1 COURTS, LLC

Pursuant to A.R.S. section 29-632, the undersigned states as follows:

1. The name of the limited liability company is Sundance 1 Courts, LLC.

2. The address of the registered office in Arizona is 8160 East Butherus Drive, Suite 5, Scottsdale, Arizona 85260, located in the County of Maricopa.

3. The statutory agent's name and address are Michael E. Woolf, Esq., Mariscal, Weeks, McIntyre & Friedlander, P.A., 2901 North Central Avenue, Suite 200, Phoenix, Arizona 85012.

4. Management of the limited liability company is reserved to the Members. The name and address of each Member at the time of formation of the limited liability company are Mark R. Hardy, 8160 East Butherus Drive, Suite 5, Scottsdale, Arizona 85260; and Lorna J. Hardy, 8160 East Butherus Drive, Suite 5, Scottsdale, Arizona 85260.

Dated: March 8, 2004

[signature]
Organizer

Consent of Statutory Agent

The undersigned, having been designated to act as Statutory Agent, hereby consents to act in that capacity until removed or resignation is submitted in accordance with the Arizona Revised Statutes.

[signature]
Michael E. Woolf, Esq.

PAID

P:\USERS\Mas\Marlet\Arts of Org - Sundance 1 Courts v2.doc

COMMISSIONERS
MARC SPITZER - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
Executive Secretary

JOANNE C. MACDONNELL
Director, Corporations Division

March 16, 2004

MARK SHELTON
%MARSICAL WEEKS
2901 N CENTRAL AVE #200
PHOENIX, AZ 85012

RE: SUNDANCE 1 COURTS, LLC
File Number: L-1121209-9

We are pleased to notify you that your Articles of Organization were filed on March 5, 2004.

You must publish a notice of the filing of your Articles of Organization OR alternatively, you may publish the Articles of Organization in their entirety. The publication must be in a newspaper of general circulation in the county of the known place of business, in Arizona as filed with the Commission, for three (3) consecutive publications. A list of acceptable newspapers in each county is attached and is also posted on the Commission web site www.cc.state.az.us/corp.

For your convenience we have provided a Notice of Publication form. Please complete this form, in its entirety, and submit to an appropriate newspaper of your choice. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the date of this letter.

The Commission strongly recommends that you periodically check Commission records regarding the corporation. The Commission web site www.cc.state.az.us/corp contains information specific to each Limited Liability Company of record and is a good general source of information.

If you have any questions or need further information, please contact us at (602) 542-3135 in Phoenix, (520) 628-6560 in Tucson, or Toll Free (Arizona residents only) at 1-800-345-5819.

Sincerely,

SANDY RAEBIG
Examiner
Corporations Division

LL:13
Rev: 01/2003

EXHIBIT "B"

GOOD STANDING CERTIFICATE

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

******SUNDANCE 1 COURTS, LLC******

a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 5th day of March 2004.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 10th Day of September, 2004, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
* 1912 *

Executive Secretary

By Kayla Flaka

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

CLOSING CERTIFICATE OF SUNDANCE 2 SHADOWS, L.L.C.

The undersigned, the authorized member of Sundance 2 Shadows, L.L.C., an Arizona limited liability company (the "*Company*"), acting for and on behalf of the Company, HEREBY CERTIFIES as follows:

1. He is the duly qualified and acting authorized member of the Company, and as such is familiar with the books and corporate records of the Company.

2. The Company is a duly organized and validly existing limited liability company under the laws of the State of Arizona 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:

The Letter of Indemnity dated September 15, 2004 (the "Indemnity Letter") from the Company to the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and RBC Dain Rauscher Inc. (the "*Underwriter*").

4. The Company 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 person 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 person named below was on the date or dates of the execution or acceptance of the Documents, and is on the date hereof, the duly qualified and acting authorized member of the Company and the signature appearing below is the genuine official signatures of said member.

NAME	TITLE
Mark Hardy	Authorized Member

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. The consummation of the transactions contemplated by the Documents and the Development Agreement and compliance by the Company with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any material indenture, agreement or other instrument to which the Company is a party or by which the Company may be bound, which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Company taken as a whole.

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 15, 2004 pertaining to the above-referenced Bonds (the "*Limited Offering Memorandum*").

10. 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.

11. The Company is not in default in the payment of principal of or interest on any of its indebtedness for borrowed money and is not in default under any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder and there has not occurred any material change or any development involving a prospective material change in the condition, financial or otherwise, or in the revenues or operations of the Company.

12. No litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness or validity of the proceedings relating to 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.

13. Attached hereto as *Exhibit A* is a true, complete and correct copy of the Articles of Organization 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 Articles of Organization have not been amended.

14. Attached hereto as *Exhibit B* is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the Arizona Corporation Commission dated September 10, 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.

15. All of the representations and warranties of the Company made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were made as of the date hereof, and, with respect to the Indemnity Letter, the representations and warranties in paragraphs 1(b) and (d) would be accurate if the reference therein to the "Preliminary Limited Offering Memorandum" were changed to "Limited Offering Memorandum".

16. The information pertaining to the Company and the Project contained in the Limited Offering Memorandum dated September 15, 2004 under the headings "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Sundance 1 and Sundance 2 " 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.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on September 23, 2004.

SUNDANCE 2 Shadows, L.L.C., an Arizona limited liability company

By_____
Name: Mark Hardy
Title: Authorized Member

ATTACHMENTS
Exhibit A — Articles of Organization
Exhibit B — Certificate of Good Standing

EXHIBIT "A"

ARTICLES OF ORGANIZATION

COMMISSIONERS
MARC SPITZER - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
Executive Director
JOANNE C. MACDONNELL
Director, Corporations Division

March 16, 2004

MARK SHELTON
MARISCAL WEEKS
2901 N CENTRAL AVE #200
PHOENIX, AZ 85012-2705

RE: SUNDANCE 2 SHADOWS, LLC
File Number: L-1121210-2

We are pleased to notify you that your Articles of Organization were filed on March 5, 2004.

You must publish a notice of the filing of your Articles of Organization OR alternatively, you may publish the Articles of Organization in their entirety. The publication must be in a newspaper of general circulation in the county of the known place of business, in Arizona as filed with the Commission, for three (3) consecutive publications. A list of acceptable newspapers in each county is attached and is also posted on the Commission web site www.cc.state.az.us/corp.

For your convenience we have provided a Notice of Publication form. Please complete this form, in its entirety, and submit to an appropriate newspaper of your choice. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the date of this letter.

The Commission strongly recommends that you periodically check Commission records regarding the corporation. The Commission web site www.cc.state.az.us/corp contains information specific to each Limited Liability Company of record and is a good general source of information.

If you have any questions or need further information, please contact us at (602) 542-3135 in Phoenix, (520) 628-6560 in Tucson, or Toll Free (Arizona residents only) at 1-800-345-5819.

Sincerely,

SANDY HAEBIG
Examiner
Corporations Division

LL:ll
Rev: 01/2003

AZ CORP COMMISSION
FOR THE STATE OF AZ
FILED

2004 MAR -5 P 4:04

APPR. [illegible]
DATE APP. 3-8-2004
TERM:
DATE:

L-1121210-2

EXPEDITED

ARTICLES OF ORGANIZATION
OF
SUNDANCE 2 SHADOWS, LLC

Pursuant to A.R.S. section 29-632, the undersigned states as follows:

1. The name of the limited liability company is Sundance 2 Shadows, LLC.

2. The address of the registered office in Arizona is 8160 East Butherus Drive, Suite 5, Scottsdale, Arizona 85260, located in the County of Maricopa.

3. The statutory agent's name and address are Michael E. Woolf, Esq., Mariscal, Weeks, McIntyre & Friedlander, P.A., 2901 North Central Avenue, Suite 200, Phoenix, Arizona 85012.

4. Management of the limited liability company is reserved to the Members. The name and address of each Member at the time of formation of the limited liability company are Mark R. Hardy, 8160 East Butherus Drive, Suite 5, Scottsdale, Arizona 85260; and Lorna J. Hardy, 8160 East Butherus Drive, Suite 5, Scottsdale, Arizona 85260.

Dated: March 8, 2004

Organizer

Consent of Statutory Agent

The undersigned, having been designated to act as Statutory Agent, hereby consents to act in that capacity until removed or resignation is submitted in accordance with the Arizona Revised Statutes.

Michael E. Woolf, Esq.

PAID

EXHIBIT "B"

GOOD STANDING CERTIFICATE

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

******SUNDANCE 2 SHADOWS, LLC******

a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 5th day of March 2004.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 10th Day of September, 2004, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
* 1912 *

Executive Secretary

By Kayla Flake

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS
SERIES 2004

CLOSING CERTIFICATE OF
HALLCRAFT SUNDANCE L.L.C.

The undersigned, Eugene L. Baker, President, of Hallcraft Homes, Inc., an Arizona corporation, the Manager of Hallcraft Sundance L.L.C., an Arizona limited liability company (the "*Company*"), acting for and on behalf of the Company, HEREBY CERTIFIES as follows:

1. That he is duly qualified and acting for and on behalf of the Company and as such is familiar with the books and corporate records of the Company.

2. That the Company is a duly formed and validly existing limited liability company of the State of Arizona, and has no proceedings pending or contemplated with a view to liquidation or dissolution.

3. That the Company has the power and authority to execute and deliver the following documents (collectively, the "*Documents*") and that the Documents, as executed and delivered by the duly authorized representative of the Company, were approved or the execution and delivery thereof was authorized by the Company 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:

The Letter of Indemnity dated as of September 15, 2004 from the Company to the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "District") and RBC Dain Rauscher Inc. (the "*Underwriter*").

4. The Company 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 1, 2001, at Docket No. 2001-0594214 (the "*Development Agreement*"),

5. That the representative executing and delivering the Documents had the authority to execute and deliver the Documents.

6. That the person named below was on the date or dates of the execution or acceptance of the Documents, and is on the date hereof, the duly qualified and acting incumbent of the office set forth below his respective signature and the signature appearing above his respective name is the genuine official signature of said officer and that Hallcraft Homes, Inc. is qualified

and acting managing member of the Company, and the undersigned as President of the managing member is duly empowered and authorized to execute the Documents for the Company.

7. That the consummation of the transactions contemplated by the Documents 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.

8. That the Company is the owner of a portion of the real property that is the subject matter of the Development Agreement.

9. That, except as set forth in the Limited Offering Memorandum, dated September 15, 2004 pertaining to the Bonds referenced in the caption of this certificate, 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.

10. That attached hereto as *Exhibit A* is a true, complete and correct copy of the articles of organization of the Company which was in full force and effect as of September 15, 2004, and which has been in effect from that date to the date hereof and that the articles of organization have not been amended.

11. That all of the representations and warranties of the Company made and contained in the Documents are true and correct in all material respects as of the date hereof as if said representations and warranties were made as of the date hereof.

12. That the information contained in the Limited Offering Memorandum dated September 15, 2004 under the headings "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS-HALLCRAFT" and "RISK FACTORS" to the extent it is applicable to the Company 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.

13. The Company is not now insolvent, nor did the levy of the assessments against property in the District owned by the Company render such Company insolvent or incapable of the performance of any of its obligations including without limitation the Company's ability to pay future assessments against such property nor does the levy of the assessments or the current financial standing of the Company leave the Company with unreasonably small capital or assets rendering the Developer incapable of developing the development described in the Official Statement pertaining to the Bonds.

14. The Company certifies that all improvements financed with the Bonds will be owned by a governmental entity and available for use by the general public and that the Company will proceed with all reasonable speed to develop such improvements and the property benefited thereby and to transfer said improvements to the District after the property benefited thereby is developed.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on September ~~15~~ 23, 2004.

HALLCRAFT SUNDANCE, L.L.C., an Arizona limited liability company

By: **HALLCRAFT HOMES, INC.**, an Arizona corporation, its Manager

By: _____
Its: President

ATTACHMENTS

Exhibit A – Articles of Organization

EXHIBIT "A"

ARTICLES OF ORGANIZATION

STATE OF ARIZONA
ACCOUNTING
DATE FILED

OCT 21 2003

DATE APPR 10-21-03
FORM
BY Diana Johnson
L-1100094-2

ARTICLES OF ORGANIZATION
OF
HALLCRAFT-SUNDANCE L.L.C.

Pursuant to A.R.S. §29-632, the undersigned state as follows:

1. The name of this limited liability company is "**Hallcraft-Sundance L.L.C.**" ek MB

2. This limited liability company is organized to transact any and all lawful business for which a limited liability company may be organized under Arizona law.

3. The address of the registered office of this limited liability company is:

c/o Eugene Baker
Hallcraft Homes, Inc.
16766 East Parkview, Suite 201
Fountain Hills, Arizona 85268

4. The name and address of the statutory agent for service of process on this limited liability company are:

Matthew R. Berens, Esq.
7047 E. Greenway Parkway, Suite 140
Scottsdale, Arizona 85254

5. There is one member of this limited liability company at the time of its formation.

6. Management of this limited liability company is vested in a manager.

7. The name and address of the Manager are:

Hallcraft Homes, Inc.,
an Arizona corporation
16766 East Parkview, Suite 201
Fountain Hills, Arizona 85268

8. The name and address of each member who owns a twenty percent (20%) or greater interest in the capital or profits of this limited liability company at the time of its formation are:

Hallcraft Homes, Inc., an Arizona corporation
16766 East Parkview, Suite 201
Fountain Hills, Arizona 85268

IN WITNESS WHEREOF, the undersigned has set his hands this 25th day of October, 2003.

Matthew R. Berens

Matthew R. Berens, Authorized Agent

CONSENT OF STATUTORY AGENT
for
HALLCRAFT-SUNDANCE L.L.C.

I, Matthew R. Berens, Esq., the undersigned, having been designated to act as Statutory Agent for **Hallcraft-Sundance L.L.C.**, an Arizona limited liability company, hereby consents to act in the capacity until his removal or resignation is submitted in accordance with the laws of the State of Arizona.

Dated: October 20, 2003

Matthew R. Berens, Esq., Statutory Agent

EXHIBIT "B"

GOOD STANDING CERTIFICATE

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

******HALLCRAFT-SUNDANCE L.L.C.******

a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 21st day of October 2003.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence 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 15th Day of September, 2004, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
1912

Executive Secretary

By

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

******HALLCRAFT HOMES, INC.******

a domestic corporation organized under the laws of the State of Arizona, did incorporate on April 20, 2000.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved 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 Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence 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 15th Day of September, 2004, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
* 1912 *

Executive Secretary

By

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

ACKNOWLEDGEMENT AND REQUEST FOR AUTHENTICATION

The undersigned, ex officio Treasurer of Sundance Community Facilities District (Town of Buckeye, Arizona), hereby acknowledge that, pursuant to the Indenture of Trust and Security Agreement, dated as of September 1, 2004 (the "*Indenture*"), the Trustee received from RBC Dain Rauscher Inc., the purchaser (the "*Underwriter*"), on the date of this Certificate the following amounts for the purchase of Sundance Community Facilities District (Town of Buckeye, Arizona), District General Obligation Bonds, Series 2004:

Principal	$5,000,000.00
Less: Underwriter's Compensation	(150,000.00)
TOTAL	$4,850,000.00

The undersigned hereby requests that Wells Fargo Bank, N.A., acting pursuant to the Indenture, authenticate $5,000,000 principal amount of the bonds in the amounts and interest rates and maturing on the dates shown in the Indenture and cause the same to be delivered to the Underwriter.

DATED: September 23, 2004

TREASURER, SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By Ronald W Brown

SWR:gmh 494664 09/15/04

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

TRUSTEE'S CERTIFICATE OF COMPLETION AND AUTHENTICATION

The undersigned, an authorize representative of Wells Fargo Bank, N.A., as trustee (the "*Trustee*") under the Indenture of Trust and Security Agreement dated as of September 1, 2004 (the "*Indenture*"), by and between Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and the Trustee hereby certifies that:

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

(b) By all necessary action, the Trustee has authorized the execution, delivery and due performance by it of the Indenture and the execution, delivery and due performance by it of the Certificate of Authentication appearing on the Bonds and such other agreements and documents as may be required to be executed, delivered and performed in order to consummate the transactions contemplated by the resolution of the District adopted on August 3, 2004, authorizing the issuance and sale of the Bonds.

(c) Pursuant to the written request and authorization from the District, the Trustee has executed the Bonds and caused the Bonds to be delivered in accordance with such written authorization and direction to the Trustee.

The persons executing the Bonds and all documents relating to the Bonds on behalf of the Trustee were and are representatives duly authorized to execute the Bonds and all documents relating to the Bonds on behalf of the Trustee. Their signatures appearing on the Bonds and other documents are their true and correct signatures.

(d) All blanks on the Bonds requiring completion by the Trustee have been properly and accurately completed by the Trustee.

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

Dated: September 23, 2004

WELLS FARGO BANK, N.A.

By Nancy L Eaton
Authorized Representative

SWR:gmh 494666 09/15/04

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.

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	Black

IN WITNESS WHEREOF, I have hereunto signed my name this 23 day of September, 2004

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.]

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

RECEIPT OF TRUSTEE

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

1. That $5,000,000 principal amount of Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004 (the "*Bonds*"), maturing on July 15 in the years 2006 through 2018 and in 2029, and bearing interest from September 23, 2004 payable semiannually on January 15 and July 15 in each year, commencing on January 15, 2005, have this day been delivered to, or upon the order of, RBC Dain Rauscher Inc. upon payment to the Trustee of the purchase price of the bonds as follows:

Par Amount of the Bonds	$5,000,000.00
less: Underwriter's Compensation	(150,000.00)
Total Amount Received	$4,850,000.00

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

FUND OR ACCOUNT	AMOUNT
Acquisition and Construction Fund	$4,850,000
TOTAL DEPOSITED	$4,850,000

Dated: September 23, 2004

WELLS FARGO BANK, N.A.

By _____
Its A.V.P

SWR:gmh 494663 09/17/04

RBC
Dain Rauscher
Member NYSE/SIPC

2398 East Camelback Road
Suite 700
Phoenix, Arizona 85016
(602) 381-5362
(602) 381-5380 FAX

****FINAL****

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

Issue:	$5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2004
Bonds Dated:	Date of Initial Delivery
Interest Payment Dates:	January 15 and July 15 of each year, commencing January 15, 2005
Ratings:	Not Rated
Maturity Dates, Principal Amounts, Interest Rates, CUSIPS:	See Exhibit A
Mandatory Sinking Fund Redemption:	See Exhibit A
Pre-closing:	**Wednesday, September 22, 2004** 3:00 P.M. (Arizona Time) Gust Rosenfeld P.L.C. 201 East Washington Street Suite 800 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 Suite 800 Phoenix, Arizona 85016 Scott Ruby, Esq. Phone: (602) 257-7432 Fax: (602) 340-1538

Participants: See Exhibit B

Registration & Authentication: Gust Rosenfeld P.L.C. will deliver the Bonds to Wells Fargo Bank 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	$ 5,000,000.00
Less: Underwriter's Discount	(150,000.00)
Amount Payable by RBC Dain Rauscher at Closing	$ 4,850,000.00

Transfers by RBC Dain on the Day of Closing: **$4,850,000.00** representing the purchase price of the Bonds will be wire transferred on the day of closing to:

Wells Fargo Bank Minnesota, N.A.
ABA #121000248
Trust Clearing Account #00010-38-377
For Credit To: Sundance CFD 04
Account Number: 16489601

Application of Funds by the Trustee: On the day of closing, **$4,850,000.00** will be deposited to the Acquisition and Construction Fund and used to pay the costs of the Public Infrastructure (**$4,730,000.00**) and the cost of issuance (**$120,000.00**) for the Bonds.

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

$5,000,000

Sundance Community Facilities District
(Town of Buckeye, Arizona)
General Obligation Bonds, Series 2004

Dated: 9/23/2004 **Delivered: 9/23/2004**

Date	Principal (a)		Interest	Total Debt Service	Fiscal Total	CUSIP (86724P)
9/23/2004						
1/15/2005			$ 88,913.22	$ 88,913.22		
7/15/2005			142,896.25	142,896.25	$ 231,809.47	
1/15/2006			142,896.25	142,896.25		
7/15/2006	$ 110,000.00	3.00%	142,896.25	252,896.25	395,792.50	AA6
1/15/2007			141,246.25	141,246.25		
7/15/2007	115,000.00	3.50%	141,246.25	256,246.25	397,492.50	AB4
1/15/2008			139,233.75	139,233.75		
7/15/2008	120,000.00	4.00%	139,233.75	259,233.75	398,467.50	AC2
1/15/2009			136,833.75	136,833.75		
7/15/2009	125,000.00	4.35%	136,833.75	261,833.75	398,667.50	AD0
1/15/2010			134,115.00	134,115.00		
7/15/2010	130,000.00	4.60%	134,115.00	264,115.00	398,230.00	AE8
1/15/2011			131,125.00	131,125.00		
7/15/2011	135,000.00	4.90%	131,125.00	266,125.00	397,250.00	AF5
1/15/2012			127,817.50	127,817.50		
7/15/2012	145,000.00	5.00%	127,817.50	272,817.50	400,635.00	AG3
1/15/2013			124,192.50	124,192.50		
7/15/2013	150,000.00	5.15%	124,192.50	274,192.50	398,385.00	AH1
1/15/2014			120,330.00	120,330.00		
7/15/2014	155,000.00	5.25%	120,330.00	275,330.00	395,660.00	AJ7
1/15/2015			116,261.25	116,261.25		
7/15/2015	165,000.00	5.35%	116,261.25	281,261.25	397,522.50	AK4
1/15/2016			111,847.50	111,847.50		
7/15/2016	175,000.00	5.40%	111,847.50	286,847.50	398,695.00	AL2
1/15/2017			107,122.50	107,122.50		
7/15/2017	185,000.00	5.45%	107,122.50	292,122.50	399,245.00	AM0
1/15/2018			102,081.25	102,081.25		
7/15/2018	195,000.00	5.50%	102,081.25	297,081.25	399,162.50	AN8
1/15/2019			96,718.75	96,718.75		
7/15/2019	205,000.00	6.25% (b)	96,718.75	301,718.75	398,437.50	
1/15/2020			90,312.50	90,312.50		
7/15/2020	215,000.00	6.25% (b)	90,312.50	305,312.50	395,625.00	
1/15/2021			83,593.75	83,593.75		
7/15/2021	230,000.00	6.25% (b)	83,593.75	313,593.75	397,187.50	
1/15/2022			76,406.25	76,406.25		
7/15/2022	245,000.00	6.25% (b)	76,406.25	321,406.25	397,812.50	
1/15/2023			68,750.00	68,750.00		
7/15/2023	260,000.00	6.25% (b)	68,750.00	328,750.00	397,500.00	
1/15/2024			60,625.00	60,625.00		
7/15/2024	275,000.00	6.25% (b)	60,625.00	335,625.00	396,250.00	
1/15/2025			52,031.25	52,031.25		
7/15/2025	295,000.00	6.25% (b)	52,031.25	347,031.25	399,062.50	
1/15/2026			42,812.50	42,812.50		
7/15/2026	310,000.00	6.25% (b)	42,812.50	352,812.50	395,625.00	
1/15/2027			33,125.00	33,125.00		
7/15/2027	330,000.00	6.25% (b)	33,125.00	363,125.00	396,250.00	
1/15/2028			22,812.50	22,812.50		
7/15/2028	355,000.00	6.25% (b)	22,812.50	377,812.50	400,625.00	
1/15/2029			11,718.75	11,718.75		
7/15/2029	375,000.00	6.25%	11,718.75	386,718.75	398,437.50	AQ1
Total	$ 5,000,000.00		$ 4,779,826.97	$ 9,779,826.97	$ 9,779,826.97	

(a) The Bonds are subject to optional redemption on July 15, 2014 at a redemption price of 100%.

(b) Represents mandatory sinking fund amounts for term bond due July 15, 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
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E-mail: ksandstrom@buckeyeaz.org

LANDOWNERS

Meritage Homes
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Suite 200
Scottsdale, Arizona 85255
FAX: (480) 303-9060

Ken Quartermain, Jr.
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E-mail: kenq@meritagehomes.com

Rachel Cantor
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COUNSEL TO BUCKEYE LAND, L.L.C.

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COUNSEL TO PULTE HOME CORPORATION

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Matt Berens
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E-mail: mberens@bkl-az.com

COUNSEL TO D.R. HORTON, INC. - DIETZ -CRANE

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BOND COUNSEL

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UNDERWRITER

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Matthew Diamond
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DISTRICT ENGINEER

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10410 North 31st Avenue
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Phoenix, Arizona 85051
FAX: (602) 993-5689

Woody Scoutten
(602) 993-5686

UNDERWRITER'S COUNSEL

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Mark Reader
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E-mail: mreader@syllc.com

TRUSTEE

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Wells Fargo Plaza
MAC4101-080
100 West Washington Street
8th Floor
Phoenix, Arizona 85003
FAX: (602) 378-2333

Nancy Eatros
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Email: nancy.l.eatros@wellsfargo.com

APPRAISER

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Stephen Niebling
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E-mail: sniebling@burkehansen.com

ASSESSMENT ENGINEER

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Larry Lange
(602) 870-7600
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DEVELOPER CONSULTANT

Community Funding Solutions, LLC
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FAX: (714) 417-9095

Angel Lucero
(714) 504-2753
E-mail: alucero@communityfundingsolutions.com

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

CERTIFICATE OF UNDERWRITER REGARDING INITIAL OFFERING PRICES AND YIELD

The undersigned (the "*Underwriter*") understands that for purposes of the arbitrage restrictions and other requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations (collectively, the "*Code*"), it is necessary for the issuer to determine the "yield" on the captioned bonds (the "*Bonds*") in order to be in a position to take steps to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes under the Code. The term "yield" in this context means that discount rate which , when used in computing the present value of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the issue and amounts reasonably expected to be paid as fees for qualified guarantees on the issue, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of the issue date. In determining the yield on the Bonds, aggregate issue price of the Bonds is the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity [i.e., at least ten percent (10%) of such maturity] are reasonably expected to be sold. Accordingly, the issuer and bond counsel need to be informed by the Underwriter as to the initial offering price of the Bonds to the public.

Therefore, the Underwriter certifies that a bona fide public offering of the Bonds has been made and the initial offering price of the Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Bonds of that maturity [i.e., at least ten percent (10%) of such maturity] were reasonably expected to be sold as of September 15, 2004, is as follows:

Maturity or Redemption Date (July 15)	Designation	Par Amount	Offering Price	Total for Maturity
2006	Serial	$ 110,000	100.00%	$ 110,000
2007	Serial	115,000	100.00%	115,000
2008	Serial	120,000	100.00%	120,000
2009	Serial	125,000	100.00%	125,000
2010	Serial	130,000	100.00%	130,000
2011	Serial	135,000	100.00%	135,000
2012	Serial	145,000	100.00%	145,000
2013	Serial	150,000	100.00%	150,000
2014	Serial	155,000	100.00%	155,000
2015	Serial	165,000	100.00%	165,000
2016	Serial	175,000	100.00%	175,000
2017	Serial	185,000	100.00%	185,000
2018	Serial	195,000	100.00%	195,000
2019*	Term	205,000	100.00%	205,000
2020*	Term	215,000	100.00%	215,000
2021*	Term	230,000	100.00%	230,000
2022*	Term	245,000	100.00%	245,000
2023*	Term	260,000	100.00%	260,000
2024*	Term	275,000	100.00%	275,000
2025*	Term	295,000	100.00%	295,000
2026*	Term	310,000	100.00%	310,000
2027*	Term	330,000	100.00%	330,000
2028*	Term	355,000	100.00%	355,000
2029	Term	375,000	100.00%	375,000

* Mandatory redemption dates of term bond maturing 2029.

To the knowledge of the Underwriter, the Bonds were sold at prices that will 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 not less than 5.9633%.

DATED: September 23, 2004.

RBC DAIN RAUSCHER INC.

By Shawn Malli
Its Managing Director

SWR:gmh 494668 09/15/04

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

RECEIPT FOR BONDS

On behalf of RBC Dain Rauscher Inc., the purchaser of the $5,000,000 principal amount of Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004 (the "*Bonds*"), the undersigned hereby acknowledges receipt of all such Bonds on the date set forth in this receipt.

The undersigned represents and certifies that it: (i) made a limited offering of all of the Bonds; and (ii) has reoffered and sold the Bonds only to Qualified Investors or SMMP's, as defined in the Indenture of Trust and Security Agreement, dated as of September 1, 2004 (the "*Indenture*") and that we will not redeliver the Bonds to any purchaser without receiving an executed Certificate of Qualified Investor or Sophisticated Municipal Market Professional, as applicable, in the form set forth in the Indenture, from such purchaser.

DATED: September 23, 2004

RBC DAIN RAUSCHER INC.

By Shawn Drake
Authorized Agent

SWR:gmh 494662 09/17/04

REGISTERED
No. R-__

REGISTERED
$_____

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

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

[THIS BOND IS ONLY TRANSFERABLE UPON COMPLIANCE
WITH THE RESTRICTED TERMS PROVIDED HEREIN]

UNITED STATES OF AMERICA
STATE OF ARIZONA

SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2004

INTEREST RATE	MATURITY DATE	ORIGINAL DATED DATE	CUSIP NO.:
_____%	July 15, _____	September 23, 2004	86724P ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS ($_____.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 (the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (the "*Holder*"), on the "Maturity Date" specified above unless earlier redeemed as provided herein, the "Principal Amount" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "Original Dated Date" specified above, or from the most recent "Interest Payment Date" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is defined in the hereinafter described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 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 (as such term is defined in the Indenture) of the Issuer at the close of business on the "Regular Record Date" therefor, which shall be the first day (whether or not a business day) of the calendar month of 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 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 (the "*Paying Agent*") in the City of Phoenix, Arizona (the "*Place of Payment*"), which shall initially be the designated corporate trust office of Wells Fargo Bank, N.A., by check mailed on or before the Interest Payment Date to the Holder as of the relevant record date at the address specified in the Bond Register or pursuant to customary arrangements made by such Holder acceptable to the Paying Agent. The principal and Redemption Price (as such term is defined in the Indenture) of this Bond are payable at the designated corporate trust office in Phoenix, Arizona of the Paying Agent in the Place of Payment, upon presentation and surrender of this Bond.

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

This Bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (the "*Bonds*"), issued and to be issued in one series under, and all equally and ratably secured, with the limitations described herein, by an Indenture of Trust and Security Agreement, dated as of September 1, 2004 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this Bond hereby consents. The Bonds are authorized the be issued by a resolution of the District Board of the Issuer adopted on August 3, 2004 (the "*Bond Resolution*"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 16, Arizona Revised Statutes, as amended (the "*Enabling Act*").

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

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

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

Optional Redemption. The Bonds maturing on or before July 15, 2014 are not subject to call for redemption prior to maturity. Bonds maturing on and after July 15, 2015, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 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, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without a premium.

Mandatory Redemption. The Bonds maturing on July 15, 2029, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

REDEMPTION DATE (July 15)	PRINCIPAL AMOUNT
2019	$205,000
2020	215,000
2021	230,000
2022	245,000
2023	260,000
2024	275,000
2025	295,000
2026	310,000
2027	330,000
2028	355,000
2029 (maturity)	375,000

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

Upon any partial redemption of any Bond, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same maturity in authorized form for the unredeemed portion of principal. Bonds (or

portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

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

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

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

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

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

It is hereby certified, covenanted, and represented that all acts, conditions and things required to be performed, exist, and be done precedent to or in the issuance of this Bond in order to render the same a legal, valid, and binding general obligation of the Issuer have been performed, exist and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the bonds does not exceed any constitutional or statutory limitation. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

SPECIMEN

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

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, N.A., as Trustee

By_____
Authorized Representative

DATE: 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, subject to the transfer restrictions described in the within Bond, hereby sells, assigns, and transfers unto (print or typewrite name, address, and zip code of transferee):

_____

_____

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

DATED: _____

_____

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 SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL"

TO: SUNDANCE COMMUNITY FACILITIES DISTRICT

c/o Wells Fargo Bank, N.A., as Trustee

Re: Sundance Community Facilities District
General Obligation 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 $5,000,000, 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

"CERTIFICATE OF QUALIFIED INVESTOR"

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

Re: Sundance Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2004

1. Please be advised that the undersigned is purchasing one 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 a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of September 1, 2004 (hereinafter referred to as the "*Indenture*") from the addressee Community Facilities District listed above (hereinafter referred to as the "*Issuer*") to the addressee Trustee (or any successor thereto as provided in such Indenture of Trust, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that a transferee must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws in such regard.

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

(i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

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

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

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

(v) any officer of RBC Dain Rauscher Inc.; or

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

5. The undersigned further acknowledges that (i) an opportunity was available to obtain and that the undersigned has obtained all materials which were regarded as necessary to evaluate the merits and risks of investment in the Bonds and (ii) after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the primary developer of land in the District, failure or inability of such developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds, bankruptcy and foreclosure delays, and the probable lack of any secondary market for the Bonds.

6. The undersigned acknowledges, warrants and represents that the undersigned is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds.

7. The undersigned understands that the Bonds (i) are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service, and (v) are not likely to be readily marketable.

8. 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 either been supplied with or has had access to the information, including financial statements and other financial information, that the undersigned requested from the Issuer.

9. 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.

QUALIFIED INVESTOR:

Name:_____

Printed Name:_____

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.

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)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: Denise Russo

DTCC

The Depository Trust & Clearing Corporation

(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]

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

If **Amended Return**, check here ▶ ☐

Part I Reporting Authority

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 2004-2

5 City, town, or post office, state, and ZIP code: Buckeye, Arizona 85236

6 Date of issue: September 23, 2004

7 Name of issue: District General Obligation Bonds, Series 2004

8 CUSIP number: 86724P AN 8

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	
18	☒ Other. Describe ▶ Water supply lines and roads	18	5,000,000

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

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

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	7/15/2029	$ 5,000,000	$ 5,000,000	15.9 years	5.9633 %

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	5,000,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	270,000		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27	Proceeds used to currently refund prior issues	27	0		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	270,000
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	4,730,000

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

$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

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: District General Obligation Bonds, Series 2004	
3. Dated Date: September 23, 2004 Closing Date: September 23, 2004	4. Par Amount: $5,000,000
5. Overall Interest Rate (TIC OR NIC): 6.2138% (NIC)	6. Type of Bond or Security: general obligation bond
7. Repayment sources: ad valorem taxes levied on property in the district	
8. Total amount outstanding: $5,000,000	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (principal amount) $5,000,000.00	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: 60% of market value plus value of improvements
c. Premium Amount (+) $0	c. Total debt limit: $45,882,679
d. Original Issue Price (=) $5,000,000.00	12. Available debt limit: $40,882,679
e. Underwriter Compensation (Discount) (-) ($150,000.00)	13. Total amount authorized: $50,000,000
f. Net Proceeds (=) $4,850,000.00	
14. Remaining authorized amount: $45,000,000	15. If voter authorized, election dates: August 7, 2001

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

Treasurer
Sundance Community Facilities District
100 North Apache, Suite A
Buckeye, AZ 85326
623.386.4691

Trustee name, address and phone number

Wells Fargo Bank, N.A.
Corporate Trust Services
100 W. Washington Street, 8th Floor
Phoenix, AZ 85003
602.378.2337

Political Subdivision Contact
name, address, phone number

Treasurer
Sundance Community Facilities District
100 North Apache, Suite A
Buckeye, AZ 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 543614 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) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2004**

Par Amount: $5,000,000

Date Closed: September 9, 2004

Maturity Date (July 15)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2006	$ 110,000	3.00%	3.00%	$ 110,000	0
2007	115,000	3.50%	3.50%	115,000	0
2008	120,000	4.00%	4.00%	120,000	0
2009	125,000	4.35%	4.35%	125,000	0
2010	130,000	4.60%	4.60%	130,000	0
2011	135,000	4.90%	4.90%	135,000	0
2012	145,000	5.00%	5.00%	145,000	0
2013	150,000	5.15%	5.15%	150,000	0
2014	155,000	5.25%	5.25%	155,000	0
2015	165,000	5.35%	5.35%	165,000	0
2016	175,000	5.40%	5.40%	175,000	0
2017	185,000	5.45%	5.45%	185,000	0
2018	195,000	5.50%	5.50%	195,000	0
2019*	205,000	6.25%	6.25%	205,000	0
2020*	215,000	6.25%	6.25%	215,000	0
2021*	230,000	6.25%	6.25%	230,000	0
2022*	245,000	6.25%	6.25%	245,000	0
2023*	260,000	6.25%	6.25%	260,000	0
2024*	275,000	6.25%	6.25%	275,000	0
2025*	295,000	6.25%	6.25%	295,000	0
2026*	310,000	6.25%	6.25%	310,000	0
2027*	330,000	6.25%	6.25%	330,000	0
2028*	355,000	6.25%	6.25%	355,000	0
2029	375,000	6.25%	6.25%	375,000	0
TOTAL	**$5,000,000**	**N/A**	**N/A**	**$5,000,000**	**0**
10e Underwriter's Discount and/or Placement Agent Fee, if any				(150,000)	
10f Net Proceeds (as shown on issuance form)				$4,850,000	

* mandatory redemption dates of Term Bond maturing July 15, 2029

Name of Issue: **SUNDANCE COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION BONDS, SERIES 2004**

Costs of Issuance

Underwriter compensation	$150,000
Bond counsel fee	45,000
Underwriter's counsel fee	25,000
Financial advisor fees	
Town bond administration	25,000
Trustee and counsel fees	7,500
Credit enhancement fees	0
Rating agency fees	0
Official Statement printing	10,000
Bond printing	0
Registration fees	0
Transfer and recording fees	0
Miscellaneous	7,500
TOTAL	$270,000

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

If Amended Return, check here ▶ ☐

Part I Reporting Authority

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 2004-2

5 City, town, or post office, state, and ZIP code: Buckeye, Arizona 85236

6 Date of issue: September 23, 2004

7 Name of issue: District General Obligation Bonds, Series 2004

8 CUSIP number: 86724P AN 8

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	
18	☒ Other. Describe ▶ Water supply lines and roads	18	5,000,000

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

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

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	7/15/2029	$ 5,000,000	$ 5,000,000	15.9 years	5.9633 %

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	5,000,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	270,000		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27	Proceeds used to currently refund prior issues	27	0		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	270,000
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	4,730,000

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)
General Obligation Bonds, Series 2004

Dated: 9/23/2004 **Delivered: 9/23/2004**

Date	Principal (a)		Interest	Total Debt Service	Fiscal Total	CUSIP (86724P)
9/23/2004						
1/15/2005			$ 88,913.22	$ 88,913.22		
7/15/2005			142,896.25	142,896.25	$ 231,809.47	
1/15/2006			142,896.25	142,896.25		
7/15/2006	$ 110,000.00	3.00%	142,896.25	252,896.25	395,792.50	AA6
1/15/2007			141,246.25	141,246.25		
7/15/2007	115,000.00	3.50%	141,246.25	256,246.25	397,492.50	AB4
1/15/2008			139,233.75	139,233.75		
7/15/2008	120,000.00	4.00%	139,233.75	259,233.75	398,467.50	AC2
1/15/2009			136,833.75	136,833.75		
7/15/2009	125,000.00	4.35%	136,833.75	261,833.75	398,667.50	AD0
1/15/2010			134,115.00	134,115.00		
7/15/2010	130,000.00	4.60%	134,115.00	264,115.00	398,230.00	AE8
1/15/2011			131,125.00	131,125.00		
7/15/2011	135,000.00	4.90%	131,125.00	266,125.00	397,250.00	AF5
1/15/2012			127,817.50	127,817.50		
7/15/2012	145,000.00	5.00%	127,817.50	272,817.50	400,635.00	AG3
1/15/2013			124,192.50	124,192.50		
7/15/2013	150,000.00	5.15%	124,192.50	274,192.50	398,385.00	AH1
1/15/2014			120,330.00	120,330.00		
7/15/2014	155,000.00	5.25%	120,330.00	275,330.00	395,660.00	AJ7
1/15/2015			116,261.25	116,261.25		
7/15/2015	165,000.00	5.35%	116,261.25	281,261.25	397,522.50	AK4
1/15/2016			111,847.50	111,847.50		
7/15/2016	175,000.00	5.40%	111,847.50	286,847.50	398,695.00	AL2
1/15/2017			107,122.50	107,122.50		
7/15/2017	185,000.00	5.45%	107,122.50	292,122.50	399,245.00	AM0
1/15/2018			102,081.25	102,081.25		
7/15/2018	195,000.00	5.50%	102,081.25	297,081.25	399,162.50	AN8
1/15/2019			96,718.75	96,718.75		
7/15/2019	205,000.00	6.25% (b)	96,718.75	301,718.75	398,437.50	
1/15/2020			90,312.50	90,312.50		
7/15/2020	215,000.00	6.25% (b)	90,312.50	305,312.50	395,625.00	
1/15/2021			83,593.75	83,593.75		
7/15/2021	230,000.00	6.25% (b)	83,593.75	313,593.75	397,187.50	
1/15/2022			76,406.25	76,406.25		
7/15/2022	245,000.00	6.25% (b)	76,406.25	321,406.25	397,812.50	
1/15/2023			68,750.00	68,750.00		
7/15/2023	260,000.00	6.25% (b)	68,750.00	328,750.00	397,500.00	
1/15/2024			60,625.00	60,625.00		
7/15/2024	275,000.00	6.25% (b)	60,625.00	335,625.00	396,250.00	
1/15/2025			52,031.25	52,031.25		
7/15/2025	295,000.00	6.25% (b)	52,031.25	347,031.25	399,062.50	
1/15/2026			42,812.50	42,812.50		
7/15/2026	310,000.00	6.25% (b)	42,812.50	352,812.50	395,625.00	
1/15/2027			33,125.00	33,125.00		
7/15/2027	330,000.00	6.25% (b)	33,125.00	363,125.00	396,250.00	
1/15/2028			22,812.50	22,812.50		
7/15/2028	355,000.00	6.25% (b)	22,812.50	377,812.50	400,625.00	
1/15/2029			11,718.75	11,718.75		
7/15/2029	375,000.00	6.25%	11,718.75	386,718.75	398,437.50	AQ1
Total	$ 5,000,000.00		$ 4,779,826.97	$ 9,779,826.97	$ 9,779,826.97	

(a) The Bonds are subject to optional redemption on July 15, 2014 at a redemption price of 100%.

(b) Represents mandatory sinking fund amounts for term bond due July 15, 2029.

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION 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 October 29, 2004.

Gwyne M. Henning

GMH 553278 10/29/04

Greenberg Traurig

September 23, 2004

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation 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 $5,000,000 principal amount of District General Obligation 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
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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 Meritage Construction, Meritage Arizona, Dietz-Crane, Pulte, Buckeye Land, Canterra, Sundance 1, Sundance 2 and Hallcraft (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," "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - General," "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS," "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 - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" and Appendix E - "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

Greenberg
Traurig

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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004

We have acted as special counsel to Meritage Homes Construction, Inc., an Arizona 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. Limited Offering Memorandum issued by the District;

2. Owner Indemnity Letter of even date with the Purchase Contract signed by Owner (the "Indemnity Letter");

3. Articles of Incorporation of Owner dated May 7, 2001 and Articles of Amendment and Merger of Owner dated June 18, 2004 effective July 1, 2004 and Bylaws dated May 7, 2001; and

4. Minutes of the Annual Meeting of the Board of Directors of Owner dated May 12, 2004 and Unanimous Written Consent of the Board of Directors of Owner dated September 22, 2004.

ALBANY
AMSTERDAM
ATLANTA
BOCA RATON
BOSTON
CHICAGO
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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

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) That the transactions contemplated by the Limited Offering Memorandum were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, the Indemnity Letter;

(e) That the Owner owns good and indefeasible interests in the real and personal property described in the Documents which are purported to be owned by it;

(f) 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;

(g) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(h) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents; and

(i) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the transactions contemplated by the Indemnity Letter 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 organized and existing under the laws of the State of Arizona and duly authorized to transact business in the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by, the Indemnity Letter.

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 Indemnity Letter and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Indemnity Letter has been duly and validly authorized, executed and delivered by the Owner and the same is in full force and effect as of the date hereof and is valid and legally binding obligations of the Owner, enforceable against the Owner in accordance with its terms.

4. The execution and delivery by the Owner of the Indemnity Letter 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 Indemnity Letter 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 Indemnity Letter, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Indemnity Letter 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 "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – MERITAGE HOMES 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 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 Indemnity Letter. 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 Indemnity Letter 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 Indemnity Letter may be restricted by the doctrines of waiver, estoppel, election of remedies, commercial reasonableness or by the application of other equitable principles, whether remedies are sought in equity or in 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 Letter 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 Indemnity Letter 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 Indemnity Letter 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 Indemnity Letter 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 Indemnity Letter or with respect to the Bonds; and

(f) The applicability or effect, if any, of any building codes or zoning ordinances or the laws or regulations of any municipality.

We are qualified to practice law in the State of Arizona and we do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona. With respect to 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,

GREENBERG TRAURIG LLP

C. Timothy White

phx-srv01\1465255v01

Greenberg Traurig

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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2004

We have acted as special counsel to Meritage Homes of Arizona, Inc., an Arizona 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. Limited Offering Memorandum issued by the District;

2. Owner Indemnity Letter of even date with the Purchase Contract signed by Owner (the "Indemnity Letter");

3. Articles of Incorporation of Owner dated May 7, 2001 and Articles of Amendment and Merger of Owner dated June 18, 2004, effective July 1, 2004 and Bylaws dated May 7, 2001; and

4. Minutes of the Annual Meeting of the Board of Directors of Owner dated May 12, 2004 and Unanimous Written Consent of the Board of Directors of Owner dated September 22, 2004.

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LOS ANGELES
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NEW JERSEY
NEW YORK
ORANGE COUNTY, CA
ORLANDO
PHILADELPHIA
PHOENIX
SILICON VALLEY
TALLAHASSEE
TYSONS CORNER
WASHINGTON, D.C.
WEST PALM BEACH
WILMINGTON
ZURICH

Greenberg Traurig, LLP | Attorneys at Law | 2375 East Camelback Road | Suite 700 | Phoenix, AZ 85016 | Tel 602.445.8000 | Fax 602.445.8100
www.gtlaw.com

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) That the transactions contemplated by the Limited Offering Memorandum were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, the Indemnity Letter;

(e) That the Owner owns good and indefeasible interests in the real and personal property described in the Documents which are purported to be owned by it;

(f) 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;

(g) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(h) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents; and

(i) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the transactions contemplated by the Indemnity Letter 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 organized and existing under the laws of the State of Arizona and duly authorized to transact business in the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by, the Indemnity Letter.

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 Indemnity Letter and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Indemnity Letter has been duly and validly authorized, executed and delivered by the Owner and the same is in full force and effect as of the date hereof and is valid and legally binding obligations of the Owner, enforceable against the Owner in accordance with its terms.

4. The execution and delivery by the Owner of the Indemnity Letter 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 Indemnity Letter 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 Indemnity Letter, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Indemnity Letter 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 "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – MERITAGE HOMES 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 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 Indemnity Letter. 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 Indemnity Letter 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 Indemnity Letter may be restricted by the doctrines of waiver, estoppel, election of remedies, commercial reasonableness or by the application of other equitable principles, whether remedies are sought in equity or in 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 Letter 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 Indemnity Letter 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 Indemnity Letter 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 Indemnity Letter 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 Indemnity Letter or with respect to the Bonds; and

(f) The applicability or effect, if any, of any building codes or zoning ordinances or the laws or regulations of any municipality.

We are qualified to practice law in the State of Arizona and we do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona. With respect to 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.

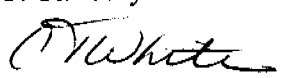
The opinions contained herein are solely for the benefit of the addressee. Accordingly, it may not be relied upon by, filed with or furnished or delivered to or quoted in any manner to any other person or entity, or referred to in any financial statement, report or related document, without, in each instance, our prior written consent.

Furthermore, we hereby consent to the references made to this firm in the Limited Offering Memorandum.

Respectfully submitted,

GREENBERG TRAURIG LLP

C. Timothy White



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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) General Obligations 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 issued by the District (the "Limited Offering Memorandum");

2. The Letter of Indemnity dated September 15, 2004 (the "Indemnity Agreement") from the Owner to the District and the Underwriter;

3. Closing Certificate of D. R. Horton, Inc. – Dietz-Crane (the "Closing Certificate");

4. Certificate of Incorporation of Owner dated March 15, 2001, as amended;

5. Amended and Restated Bylaws of Owner dated as of October 11, 2001;

6. Certificate of Good Standing of Owner dated September 2, 2004 issued by the Delaware Secretary of State;

7. Certificate of Good Standing of Owner dated September 2, 2004 issued by the Arizona Corporation Commission; and

8. Officer's Certificate of the Owner issued in favor of the undersigned.

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) That the transactions contemplated by the Limited Offering Memorandum were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, the Indemnity Agreement;

(e) 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;

(f) 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;

(g) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(h) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents; and

(i) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the transactions contemplated by the Indemnity Agreement 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 Indemnity Agreement.

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 Indemnity Agreement and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Indemnity Agreement has been duly and validly authorized, executed and delivered by the Owner and the same is in full force and effect as of the date hereof and is the valid and legally binding obligation of the Owner, enforceable against the Owner in accordance with its terms.

4. The execution and delivery by the Owner of the Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Indemnity Agreement, 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 "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Dietz Crane" 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 Indemnity Agreement. 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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

BERENS, KOZUB, LORD & KLOBERDANZ, PLC
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Matthew R. Berens, Esq.

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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) General Obligation Bond Series 2004

Ladies and Gentlemen:

We have acted as special counsel to Pulte Home Corporation, a Michigan corporation (hereinafter referred to as the "Owner"), in connection with the transactions provided for by the documents referred to herein in connection with the issuance and sale of the captioned Bonds sold pursuant to a Purchase Contract, dated 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 (Town of Buckeye, Arizona) (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. The Purchase Contract;

2. The Limited Offering Memorandum issued by the District;

3. The Owner's Indemnity Letter of even date with the Purchase Contract (the "Indemnity Letter");

4. Articles of Incorporation of Owner filed with the Michigan corporation on and appropriate documents to qualify to do business filed with the Arizona Corporation Commission and the Bylaws of Owner, all as adopted and amended;

5. The authorizing resolutions of Owner adopted by consent;

6. Certificates of Good Standing for Owner issued by the States of Michigan and Arizona dated September 15, 2004; and

7. The Certificate of the Owner issued in favor of the undersigned (the "Owner's Certificate").

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Documents and the legal capacity of each natural person executing any of the Documents;

(b) The authenticity and completeness of Documents submitted as originals, and the conformity to originals of documents submitted as copies;

(c) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Documents with regard to the parties to those agreements, other than Owner, and that the transactions contemplated by the Documents were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That 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;

(e) 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;

(f) 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;

(g) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(h) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents; and

(i) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the Transaction or any of the property within the District.

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

1. The Owner is a corporation, duly organized and existing under the laws of the State of Michigan and duly authorized to transact business in the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by, the Indemnity Letter.

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 Indemnity Letter and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Indemnity Letter has 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 Indemnity Letter 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 Indemnity Letter or to conduct the business of the Owner as presently being conducted and as described in the Limited Offering Memorandum, 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 Indemnity Letter, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Indemnity Letter 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 "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS-PULTE" 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 Indemnity Letter. 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 Indemnity Letter 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 Indemnity Letter may be restricted by the doctrines of waiver, estoppel, election of remedies, commercial reasonableness or by the application of other equitable principles, whether remedies are sought in equity or at law. Without limiting the generality of the foregoing, we note specifically that such principles of equity are of general application, and in applying such principles an Arizona State court or a Federal District Court for the State of Arizona. The opinion on enforceability is limited to enforcement in courts in the State of Arizona.

(iii) Certain waivers, procedures, remedies, indemnities and other provisions of the Indemnity Letter 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 Indemnity Letter 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 Indemnity Letter.

We are expressing no opinion as to:

(a) The effect on enforceability of the Indemnity Letter 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 Owner) or the failure of any party (other than 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. 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,

BERENS, KOZUB, LORD & KLOBERDANZ, PLC

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September 23, 2004

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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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) General Obligations Bonds, Series 2004 (the "Bonds")

Ladies and Gentlemen:

We have acted as special counsel to Buckeye Land, L.L.C., an Arizona limited liability company ("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 issued by the District (the "Limited Offering Memorandum");

2. The Letter of Indemnity dated September 15, 2004 (the "Indemnity Agreement") from the Owner to the District and the Underwriter;

3. Closing Certificate of Owner dated September 23, 2004 (the "Closing Certificate");

4. Articles of Organization of Owner dated February 1, 2001, as amended;

5. Operating Agreement of Owner dated as of February 2, 2001;

6. Certificate of Good Standing of Owner dated September 10, 2004 issued by the Arizona Corporation Commission; and

7. Certificate of the Manager of the Owner issued in favor of the undersigned.

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) That the transactions contemplated by the Limited Offering Memorandum were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, the Indemnity Agreement;

(e) 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;

(f) 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;

(g) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(h) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents; and

(i) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the transactions contemplated by the Indemnity Agreement 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 limited liability company, duly organized and validly existing under the laws of the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by the Indemnity Agreement.

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 Indemnity Agreement and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Indemnity Agreement has been duly and validly authorized, executed and delivered by the Owner and the same is in full force and effect as of the date hereof and is the valid and legally binding obligation of the Owner, enforceable against the Owner in accordance with its terms.

4. The execution and delivery by the Owner of the Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Indemnity Agreement, 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 "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Buckeye Land" 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 Indemnity Agreement. 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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.

(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 Indemnity Agreement 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 Indemnity Agreement or with respect to the Bonds; and

(f) The applicability or effect, if any, of 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. 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,

TITUS, BRUECKNER & BERRY, P.C.

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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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) General Obligations Bonds, Series 2004 (the "Bonds")

Ladies and Gentlemen:

We have acted as special counsel to Canterra at Sundance, L.L.C., an Arizona limited liability company ("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 issued by the District (the "Limited Offering Memorandum");

2. The Letter of Indemnity dated September 15, 2004 (the "Indemnity Agreement") from the Owner to the District and the Underwriter;

3. Closing Certificate of Owner dated September 23, 2004 (the "Closing Certificate");

4. Articles of Organization of Owner dated November 26, 2002, as amended;

5. Operating Agreement of Owner dated as of November 26, 2002;

6. Certificate of Good Standing of Owner dated September 10, 2004 issued by the Arizona Corporation Commission; and

7. Certificate of the Manager of the Owner issued in favor of the undersigned.

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) That the transactions contemplated by the Limited Offering Memorandum were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, the Indemnity Agreement;

(e) 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;

(f) 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;

(g) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(h) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents; and

(i) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the transactions contemplated by the Indemnity Agreement 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 limited liability company, duly organized and validly existing under the laws of the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by the Indemnity Agreement.

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 Indemnity Agreement and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Indemnity Agreement has been duly and validly authorized, executed and delivered by the Owner and the same is in full force and effect as of the date hereof and is the valid and legally binding obligation of the Owner, enforceable against the Owner in accordance with its terms.

4. The execution and delivery by the Owner of the Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Indemnity Agreement, 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 "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Canterra" 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 Indemnity Agreement. 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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.

(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 Indemnity Agreement 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 Indemnity Agreement or with respect to the Bonds; and

(f) The applicability or effect, if any, of 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. 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,

TITUS, BRUECKNER & BERRY, P.C.

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September 23, 2004

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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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) General Obligations Bonds, Series 2004 (the "Bonds")

Ladies and Gentlemen:

We have acted as special counsel to Sundance 1 Courts, LLC, an Arizona limited liability company ("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 issued by the District (the "Limited Offering Memorandum");

2. The Letter of Indemnity dated September 15, 2004 (the "Indemnity Agreement") from the Owner to the District and the Underwriter;

3. Closing Certificate of Owner dated September 23, 2004 (the "Closing Certificate");

4. Articles of Organization of Owner dated March 5, 2004, as amended;

5. Operating Agreement of Owner dated as of March 5, 2004;

6. Certificate of Good Standing of Owner dated September 10, 2004 issued by the Arizona Corporation Commission; and

7. Certificate of the Members of the Owner issued in favor of the undersigned.

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) That the transactions contemplated by the Limited Offering Memorandum were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, the Indemnity Agreement;

(e) 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;

(f) 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;

(g) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(h) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents; and

(i) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the transactions contemplated by the Indemnity Agreement 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 limited liability company, duly organized and validly existing under the laws of the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by the Indemnity Agreement.

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 Indemnity Agreement and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Indemnity Agreement has been duly and validly authorized, executed and delivered by the Owner and the same is in full force and effect as of the date hereof and is the valid and legally binding obligation of the Owner, enforceable against the Owner in accordance with its terms.

4. The execution and delivery by the Owner of the Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Indemnity Agreement, 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 "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Sundance 1 and Sundance 2" 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 Indemnity Agreement. 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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.

(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 Indemnity Agreement 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 Indemnity Agreement or with respect to the Bonds; and

(f) The applicability or effect, if any, of 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. 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,

TITUS, BRUECKNER & BERRY, P.C.

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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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) General Obligations Bonds, Series 2004 (the "Bonds")

Ladies and Gentlemen:

We have acted as special counsel to Sundance 2 Shadows, LLC, an Arizona limited liability company ("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 issued by the District (the "Limited Offering Memorandum");

2. The Letter of Indemnity dated September 15, 2004 (the "Indemnity Agreement") from the Owner to the District and the Underwriter;

3. Closing Certificate of Owner dated September 23, 2004 (the "Closing Certificate");

4. Articles of Organization of Owner dated March 5, 2004, as amended;

5. Operating Agreement of Owner dated as of March 5, 2004;

6. Certificate of Good Standing of Owner dated September 10, 2004 issued by the Arizona Corporation Commission; and

7. Certificate of the Members of the Owner issued in favor of the undersigned.

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) That the transactions contemplated by the Limited Offering Memorandum were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, the Indemnity Agreement;

(e) 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;

(f) 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;

(g) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(h) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents; and

(i) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the transactions contemplated by the Indemnity Agreement 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 limited liability company, duly organized and validly existing under the laws of the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by the Indemnity Agreement.

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 Indemnity Agreement and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Indemnity Agreement has been duly and validly authorized, executed and delivered by the Owner and the same is in full force and effect as of the date hereof and is the valid and legally binding obligation of the Owner, enforceable against the Owner in accordance with its terms.

4. The execution and delivery by the Owner of the Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Indemnity Agreement, 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 "LAND DEVELOPMENT", "THE RESIDENTIAL DISTRICT PROPERTY OWNERS – Sundance 1 and Sundance 2" 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 Indemnity Agreement. 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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 Indemnity Agreement 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.

(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 Indemnity Agreement 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 Indemnity Agreement or with respect to the Bonds; and

(f) The applicability or effect, if any, of 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. 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,

TITUS, BRUECKNER & BERRY, P.C.

Titus, Brueckner & Berry, P.C.

BERENS, KOZUB, LORD & KLOBERDANZ, PLC
Attorneys at Law

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Matthew R. Berens, Esq.

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: $5,000,000 Sundance Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2004

Ladies and Gentlemen:

We have acted as special counsel to Hallcraft Sundance L.L.C., an Arizona limited liability company (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 (Town of Buckeye, Arizona) (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. The Purchase Contract;

2. The Limited Offering Memorandum issued by the District;

3. Owner's Indemnity Letter of even date with the Purchase Contract (the "Indemnity Letter");

4. Articles of Organization of Hallcraft Sundance L.L.C., filed with the Arizona Corporation Commission and the Operating Agreement of Hallcraft Sundance L.L.C.;

5. The Resolutions of Member and Manager adopted by consents;

6. Certificate of Good Standing for Owner issued by the State of Arizona; and

7. Certificate of the Manager of the Owner issued in favor of the undersigned (the "Owner's Certificate").

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Documents and the legal capacity of each natural person executing any of the Documents;

(b) The authenticity and completeness of Documents submitted as originals, and the conformity to originals of documents submitted as copies;

(c) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Documents with regard to the parties to those agreements, other than Owner, and that the transactions contemplated by the Documents were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That 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;

(e) 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;

(f) 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

(g) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(h) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents; and

(i) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the Transaction or any of the property within the District.

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

1. The Owner is a limited liability company, duly organized and existing under the laws of the State of Arizona and duly authorized to transact business in the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by, the Indemnity Letter.

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 Indemnity Letter and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Indemnity Letter has 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 Indemnity Letter 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 Indemnity Letter or to conduct the business of the Owner as presently being conducted and as described in the Limited Offering Memorandum, 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 Indemnity Letter, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Indemnity Letter 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 "LAND DEVELOPMENT," "THE RESIDENTIAL DISTRICT PROPERTY OWNERS-HALLCRAFT" 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 Indemnity Letter. 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 Indemnity Letter 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 Indemnity Letter may be restricted by the doctrines of waiver, estoppel, election of remedies, commercial reasonableness or by the application of other equitable principles, whether remedies are sought in equity or at law. Without limiting the generality of the foregoing, we note specifically that such principles of equity are of general application, and in applying such principles an Arizona State court or a Federal District Court for the State of Arizona. The opinion on enforceability is limited to enforcement in courts in the State of Arizona.

(iii) Certain waivers, procedures, remedies, indemnities and other provisions of the Indemnity Letter 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 Indemnity Letter 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 Indemnity Letter.

We are expressing no opinion as to:

(a) The effect on enforceability of the Indemnity Letter 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 Owner) or the failure of any party (other than 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. 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,

BERENS, KOZUB, LORD & KLOBERDANZ, PLC

Berens Kozub Lord & Kloberdanz, PLC

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) District General Obligation Bonds, Series 2004

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $5,000,000 aggregate principal amount of District General Obligation Bonds, Series 2004, dated September 23, 2004, issued by the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*District*").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 13-04 (Sundance), passed and adopted by the District Board on August 3, 2004 (the "*Resolution*"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the bonds.

2. The Resolution has been duly passed and adopted by the District Board and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

3. The bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes, an annual tax upon all taxable property in the District sufficient, together with any money from other sources lawfully available therefore, to pay the principal of and interest on the bonds when due.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "*Code*"). We express no opinion regarding other federal tax consequences arising with respect to the bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and the Indenture and to collection of taxes may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By Scott W. Ruby

Scott W. Ruby
Bond Counsel

SWR:gmh
494332

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September 23, 2004

RBC Dain Rauscher Inc.
2398 E. Camelback Road, Suite 700
Phoenix, Arizona 85016

Re: $5,000,000 Sundance Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2004

We have acted as bond counsel to Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*") in connection with the issuance this date by the Issuer of its District General Obligation Bonds, Series 2004, in the aggregate principal amount of $5,000,000 (the "*Bonds*") and otherwise as counsel to the Issuer including for purposes relating to the execution and delivery of the hereinafter described Purchase Contract. The Bonds (i) are issued under and secured by an Indenture of Trust and Security Agreement, dated as of September 1, 2003 (the "*Indenture*") from the Issuer to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"); (ii) are authorized to be issued and sold pursuant to a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the Board of Directors of the Issuer on August 3, 2004 (the "*Resolution*"); (iii) are the subject of a Limited Offering Memorandum, dated September 15, 2004 (the "*Limited Offering Memorandum*"); and (iv) are being sold pursuant to a Purchase Contract, dated September 15, 2004 (the "*Purchase Contract*"), by and between the Issuer and RBC Dain Rauscher Inc. (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 to the Issuer, we have examined and relied upon:

(i) An executed copy of the Purchase Contract;

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

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

(iv) An executed copy of the Indenture;

(v) An executed copy of a Blanket Letter of Representations, previously entered into by and between the Issuer and The Depository Trust Company (the "*Letter of Representations*");

(vi) An executed copy of the Continuing Disclosure Undertaking, dated of even date hereof, from the Issuer (the "*Undertaking*");

(vii) An executed copy of the Dissemination Agency Agreement, dated as of September 1, 2004, by and between the Issuer and Underwriter (the "*Dissemination Agency Agreement*");

(viii) Such other agreements, certificates, opinions (including particularly, but not by way of limitation, opinions of counsels to each of the entities other than the Trustee which are parties to the Standby Contribution Agreements, dated as of even date herewith), letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein; and

(ix) Such provisions of the 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.

Collectively, the Indenture, the Purchase Contract, the Undertaking, the Dissemination Agency Agreement and the Letter of Representations shall be referred to as the "*Issuer Documents*".

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 documents and the accuracy of the statements contained in such documents. In connection with our representation of the Issuer, we have also participated in conferences from time to time with representatives of and counsel to the Underwriter, the Trustee and the Company relating to the Limited Offering Memorandum and the Issuer 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 Issuer 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 Issuer 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 Issuer under, the Issuer 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. To our actual knowledge, except as it relates to the Bonds, 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 Issuer 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 Issuer 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 Issuer Documents and the Bonds and (c) levied the *ad valorem* property taxes from which the Bonds are payable. 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 Issuer 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. Relying upon a search of computerized docket records available for review on September 21, 2004 in the offices of the Maricopa County Superior Court and the United States District Court for the District of Arizona for the period of time commencing approximately five years previous to such date, 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 to our knowledge 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 Resolution, the Issuer Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Resolution, the Issuer Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby) or (iii) contesting in any way the completeness or accuracy of the Preliminary 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 and collect taxes, nor lawsuits pending or overtly threatened against the Issuer which, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Limited Offering Memorandum, the Resolution, the Issuer Documents or the Bonds.

7. The information contained in the Limited Offering Memorandum on the cover thereof, under the headings "INTRODUCTION (the information in the second and fourth paragraphs only)", "THE BONDS", "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS", "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" (the information under the subheading "General" only), "LITIGATION", "TAX EXEMPTION", "CONTINUING DISCLOSURE" (excluding information pertaining to the District's compliance with prior 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 D – "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and Appendix E – "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.

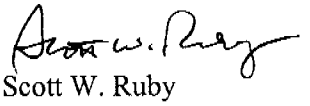
8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution or the Indenture under the Trust Indenture Act of 1939, as amended.

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

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the Issuer Documents is dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the Issuer Documents by the other parties thereto and to the extent that the enforceability of the Issuer 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 Issuer 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 owner of the Bonds or to any party to the Issuer Documents (other than the Issuer) any rights or remedies not specifically set forth therein. The enforcement of the Purchase Contract by the Underwriter may be subject to conflict of interest laws and we express no opinion with respect to the impact of such laws.

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
494334

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.

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2004

DATED: Date of Initial Delivery **DUE: July 15, as shown below**

The Sundance Community Facilities District (Town of Buckeye, Arizona) General Obligation 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 $5,000 of principal amount or integral multiples thereof. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on each January 15 and July 15 of each year, commencing January 15, 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 F — "BOOK-ENTRY ONLY SYSTEM."

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Act"), and an election held in and for Sundance Community Facilities District (the "District"), held on August 7, 2001, and will be issued pursuant to a resolution of the District Board of the District and an Indenture of Trust and Security Agreement, to be dated as of September 1, 2004 (the "Indenture"), from the District to Wells Fargo Bank, National Association, as trustee. The Bonds will be payable as to both principal and interest from *ad valorem* taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount. See **"SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "RISK FACTORS" herein.**

THE BONDS WILL BE SUBJECT TO OPTIONAL AND MANDATORY REDEMPTION BY THE DISTRICT PRIOR TO MATURITY AS DESCRIBED HEREIN.

Proceeds of the sale of the Bonds will be used to pay a portion of the costs of acquisition of certain public infrastructure and costs of issuance relating to the Bonds. See "THE PUBLIC INFRASTRUCTURE" herein.

The Bonds are not being sold in a public offering. The Bonds may be purchased by "Qualified Investors" only and, except as described herein, will be transferable to Qualified Investors only. See "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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT. NONE OF THE TOWN OF BUCKEYE, ARIZONA, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Limited Offering Memorandum in its entirety to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

Maturity Date (July 15)	Principal Amount	Interest Rate
2006	$110,000	3.00%
2007	115,000	3.50
2008	120,000	4.00
2009	125,000	4.35
2010	130,000	4.60
2011	135,000	4.90
2012	145,000	5.00
2013	150,000	5.15
2014	155,000	5.25
2015	165,000	5.35
2016	175,000	5.40
2017	185,000	5.45
2018	195,000	5.50

$3,095,000 Term Bonds at 6.25% Due July 15, 2029
(All Priced at 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 with respect hereto will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona for Meritage Homes Construction, Inc. and Meritage Homes of Arizona, Inc. by their counsel, Greenberg Traurig, LLP, Phoenix, Arizona; for D.R. Horton, Inc. — Dietz-Crane by its counsel, Fennemore Craig, P.C., Phoenix, Arizona; for Pulte Home Corporation and Hallcraft-Sundance L.L.C. by their counsel, Berens, Kozub, Lord & Kloberdanz, PLC, Phoenix, Arizona, and for Buckeye Land, L.L.C., Canterra at Sundance, L.L.C., Sundance I Courts, L.L.C. and Sundance 2 Shadows, L.L.C. by their 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

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

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 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 HAS COVENANTED TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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MAP SHOWING LOCATION OF THE DISTRICT

WITHIN METROPOLITAN PHOENIX AREA

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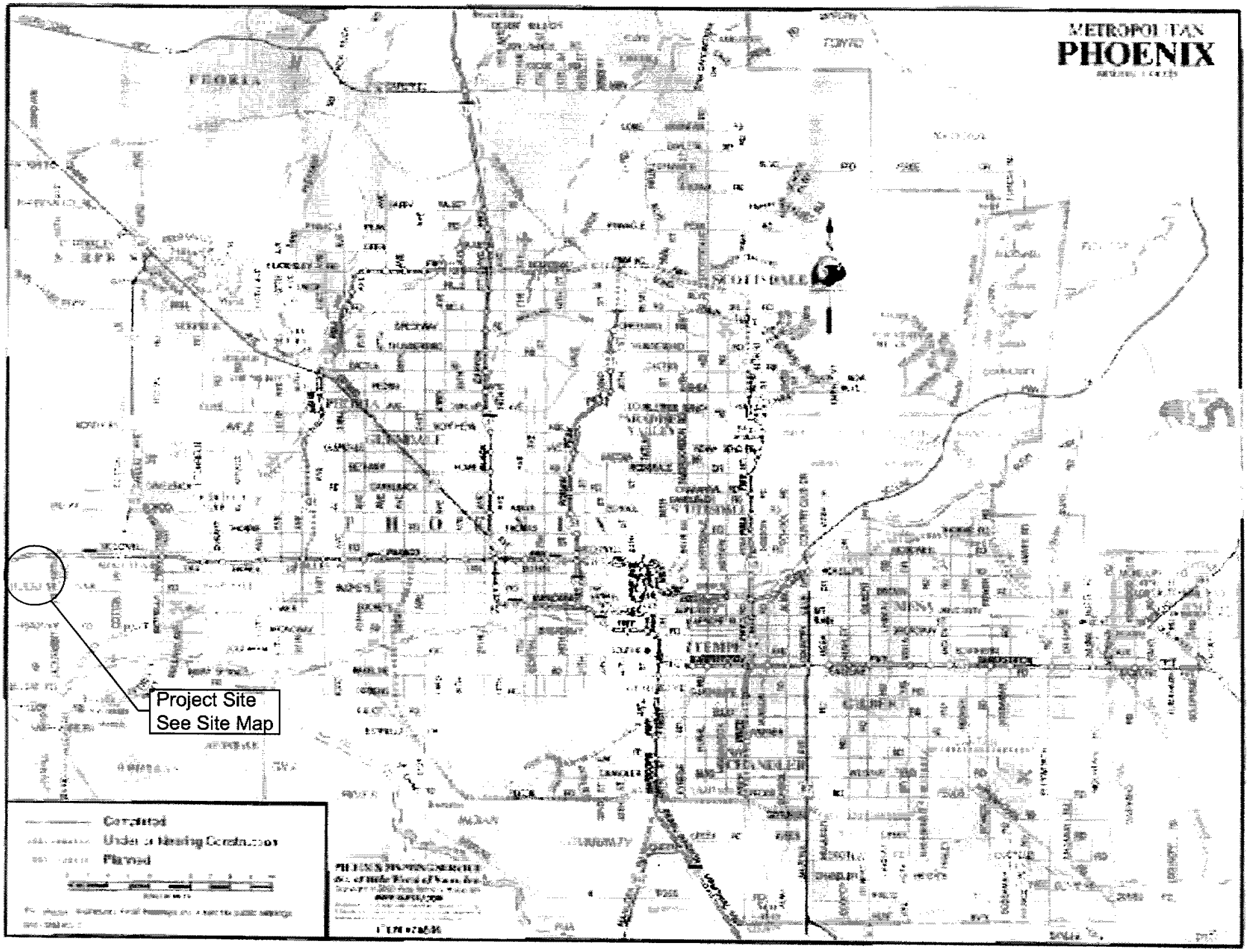
METROPOLITAN
PHOENIX
Project Site
See Site Map
Completed
Under or Nearing Construction
Planned

(This page intentionally left blank)

MAP SHOWING LOCATION OF THE DISTRICT AND SUNDANCE

IN THE CONTEXT OF THE SURROUNDING AREA

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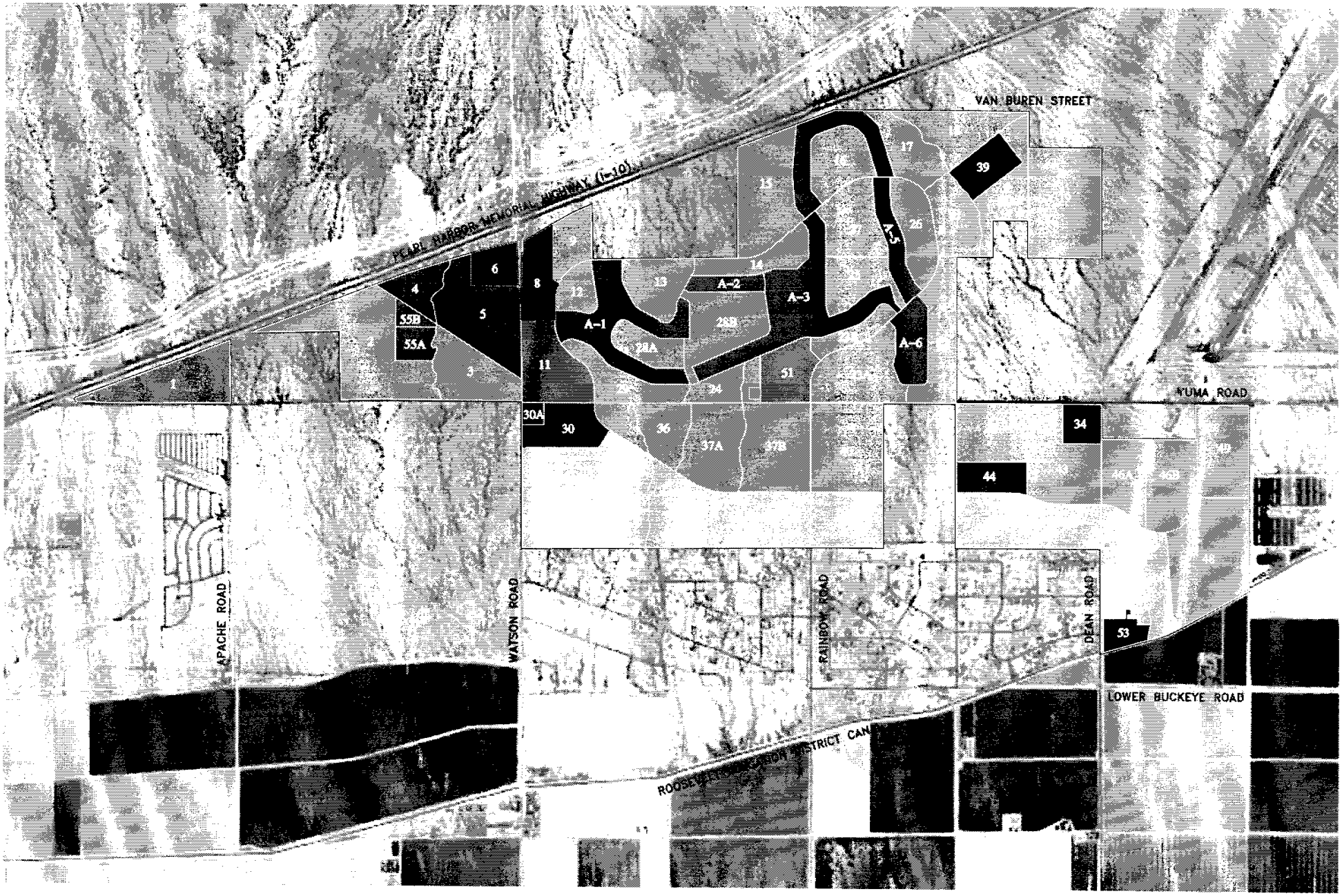
VAN BUREN STREET
PEARL HARBOR MEMORIAL HIGHWAY (I-10)
YUMA ROAD
APACHE ROAD
WATSON ROAD
RAINBOW ROAD
DEAN ROAD
LOWER BUCKEYE ROAD
ROOSEVELT IRRIGATION DISTRICT CAN
A-1
A-2
A-3
A-4
A-6
1
2
3
4
5
6
8
9
11
12
13
14
15
16
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24A
24B
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30A
34
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37B
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44
46A
46B
48
51
53
55A
55B

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$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION 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) General Obligation Bonds, Series 2004 (the "Bonds"), in the aggregate principal amount of $5,000,000. **Certain capitalized terms not defined in the text of this Offering Memorandum are defined in Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions of Certain Terms" herein.** Copies of any of the documents referenced herein are available upon request to the Underwriter at Suite 700, 2375 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 10 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. **(References 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. ("Meritage Construction") and Meritage Homes of Arizona, Inc. ("Meritage Arizona" and collectively with Meritage Construction, "Meritage Homes"), D.R. Horton, Inc. - Dietz-Crane ("Dietz-Crane"), 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, Dietz-Crane, Pulte, Buckeye Land, Taro, StoneBridge, Canterra, Sundance 1, Sundance 2, the "District Property Owners"). Meritage Homes, Dietz-Crane, 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

The Bonds are authorized pursuant to the Act and a special election held in and for the District on August 7, 2001 (the "Election"), pursuant to which the District has been 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 purposes within the District, including incidental costs and the costs of issuing bonds, and will be issued pursuant to a resolution adopted by the Board 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 District to the Trustee. See Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." The Bonds will be the first series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, $45,000,000 aggregate principal amount of bonds will remain authorized but unissued. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - *Ad Valorem* Property Taxation in the District -- Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding" and "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District." The Bonds are being issued in order to finance the costs to acquire or construct certain public infrastructure within the boundaries of the District, mainly roadways and utility improvements,

which have been or will be dedicated to the Town (the "Public Infrastructure").

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 15 and July 15 of each year, commencing January 15, 2005 (each such date 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 $5,000 of principal amount and integral multiples thereof. See Appendix F - "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 $5,000 of principal amount and integral multiples thereof.

Redemption Provisions

Optional Redemption. The Bonds will be subject to redemption at the option of the District as a whole or from time to time in part on July 15, 2014, or any date thereafter (each a "Redemption Date") upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without premium.

Mandatory Redemption. The Bonds maturing on July 15, 2029, will be redeemed on the following Redemption Dates and in the following amounts upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, without premium:

Redemption Date (July 15)	Principal Amount Redeemed
2019	$205,000
2020	215,000
2021	230,000
2022	245,000
2023	260,000
2024	275,000
2025	295,000
2026	310,000
2027	330,000
2028	355,000

Notice of Redemption. Notice of redemption will be given by the Trustee, not less than thirty (30) days nor more than sixty (60) days prior to the Redemption Date, to DTC. See Appendix F - "BOOK-ENTRY ONLY SYSTEM."

Effect of Redemption. Notice of redemption having been given as aforesaid, the portion of the Bonds so to be redeemed will, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the District shall default in the payment of the Redemption Price) such Bonds will cease to bear interest.

INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS

Beneficial interests with respect to the Bonds are not being sold in a public offering for all purposes of, and as required by, the Act, but are being offered to, and 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 upon any transfer of any beneficial interest in a Bond after the initial sale and delivery of the Bonds. Qualified Investors described in clause (A) hereinabove must provide a qualified investor letter in the form set forth in Appendix C-2 only in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds.

Prior to either (i) the District being informed that the Bonds have one of the four highest investment grade ratings from a

Rating Agency and written approval of the Board or (ii) 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

General

After the Bonds are issued, State law requires that the Board annually levy, and cause to be collected, an *ad valorem* tax, at the same time and in the same manner as other such taxes are levied and collected, on all taxable property in the District, sufficient to pay Debt Service (whether at maturity or prior redemption). (Such tax is unlimited as to rate or amount.) Amounts derived from the levy of the tax provided in this section when collected constitute funds to pay Debt Service and will be deposited in the Bond Fund and kept separately from other funds of the District. (The District levies an *ad valorem* tax at a rate of approximately $3.00 per $100 of secondary assessed valuation on all taxable property within the boundaries of the District for the payment of Debt Service, which is separate from the hereinafter described Operation and Maintenance Tax.) With respect to *ad valorem* property taxes, issues of general obligation bonds of the District that may be issued in the future will be payable from such taxes on the same basis as the Bonds. (The District and the Trustee have acknowledged pursuant to the Indenture that the Bonds and any other general obligation bonds of the District hereafter issued will be payable on a parity basis with respect to the collection and application of property tax revenues of the District and that such property taxes will be allocated to each series of general obligation bonds in accordance with any debt service then due and, in either case, taking into account other funds held by the District for such payment. Property tax revenues allocated for any series of bonds will be deposited into the applicable bond fund set aside for such series.) See "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "RISK FACTORS."

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN NOR THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

***Ad Valorem* Property Taxation in the District**

General. The State has two different valuation bases for levying *ad valorem* property taxes. They are "limited property" and "full cash value." Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) that is multiplied by the limited or full cash values of the property to obtain the assessed valuations. See "-- Assessment Ratios" below.

Primary Taxes. Taxes levied against the assessed limited property value (after application of the assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. Limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

(a) The limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use are established at the previous year's limited property value increased by the greater of either ten percent of the previous year's limited property value or 25 percent of the difference between the previous year's limited property value and the current year's full cash value.

(b) The limited property value for parcels that underwent modification through construction, destruction or change in use, and for new parcels, is established by applying a ratio of the full cash to limited property values of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city/town and community college district is constitutionally limited to a maximum increase of two percent over the previous year's levy limit plus any taxes on property not subject to tax in the previous year (e.g., new construction and property brought into the jurisdiction because of annexation). The two percent limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal property are the same. Primary taxes on owner-occupied residential property only are constitutionally limited to one percent of the full cash value of such property. (To offset the effects of the one percent limitation, a tax equalization program has been instituted for school equalization purposes. This program required the counties to levy a tax of $0.4560 per $100 of assessed value under the primary system for fiscal year 2004-2005.)

Secondary Taxes. Taxes levied against the assessed value (after application of the assessment ratio to full cash value) are re-

ferred to as secondary taxes, which are used for debt retirement (including debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts (including maintenance and operation expenses of the District). There is no limitation on the annual increases in full cash value of any property, and annual levies for voter-approved bond indebtedness and special district assessments are unlimited.

Determination of Full Cash Value. The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Most property is valued by the various county assessors, including for Maricopa County, Arizona (the "County"), the county in which the District is located, the County Assessor for the County (the "Assessor"), with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as prescribed by statute" or, if no statutory method is prescribed, it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally includes the market approach, the cost approach and the income approach. As a general matter, the Assessor uses a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the Assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

County assessors, upon meeting certain conditions, may value residential, agricultural and vacant land at the same full cash valuation for up to three years. The Assessor currently values existing properties on a two-year cycle.

Arizona law provides for a property valuation "freeze" for certain residential property owners 65 years of age and older. Owners of residential property may obtain such a freeze against valuation increases (the "Property Valuation Protection Option") if the owner's total income from all sources does not exceed 400 percent (500 percent for two or more owners of the same property) of the "Social Security Income Benefit Rate." The property owner must apply for the Property Valuation Protection Option and, if approved by the Assessor, must renew the application every three years. If the property is sold to a person who does not qualify for the Property Valuation Protection Option, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Assessment Ratios. The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized during the

period 2002-2003, 2003-2004 and 2004-2005 for each class of property are set forth below.

TABLE 1
PROPERTY TAX ASSESSMENT RATIOS

Property Classification (a)	Assessment as Percent of Full Cash Value
Mining	25%
Utility	25
Commercial and Industrial (b)	25
Agricultural and Vacant Land (b)	16
Owner Occupied Residential	10
Leased or Rented Residential	10
Railroad, Private Car Company and Airline Flight Property (c)	N/A

(a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.

(b) The first $54,367 in 2002-2003, $54,367 in 2003-2004 and $55,546 in 2004-2005 of full cash value of commercial, industrial and agricultural personal property is not taxable. Any portion of the full cash value in excess of such amount will be assessed at 25 percent or 16 percent, as applicable.

(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Collection. On or before the third Monday in August of each year based on valuation as of that date, the District will (i) fix, levy and assess the amount to be raised from *ad valorem* property taxes that, together with the amount estimated to be available from all other sources of revenue and any unencumbered balances from the previous fiscal year, will equal the total of amounts proposed to be expended in the budget for the current fiscal year and (ii) fix and determine the necessary *ad valorem* property tax rates for the District. For such purpose, on or before each such third Monday in August, and after review of such amount and rate for compliance with any applicable statutory and constitutional limitations by the property tax oversight commission of the State, an assessment and tax roll must be delivered to the County Treasurer of the County (the "Treasurer"). The Assessor of the County may, however, change such roll any time before December 20 of such year. *Any decrease in the value of the roll so established in December from the value used on the immediately preceding third Monday in August could reduce the aggregate amount of taxes to be collected by the District.*

The *ad valorem* property taxes levied and assessed by the District pursuant to the assessment and tax roll delivered to the Treasurer are billed along with State and County *ad valorem* property taxes and are due and payable in two equal installments on October 1 of that calendar year and on March 1 of the subsequent calendar year. The two *ad valorem* property tax installments become delinquent and begin to accrue interest at the rate of 16 percent per annum simple interest prorated monthly on November 1 of that calendar year and May 1 of the subsequent calendar year, respectively. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31 of such calendar year.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year, subject to the possible exception of *ad valorem* property taxes levied against the real property of a property owner in bankruptcy. Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale. An *ad valorem* property tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property upon which the *ad valorem* property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale, and the sale of the tax lien for delinquent *ad valorem* property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept less than 16 percent per annum, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay in cash at the time of sale a purchase price equal to the amount of taxes, interest and penalties due on the property. If the lien is assigned to the State, the *ad valorem* property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent *ad valorem* property taxes levied by the District should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered by the District within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

It is anticipated that the District's semiannual payments of Debt Service will be funded with installments of tax payments collected on or about the immediately preceding tax payment date together with any funds available from any other sources. If, for any reason, a material portion of the *ad valorem* property taxes due and payable to the District are not paid in a timely manner, the payment of Debt Service could be delayed. It cannot be determined with any certainty when delinquent *ad valorem* property taxes could be collected and available for the payment of Debt Service and what impact such delay could have on the secondary market for the Bonds. **See "RISK FACTORS - Assessed Valuation of Property," "- Direct and Overlapping Indebtedness" and "- Bankruptcy and Foreclosure Delays."**

Property Valuations. The full cash values and secondary assessed values of taxable property within the boundaries of the District for the tax years 2002-2003, 2003-2004 and 2004-2005 are shown in the table below:

TABLE 2
PROPERTY VALUATIONS

Tax Year	Full Cash Value	Secondary Assessed Value
2002-2003	$ 4,840,314	$ 774,451
2003-2004	12,364,829	1,899,181
2004-2005	76,471,131	9,848,239

Source: Assessor of the County

Net Secondary Assessed Valuation by Property Classification. The secondary assessed valuation for the land within the District was classified as follows for the tax years 2002-2003, 2003-2004 and 2004-2005:

TABLE 3
SECONDARY ASSESSED VALUE BY PROPERTY CLASSIFICATIONS

Description	2002-2003 Net Secondary Assessed Valuation	2003-2004 Net Secondary Assessed Valuation	2004-2005 Net Secondary Assessed Valuation	2004-2005 Percent of Total
Commercial and Industrial	-	-	$ 849,437	8.63%
Agricultural and Vacant	$774,451	$1,767,381	4,539,202	46.09
Residential (Owner Occupied)	0	131,800	4,320,400	43.87
Residential (Rental Occupied)	-	-	139,200	1.41
Total	$774,451	$1,899,181	$9,848,239	100.00%

Source: Assessor of the County

Net Secondary Assessed Valuation of Major Taxpayers. The major property taxpayers located within the District for tax year 2004-2005 and the secondary assessed valuation of their property is as follows:

TABLE 4
SECONDARY ASSESSED VALUATION BY MAJOR TAXPAYERS

Taxpayer	2004-2005 Secondary Assessed Valuation	As Percent of District's 2004-2005 Net Secondary Assessed Valuation
Buckeye Land	$1,166,352	11.85%
Taro(a)	933,951	9.49
Meritage Homes	739,542	7.51
Dietz-Crane	602,930	6.12
Pulte	301,300	3.06
Taro(a)/Buckeye Land	219,280	2.23
Canterra	194,560	1.98
Sundance 1/Sundance 2	183,840	1.87

(a) Taro is a third party investor which has granted option rights for the purchase of land in the District which it owns to Meritage Homes. Pursuant to the agreements underlying such rights, Meritage Homes is responsible for the payment of ad valorem prop-

erty taxes on the property which is the subject of the options. Taro has limited financial resources, and there can be no assurance that, if Meritage Homes does not honor such obligations to pay such taxes, Taro will do so.

Source: Assessor of the County

See "LAND DEVELOPMENT" and "RISK FACTORS - Concentration of Ownership; Subsequent Transfer" and "Capitalization of the District Property Owners and Financing Risks".

Record of Taxes Levied and Collected in the District. Under State law, the Board of Supervisors of the County is required to levy a tax in an amount sufficient to provide for Debt Service. With respect to the District, certain amounts are available (as described below) that will be used to offset the amount otherwise needed for Debt Service. Property taxes are levied and collected on property within the District and certified by the Treasurer on behalf of the District.

TABLE 5
PROPERTY TAX COLLECTIONS

Fiscal Year(a)	Real and Secured Personal Property Tax Levy(b)	Collected to June 30th End of Tax Fiscal Year		Total Tax Collections(c)	
		Amount	Percent of Tax Levy	Amount	Percent of Levy
2004-2005	$324,992	-	-	-	-
2003-2004	62,677	$57,077	91.07%	$57,077	91.07%
2002-2003	2,323	2,119	91.22	2,323	100.00

(a) In addition to the levy of *ad valorem* taxes for the payment of Debt Service, pursuant to the results of the Election, the District is also authorized to levy and collect an *ad valorem* tax at a tax rate of not to exceed $0.30 per $100 of secondary assessed valuation on all taxable property within the boundaries of the District for operation and maintenance expenses of the District (the "Operation and Maintenance Tax"). The District began levying the Operation and Maintenance Tax in 2002-2003; the levy of taxes for Debt Service was added in 2003-2004.

(b) Tax levy is as reported by the Treasurer as of August of each fiscal year. Amount does not include adjustments made to levy amounts after the August report.

(c) Reflects collections made through June 30, 2004.

Source: Assessor of the County

Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding. The District will have the following annual debt service requirements after the issuance of the Bonds:

TABLE 6
DEBT SERVICE FOR THE BONDS

Year Ending (July 15)	Principal	Interest	Annual Debt Service Requirements
2005	$ -	$ 231,809	$ 231,809
2006	110,000	285,793	395,793
2007	115,000	282,493	397,493
2008	120,000	278,468	398,468
2009	125,000	273,668	398,668
2010	130,000	268,230	398,230
2011	135,000	262,250	397,250
2012	145,000	255,635	400,635
2013	150,000	248,385	398,385
2014	155,000	240,660	395,660
2015	165,000	232,523	397,523
2016	175,000	223,695	398,695
2017	185,000	214,245	399,245
2018	195,000	204,163	399,163
2019(a)	205,000	193,438	398,438
2020(a)	215,000	180,625	395,625
2021(a)	230,000	167,188	397,188
2022(a)	245,000	152,813	397,813
2023(a)	260,000	137,500	397,500
2024(a)	275,000	121,250	396,250
2025(a)	295,000	104,063	399,063
2026(a)	310,000	85,625	395,625
2027(a)	330,000	66,250	396,250
2028(a)	355,000	45,625	400,625
2029	375,000	23,438	398,438
Total	$5,000,000	$4,779,827	$9,779,827

Prepared by RBC Dain Rauscher Inc., the Underwriter.

(a) Represents mandatory sinking fund amounts for term bond due July 15, 2029.

OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net assessed valuation and combined tax rate per $100 assessed valuation. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. See "RISK FACTORS - Direct and Overlapping Indebtedness."

TABLE 7
OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS

Direct and Overlapping Jurisdiction	2004-2005 Secondary Assessed Valuation	Net Outstanding Bonded Debt(a)	Proportion Applicable to the District: Approx. Percent	Proportion Applicable to the District: Net Amount	2004-2005 Combined Tax Rate Per $100 Assessed (b)
State of Arizona	$44,480,893,202	None	N/A	None	$0.0000
Maricopa County(d)	30,066,986,670	$ 0	0.033%	$ 0	2.0577(c)
Maricopa County Community College District(e)	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(f)	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 ex-

press purpose of paying administrative costs and expenses of the CAP and to assist in the repayment of 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, Sections 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) 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.

(c) 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.

(d) 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.

(e) Does not include Maricopa County Community College District revenue bonds outstanding in the amount of $18,495,000.

(f) 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.

Additional General Obligation Bonded Indebtedness of the District

In addition to the Bonds, the District retains the right to issue, in accordance with the procedures set forth in the Enabling Act, additional series of bonds payable from *ad valorem* property taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - *Ad Valorem* Property Taxation in the District -- *Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding.*" See also "RISK FACTORS - Direct and Overlapping Debt."

The Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed 60 percent of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (The District has made a finding that issuance of the Bonds will meet the test set forth above.)

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $50,000,000 and $45,000,000 of bond authorization will remain after issuance of the Bonds. Additional indebtedness could be authorized for the District in the future pursuant to other elections.

Additional Overlapping General Obligation Bonded Indebtedness

The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to the Town, Maricopa County, Arizona, Buckeye Elementary School District No. 33 of Maricopa County, Arizona, Liberty Elementary School District No. 25 of Maricopa County, Arizona, Buckeye Union High School District No. 201 of Maricopa County, Arizona, Maricopa County Community College District or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. See "RISK FACTORS - Direct and Overlapping Debt."

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonds available for future issuance:

TABLE 8
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 issued Assessment District No. 1 Special Assessment Revenue Bonds, Series 2002 (the "Series 2002 Assessment Bonds") in aggregate principal amount of $11,300,000 on September 25, 2002, to finance a portion of the first phase of public infrastructure for development of land in the District. Approximately 734 acres of land within the District is assessed to pay debt service on the Series 2002 Assessment Bonds. The District issued Assessment District No. 2 Special Assessment Revenue Bonds, Series 2003 (the "Series 2003 Assessment Bonds") in the aggregate principal amount of $7,175,000 on April 29, 2003, to finance a portion of a subsequent phase of public infrastructure for such development. Approximately 375 acres of land within the District is assessed to pay debt service on the Series 2003 Assessment Bonds. The District is expected to sell Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (the "Series 2004 Assessment Bonds") in aggregate principal amount of $2,050,000 simultaneously with the Bonds pursuant to a separate offering document to finance a portion of a third phase of public infrastructure for such development. Approximately 145 acres of land within the District will be assessed to pay debt service on the Series 2004 Assessment

Bonds. All of the infrastructure financed with above described bonds has been or will be dedicated to the Town.

Other series of assessment bonds payable solely from and secured by special, separate funds established and maintained by the District from installments due with respect to certain other special assessments may be issued by the District in the future. The term "special assessments" as used hereinabove refers to the assessments which would be levied and assessed by the District in the related assessment area which could encompass portions of the District included in the first, second, third or 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 (including that for the Bonds) and prior special assessments. There can be no assurance that additional amounts of such bonds payable from special assessments will not be issued in the future, increasing the amount of liens on property in the District for such purposes. **SEE "RISK FACTORS - Direct and Overlapping Indebtedness."**

SOURCES AND APPLICATIONS OF FUNDS

The sources and application of funds with respect to the Bonds is as follows, except accrued interest, which will be deposited in the Bond Fund:

TABLE 9
SOURCES AND APPLICATIONS OF FUNDS

SOURCES OF FUNDS	
Par Amount of Bonds	$5,000,000
TOTAL SOURCES	$5,000,000
APPLICATIONS OF FUNDS	
Costs of Issuance (including Underwriter's Discount)	$ 270,000
Deposit to Project Construction Fund	4,730,000
TOTAL USES	$5,000,000

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from hereinafter described BLMI on behalf of the Residential District Property Owners, 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 10
DEVELOPMENT BY ACREAGE

Type of Development	Approximate acres within the District
Residential	1,367*
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 such 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 11 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

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 Assessment 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 11 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 11
HOME SALES

Residential District Property Owner	Calendar Year Ending	Estimated Single-Family Home Sales
Meritage Homes	2003	239
	2004	327
	2005	122
Dietz-Crane	2003	256
	2004	391
	2005	300
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

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 are 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.

THE RESIDENTIAL DISTRICT PROPERTY OWNERS

The information contained in this section relates to and has been obtained from BLMI on behalf of the Residential District Property Owners, 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.

Meritage Homes

Meritage Construction and Meritage Arizona, both Arizona corporations, are wholly-owned subsidiaries of Meritage, a Maryland corporation which is a publicly traded company on the New York Stock Exchange. **(Meritage is the parent company of, and controls, Meritage Homes but has no obligations in connection with the JDA or any other agreement or obligation referenced herein.)** Meritage focuses on providing a broad range of first-time, move-up, active adult and luxury homes to its targeted customer base. Meritage Homes constructs and

sells homes in 19 different communities throughout the greater Phoenix area. Meritage Homes presently operates two distinct types of subdivisions within Sundance, an age restricted community and a community of single family homes.

Meritage files annual, quarterly and special reports, information statements and other information with the Securities and Exchange Commission (the "SEC") under File No. 1-9977. Copies of the SEC filings (including (1) Meritage Corporation's Annual Report on Form 10-K for the year ended December 31, 2003, and (2) Meritage's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, are available (i) over the Internet at the SEC's website at http://www.sec.gov; (ii) at the SEC's public reference room in Washington, DC; and (iii) upon request to Meritage Corporation, 8501 East Princess Drive, Suite 290, Scottsdale, Arizona 85255. Meritage is listed on the New York Stock Exchange under the symbol MTH.

Dietz-Crane

Dietz-Crane, a Delaware corporation, is an wholly-owned subsidiary of D.R. Horton, Inc., a publicly traded company on the New York Stock Exchange ("D.R. Horton"). ***(D.R. Horton is the parent company of, and controls, Dietz-Crane but has no obligations in connection with the JDA or any other agreement or obligation referenced herein.)*** Dietz-Crane focuses on providing a broad range of first-time and move-up homes to its targeted customer base. Dietz-Crane constructs and sells homes in approximately 17 different communities throughout the greater Phoenix area.

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.

Pulte

Pulte, a Michigan corporation is a wholly-owned subsidiary of Pulte Homes, Inc., a Michigan corporation which is a publicly traded company listed on the New York Stock Exchange ("Pulte Homes"). ***(Pulte Homes, Inc. is the parent company of, and controls, Pulte but has no obligations in connection with the JDA or any other agreement or obligation referenced herein.)*** On July 1, 2003, Pulte completed the purchase of certain assets of Sivage-Thomas of Arizona and its affiliates ("Sivage-Thomas"). Prior to the sale, Sivage-Thomas had several neighborhoods throughout the Phoenix area serving primarily the entry-level and first time move-up markets. These communities, including its parcels within Sundance, have now been added to Pulte's list and

have provided Pulte with a significant additional presence in the entry-level market. Pulte intends to continue Sivage-Thomas' entry-level marketing and pricing strategies in Sundance.

Pulte Homes files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9804. Copies of the SEC filings (including (1) Pulte Homes' Annual Report on Form 10-K for the year ended December 31, 2003, and (2) the Pulte Homes' Quarterly Report on Form 10-Q for the quarter ended March 31, 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 Pulte Homes' web site at http://www.PulteHomes.com. Pulte Homes is listed on the New York Stock Exchange under the symbol PHM.

Buckeye Land

Buckeye Land is an Arizona limited liability company formed for the purpose of acquiring certain zoned residential and commercial property within the District, including single family residential property, multi-family residential property and commercial property. Buckeye Land has either sold or granted options to certain other District Property Owners who are homebuilders, the rights to some of the property zoned for single family residential. Buckeye Land intends to hold the balance of the property zoned as single family residential, the property zoned for multi-family residential and commercial for resale to a third party homebuilder or developer. In the event the Residential District Property Owners do not exercise their options to the real property owned by Buckeye Land, Buckeye Land intends to hold such real property until it can be sold to a third party.

Buckeye Land has also formed a joint venture entity through which it 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, if any, for development.

Canterra

Canterra, an Arizona limited liability company, is an affiliate of Canterra Homes, Inc., an Arizona corporation ("Canterra Homes"), and was formed in 2003 for the sole purpose of acquiring and holding land for use by Canterra Homes in Sundance. Canterra designs and builds homes for first time buyers, first time move-up buyers, move-down empty nesters and the new generation of single buyers. **(Canterra Homes has no obligation in connection with the JDA or any other agreement or obligation referenced herein.)**

Sundance 1 and Sundance 2

Sundance and Sundance 2, both Arizona limited liability companies, are affiliates of Marlor Land Company ("Marlor"). Sundance and Sundance 2 were formed for the sole purpose of acquiring and holding land for sale in Sundance. Marlor is a privately held company. Marlor builds entry level, move up and in fill developments. **(Marlor has no obligations in connection with the JDA or any other agreement or obligation referenced herein.)**

Hallcraft

Hallcraft, an Arizona limited liability company, is a wholly-owned subsidiary of Hallcraft Homes, Inc., an Arizona corporation ("Hallcraft Homes"), and was formed in 2003 for the sole purpose of acquiring and holding land for use by Hallcraft Homes in the Sundance community. **(Hallcraft Homes is the parent company of, and controls, Hallcraft but has no obligations in connection with the JDA or any other agreement or obligation referenced herein.)** Hallcraft Homes builds in the metropolitan Phoenix housing market with most of its current emphasis in the "West Valley" of the Phoenix Metropolitan Area and Fountain Hills, Arizona. Hallcraft Homes has five active subdivisions and plans to open several new subdivisions within the next twelve months, including a project in the Tucson Metropolitan Area. These subdivisions are located primarily within master planned communities.

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The Bonds will be secured solely by ad valorem property taxes generated within the District. Anyone considering investing in the Bonds should carefully examine this Limited Offering Memorandum, including the Appendices hereto. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS LIMITED OFFERING MEMORANDUM, BEFORE MAKING AN INVESTMENT DECISION.

Assessed Valuation of Property

Information is provided herein with respect to the assessed valuation of the land in the District. See Table 3 - "Value by Property Classifications." It is anticipated that the assessed valuation of such land will increase as development of Sundance continues. However, the current low assessed valuation, less than expected increases in future assessed valuation or decreases in the future assessed

valuation of such land may reduce the willingness of landowners to pay the ad valorem taxes securing the Bonds or adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Property Taxation in the District."

Concentration of Ownership; Subsequent Transfer

The District Property Owners either own or have options to purchase most of the land in the District that has not yet been sold to homeowners. There can be no assurance that the Residential District Property Owners have the financial capability to continue and complete development. See "LAND DEVELOPMENT." Also, there can be no assurance that the District Property Owners will continue to pay amounts due as ad valorem property taxes with respect to the Bonds encumbering such land. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Property Taxation in the District -- Collection." In the event the District Property Owners do not pay such taxes, there could be a default in the payment of the Bonds.

In addition, the District Property Owners may continue to transfer ownership of parcels (or portions thereof) within the District 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 District Property Owners will have the financial capabilities to complete development on any land so acquired or to pay amounts due with respect to the Bonds. 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 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 Residential District Property Owners are unable or otherwise fail to complete these additional improvements, the ability of the District Property Owners to sell land would be affected adversely.

The development of each phase of Sundance 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 Residential 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 satisfac-

tory funding is unavailable, the Residential 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 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, regarding standards for 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 BENEFICIAL OWNERS, THE OTHER CURRENT OWNERS AND ANY SUBSEQUENT OWNERS TO PAY THE AMOUNTS DUE WITH RESPECT TO THE BONDS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY SUCH TAXES AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN THE DISTRICT 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 District 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 property taxes due with respect to the Bonds. An inability to develop the remaining land within the District will likely reduce the diversity of ownership on land within the District, could delay development and ultimately reduce the value of the property within Sundance and impact the ability of the Owners to repay the Bonds.

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.

Factors Negatively Affecting Assessed Valuation within the District

The District's ability to retire the indebtedness evidenced by the Bonds solely from ad valorem property taxes is dependent upon the development and maintenance of an adequate tax base from which the District may collect revenues. The District's ability to achieve a tax base adequate to generate ad valorem property tax revenues for timely payment of the Bonds will depend upon the continued and successful development of the Project. The District faces some competition from other residential developments in surrounding areas, including but not limited to, Verrado and Westpark within the Town. Such competition may adversely affect the rate of development within the District. Many unpredictable factors could influence the actual rate of construction within the District, including the prevailing interest rates, availability of funds, market and economic conditions generally, supply of housing in the greater Phoenix metropolitan area, construction costs, labor conditions, access to building supplies, availability of water and water taps, availability and costs of fuel and transportation costs, among other things.

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. These obligations are secured by a performance deed 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 as provided in the JDA). 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 District Property Owners could change in the future. Purchasers of the Bonds should not rely on the management experience of the District Property Owners. There are no assurances that the District Property Owners 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 and/or commercial development.

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).

While the development of the property within the District is underway, circumstances could change as the development process continues and other issues are raised or new developers or owners become involved in Sundance. Accordingly, the District Property Owners anticipate that there may be significant changes to the agreements and contracts summarized in this Offering Memorandum to address any such issues. Because the existing contracts and agreements are subject to change, the summaries of any contracts or agreements contained hereinabove may not accurately reflect the future conditions relating to the development of the District; however, the District Property Owners do not presently anticipate that any modifications of the current con-

tracts or agreements would materially affect the repayment of the Bonds.

Capitalization of the District Property Owners and Financing Risks

Buckeye Land, Hallcraft, Canterra, Sundance 1 and Sundance 2 are single purpose entities, the sole assets of which is real property in the District. The working capital needs of Buckeye Land will need to be funded from internal cash flow, the proceeds raised from borrowings from unaffiliated lenders and other sources. The working capital needs of Hallcraft, Sundance 1, Sundance 2 and Canterra may be funded by affiliates of such entities; provided however that affiliates of such entities have no legal obligation to fund the working capital needs of such entities.

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. Pursuant to the agreements underlying such rights, Meritage Homes is responsible for the payment of ad valorem property taxes on the property which is the subject of the options. Taro and StoneBridge have limited financial resources, and there can be no assurance that, if Meritage Homes does not honor such obligations to pay such taxes, Taro or StoneBridge will do so. See "SECURITY FOR AND SOURCES OF PAYMENT - Ad Valorem Property Taxation in the District -- Collection."

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. 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 Residential District Property Owners 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 District to pay the related property taxes 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 Series 2002 Assessment Bonds, the Series 2003 Assessment Bonds and the Series 2004 Assessment 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 property taxes due with respect to the Bonds. In that event, there could be a default in the payment of the Bonds.

From time to time there are legislative proposals in the Arizona Legislature that, if enacted, could alter the basis on which ad valorem taxes (including those that secure the Bonds) are assessed, levied and collected and which could affect, among other things, the distribution of the amount of taxes various classifications of property may be obligated to pay. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would affect the Bonds or other obligations issued prior to enactment.

Bankruptcy and Foreclosure Delays

The payment of property taxes including with respect to the Bonds and the ability of the District to foreclose the lien of delinquent, unpaid property taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the property taxes including with respect to the Bonds to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the 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.

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 District is not yet complete. The cost and time for completion of all of such im-

provements 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 District Property Owners or its affiliates. If cost overruns result in delay of construction, or if other delays are experienced, the Residential District Property 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 District Property Owners derived from Sundance, are not within the control of the District Property Owners. 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; changes in tax rates of various types of federal, state and local taxes, 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 District Property Owners or their affiliates.

Sundance cannot be completed without the District Property Owners obtaining a variety of governmental approvals and permits, some 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 District Property Owners. See "LAND DEVELOPMENT - Government Approvals."

Archeological, Biological and Environmental Matters

Sundance 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 Limited Offering Memorandum are various projections. The projections for 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 District Property Owners believe to be significant and which the District Property Owners cannot control may also exist. There are usually differences between projections for home sales, completion dates, completion costs and other items and actual home sales, completion dates, completion costs and other items, because the home sales, completion dates, completion costs and other items frequently do not occur as expected, and those differences may be material. Further, such differences may materially and adversely affect the assessed valuation of the property within the District and could negatively impact the ability to repay the Bonds. 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 Meritage Homes by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona; for Dietz Crane by its counsel, Fennemore Craig, P.C., Phoenix, Arizona; for Pulte and Hallcraft by their counsel, Berens, Kozub, Lord & Kloberdanz, Phoenix, Arizona, and for Buckeye Land, Canterra, Sundance 1 and Sundance 2 by their 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 $4,880,000 (reflecting the aggregate principal amount of the Bonds, less Underwriter's compensation of $120,000) and plus accrued interest with respect to the Bonds. 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 has 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 its fiscal years (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notices of Material Events"). The Annual Reports will be filed by the District with each Nationally Recognized Municipal Securities Information Repository and with the appropriate State Information Depository, if any. The Notices of Material Events will be filed by the District with the same entities as well as the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports or in the Notices of Material Events are set forth herein under the caption Appendix D - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and which includes form of undertaking which will be executed by the District with respect to the Bonds.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). Should the District not comply with such covenants, it has covenanted to provide notice of such fact to each Nationally Recognized Securities Information Repository, 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 has been and is in material compliance with continuing disclosure undertakings previously entered into by it for purposes of the Rule.

RELATIONSHIPS AMONG PARTIES

Gust Rosenfeld P.L.C., Bond Counsel, has acted as counsel to the Underwriter in other transactions underwritten by the Underwriter and by Stone & Youngberg LLC, financial consultant to the District (the "Financial Consultant") and as bond counsel in other transactions underwritten by the Underwriter and by the Financial Consultant. Greenberg Traurig, LLP, Counsel to the Underwriter, has acted as bond counsel in other transactions underwritten by the Underwriter and by the Financial Consultant. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions. Gust Rosenfeld P.L.C. also serves as general counsel to the Town.

As noted hereinabove, Greenberg Traurig, LLP has acted as counsel to the underwriter in other transactions underwritten by the Underwriter (including the Series 2002 Assessment Bonds, the Series 2003 Assessment Bonds and the Series 2004 Assessment Bonds) and will act in such capacity for the Underwriter with respect to the Bonds. Greenberg Traurig, LLP has also, since October, 2002, represented Meritage Homes. By a letter dated August 26, 2004, the Underwriter and Meritage Homes agreed that Greenberg Traurig, LLP could represent both of them simultaneously in connection with the issuance of the Bonds and consented to and approved such representation.

The Underwriter and the Financial Consultant have underwritten or acted as financial advisor with respect to bonds issued by the Town and other overlapping political subdivisions. The Underwriter and the Financial Consultant have underwritten or acted as financial advisor on other transactions together and expect to do so in the future.

This Offering Memorandum has been approved, executed and delivered by the District.

SUNDANCE COMMUNITY FACILITIES DISTRICT

By /s/ Dustin "Dusty" Hall
.....
Chairman, District Board

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APPENDIX A

INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

The following information is given as background information concerning the Town. THE BONDS ARE NOT AN OBLIGATION OF THE TOWN. The Bonds are secured and payable only as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein. The holders of the Bonds have no right to payment except as described therein.

General

The Town is located approximately 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.

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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) District General Obligation Bonds, Series

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $5,000,000 aggregate principal amount of District General Obligation Bonds, Series 2004, dated September 1, 2004, issued by the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "District").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 13-04 (Sundance), passed and adopted by the District Board on August 3, 2004 (the "Resolution"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the bonds.

2. The Resolution has been duly passed and adopted by the District Board and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

3. The bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes, an annual tax upon all taxable property in the District sufficient, together with any money from other sources lawfully available therefore, to pay the principal of and interest on the bonds when due.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and the Indenture and to collection of taxes may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of

those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By.....
Scott W. Ruby
Bond Counsel

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APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

TO: Sundance Community Facilities District (Town of Buckeye, Arizona)
c/o ....., as Trustee

Re: Sundance Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2004

1. Please be advised that the undersigned is purchasing one 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 a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of June 1, 2003 (hereinafter referred to as the "*Indenture*") from the addressee Community Facilities District listed above (hereinafter referred to as the "*Issuer*") to the addressee Trustee (or any successor thereto as provided in such Indenture of Trust, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that a transferee must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws in such regard.

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

(i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established

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

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

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

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

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

(vi) any officer of RBC Dain Rauscher Inc.; or

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

5. The undersigned further acknowledges that (i) an opportunity was available to obtain and that the undersigned has obtained all materials which were regarded as necessary to evaluate the merits and risks of investment in the Bonds and (ii) after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the primary developer of land in the District, failure or inability of such developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds, bankruptcy and foreclosure delays, and the probable lack of any secondary market for the Bonds.

6. The undersigned acknowledges, warrants and represents that the undersigned is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and

fully capable of independent evaluation of the risks involved in investing in the Bonds.

7. The undersigned understands that the Bonds (i) are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service, and (v) are not likely to be readily marketable.

8. 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 either been supplied with or has had access to the information, including financial statements and other financial information, that the undersigned requested from the Issuer.

9. 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.

QUALIFIED INVESTOR:

Name:.....

Printed Name:.....

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APPENDIX C-2

FORM OF INVESTOR LETTER (SMMP)

.....

TO: SUNDANCE COMMUNITY FACILITIES DISTRICT

c/o Wells Fargo Bank, Arizona, N.A., as Trustee

Re: Sundance Community Facilities District
General Obligation 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 ....., 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.

.....
[PURCHASER]

By.....

Printed Name:.....

Its:.....

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING
(ISSUER)

$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION 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, 3, 4, 5 and 7 (but as to any valuations requirement, only the actual amount of the current valuation) of the Limited Offering Memorandum, dated September 15, 2004, with respect to the Securities.

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

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

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

Section 3. Reporting of Material Events.

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

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

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

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

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

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

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

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

(I) Any 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, re-

lated 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

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions of Certain Terms

The following is a summary of certain provisions of the Indenture to which reference is hereby made for a more complete description of its terms. The following are certain terms defined in the Indenture and used in this Limited Offering Memorandum.

"*Annual Debt Service Requirement*" means for any Fiscal Year, the amount to be paid in such Fiscal Year with respect to the Bonds and any other outstanding general obligation bonds of the Issuer hereafter issued for payment of Debt Service on the Bonds and such other bonds during such Fiscal Year.

"*Bond Fund*" means the fund of that name created pursuant to the Indenture.

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

"*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.

"*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, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for

execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing as well as costs relating to the election held to authorize the Bonds.

"*Debt Service*" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds, (ii) fees and costs of registrars, trustees, paying agents or other agents necessary to handle the Bonds; (iii) amounts due with regard to Rebate; and (iv) fees and costs of complying with continuing disclosure undertakings.

"*Development Agreement*" means that certain Development, Financing Participation and Intergovernmental Agreement No. 1 by and among the Municipality, the Original Owner and the Issuer, as amended and supplemented.

"*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 which is fully and unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in clause (1) are not available to satisfy any claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating categories of S&P and Moody's, but in the case of both clause (1) and clause (2) of this paragraph, for purposes of Section 6.02, only if such obligations are non-callable prior to the Maturity of the Bonds or (3) REFCORP STRIPS as defined in "Permitted Investments." Governmental Obligation also includes for purposes other than Section 6.02, a "no load," open-end management investment company or trust (mutual fund), registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States, and repurchase agreements secured by the same and which money market fund has a rating by S&P of AAAm-G; AAm; or AAm or better and a rating of Moody's of "VMIG-1" or better.

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

"*Maturity*" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as

therein or herein provided, whether at the Stated Maturity thereof or by call for redemption or otherwise.

"*Moody's*" means Moody's Investors Service 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 (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

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

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

2. Farmers Home Administration - certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures

5. General Services Administration - participation certificates

6. Government National Mortgage Association ("GNMA") - guaranteed Mortgage-backed bonds; guaranteed pass-through obligations

7. U.S. Maritime Administration - guaranteed Title XI financing

8. New Communities Debentures - U.S. Government guaranteed debentures

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

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

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

1. Federal Home Loan Bank System - senior debt obligations

2. Federal Home Loan Mortgage Corporation - Participation Certificates; senior debt obligations

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

4. Student Loan Marketing Association - senior debt obligations

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

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 by the then current requirements of S&P to always have a rating of at least "A" and the then current requirement of Moody's to have a rating of at least "A." An investment agreement may not be amended, and no investment agreement may be entered into in substitution for an investment agreement unless each rating agency which rating of withdrawn amendment has rated the Bonds has confirmed that the such rating agency on the Bonds will not be or lowered upon the effective date of such 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 ("Repos") providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the issuer (buyer/lender), and the transfer of cash from the issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the issuer in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria.

1. Repos must be between the Issuer and a dealer bank or securities firm

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

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

2. The written repo contract must include the following:

a. Securities which are acceptable for transfer are:

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

b. The term of the repo may be up to 30 days

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

d. Valuation of collateral

The securities must be valued weekly, market-to-market at current market price plus accrued interest

(a) The value of collateral must be equal to 1030 of the amount of cash transferred by the Issuer to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 1030 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 1050.

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

a. Repo meets guidelines under state law for legal investment of public funds

K. Governmental Obligations

L. REFCORP Strips

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.

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

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

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

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

"*S&P*" means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, or any successor thereto.

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

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

Trust Estate Under the Indenture

The District has granted a security interest to the Trustee in all money and investments held for the credit of the Bond Fund. The Trustee is required to hold all such property in trust for the benefit of all the Bondholders.

Funds

Bond Fund. The money deposited to the Bond Fund is required to be held by the Trustee in trust and applied solely as provided in the Indenture. The District is required to deposit to the Bond Fund from the proceeds of the sale of the Bonds (i) accrued interest received on the date of delivery of each Series of Bonds to the initial purchaser, (ii) amounts collected by or remitted to the District as ad valorem taxes to the extent provided in the Indenture and (iii) amounts paid for deposit therein from any other sources. The Bond Fund is required to be applied by the Trustee solely to pay Debt Service when due in any form and in the order described below under "Application of Moneys Collected: Second."

Acquisition and Construction Fund. The District is required to deposit to the Acquisition and Construction Fund the balance of the proceeds of the sale of the Bonds remaining after the deposit of the amounts described above to the Bond Fund. The money deposited to the Acquisition and Construction Fund is required to be applied to pay the Costs of Issuance and the Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the District to transfer such unexpended proceeds or income to the Bond

Fund; provided, however, that if any such amounts remain on deposit in the Acquisition and Construction Fund on September 1, 2007, such amounts shall be transferred by the Trustee to the Bond Fund. It is anticipated that the Costs of Acquisition will be paid out immediately after delivery of the Bonds.

Investment of and Security for Funds. The Indenture provides that money held for the credit of (i) the Bond Fund will be invested by the Trustee in Governmental Obligations and (ii) the Acquisition and Construction Fund will be invested by the Trustee in Permitted Investments. The Trustee will sell or present for redemption any obligations so purchased as an investment pursuant to the Indenture whenever it is necessary to do so in order to provide money to make any payment or transfer of money required thereby. Investments will mature, or will be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established pursuant to the Indenture will be deemed at all times to be a part of such fund. The interest accruing on obligations so purchased and any profit realized from such investment will be credited to such fund and any loss resulting from such investment will be charged to such fund. All money held by the Trustee pursuant to the Indenture will be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee will not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from its own negligence.

Remedies under the Trust Indenture

The Trustee in its discretion, pursuant to the Indenture, may proceed to protect and enforce its rights and the rights of the Bondholders under the Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture aid of the execution of any power granted in the Indenture or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce any of the rights of the Trustee or the Bondholders. The Indenture provides that, in addition to all rights and remedies of any Bondholder provided therein, in the event the District defaults in the payment of the principal of (or premium, if any, on) or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution or the Indenture, the Trustee will be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the District to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution or the Indenture. The Indenture contains no provision for acceleration of maturity of principal of the Bonds in the event of default. The remedy of mandamus described above would have to be exer-

cised upon each separate default and may, therefore, prove costly, time consuming, and difficult to enforce. The rights and remedies of Bondholders and the enforceability of the Bonds may also be limited by bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally. See "RISK FACTORS."

If

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

(2) default occurs in the payment of the principal of (or premium, if any, on) any Bond at its Stated Maturity, then upon demand of the Trustee, the District will pay or cause to be paid to the Trustee for the benefit on the Holders of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any) and interest and, in addition thereto, such further amount as will be sufficient to cover the costs and expenses of administration and collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the District fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, will be entitled to sue for and recover judgment against the District for the amount then so due and unpaid.

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

Application of Money Collected

Any money collected by the Trustee pursuant to the "Remedies under the Trust Indenture" above, together with any other sums then held by the Trustee as part of the Trust Estate, will be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

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

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

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

Control by Bondholders

The Holders of a majority in principal amount of any series of Outstanding Bonds will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds of such series and the foreclosure of the Indenture, the sale of the trust estate established pursuant to the Indenture, or otherwise; and

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

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

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

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

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

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

from amounts pledged under the Indenture) for all of the expenses of the Trustee pursuant to the Indenture.

Each Holder of any Bond by his acceptance thereof will be deemed to have agreed that any court may in its discretion require, in any suit for the enforcement of any right or remedy under the Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. However, the provisions of the Indenture will not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondholder, or group of Bondholders of the series affected thereby, holding in the aggregate more than ten percent in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the redemption date of such Bond).

Supplemental Indentures

Without the consent of the Holders of any Bonds and, under certain circumstances described in the Indenture, the Issuer and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to convey unto the Trustee any property subject to the lien of the Indenture, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of Bonds any additional conditions, limitations and restrictions thereafter to be observed; (iii) to evidence the succession of another entity to the District and the assumption by any such successor of the covenants of the District in the Indenture or the Bond Resolution; (iv) to add to the covenants of the District for the benefit of the Holders of all the Bonds; (v) to cure any ambiguity, to correct or supplement any provision in the Indenture or the Bond Resolution which may be inconsistent with any other provisions thereof, or to make any other provisions for matters arising thereunder which will not be inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Bondholders or (vi) to provide for the issuance of additional bonds.

With the consent of the Holders of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or resolutions amending the Bond Resolution for the purpose of adding any other provisions to or changing in any other manner or

eliminating any of the provisions of the Indenture or of modifying in another manner the rights of the Bondholders under the Indenture or the Bond Resolution. However, no supplemental indenture or amending resolution, without the consent of the Holder of each Outstanding Bond affected thereby, is permitted by the Indenture to (i) change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of or the interest on, any Bond, or change any place of payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); (ii) reduce the percentage in principal amount of the Outstanding Bonds the consent of the Holders of which is required for any supplemental indenture, or the consent of Holders of which is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the proviso to the definition of the term "Outstanding" in the Indenture; or (iv) modify any of the provisions of the Indenture concerning approval of supplemental indentures or amending resolution except to increase any percentage of the Holders of Bonds necessary for approval or to provide that certain provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution and any such determination will be conclusive upon each Bondholder, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee will not be liable for any such determination made in good faith.

Concerning the Trustee

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

No provision of the Indenture will be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

1. this paragraph will not be construed to limit the effect of the preceding paragraph;

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

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

4. no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in the Indenture.

Except as otherwise provided in the Indenture:

1. the Trustee may rely and will be protected in acting or refraining from acting upon:

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

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

2. any request or direction of the District mentioned in the Indenture will be sufficiently evidenced by a request of the District, and any order or resolution of the District may be sufficiently evidenced by a resolution of the board of the District;

3. whenever in the administration of the Indenture the Trustee will deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action described hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an officer of the District;

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

5. the Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the re-

quest or direction of any of the Bondholders pursuant to the Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;

6. the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry or investigation, it will be entitled to examine the books, records, and premises of the District, personally or by agent or attorney; and

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

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

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

The Trustee may be removed at any time by act of the Holders of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the District. If at any time:

(1) the Trustee ceases to be eligible under the Indenture and fails to resign after written request therefor by the District or any such Bondholder, or

(2) the Trustee becomes incapable of acting or adjudged insolvent or a receiver of the Trustee or of its property is appointed or any public officer takes charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, the District may remove the Trustee.

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

Defeasance

The Indenture, and the lien, rights, and interests created thereby, will terminate, at the request of the District, when the following conditions exist:

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

a. Bonds for the payment of which money has been deposited with the Trustee or a paying agent, as provided by the provisions of the Indenture relating to redemption of the Bonds;

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

c. Bonds, other than those referred to in the foregoing clauses, for the payment or redemption of which there has been deposited with the Trustee in accordance with the provisions of the

Indenture in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on such Bonds for principal and interest to the stated maturity or redemption date of such Bonds, as the case may be; and

d. Bonds deemed no longer outstanding as a result of the deposit or escrow or money or Governmental Obligations as described below; and

2. the District has paid or caused to be paid all other sums payable by the District under the Indenture.

Any Bond will be deemed to be no longer outstanding when payment of the principal of such Bond, plus interest thereon to its Maturity (whether such Maturity is by reason of the Stated Maturity or by call for redemption, if notice of such call has been given or waived or irrevocable arrangements for such notice satisfactory to the Trustee have been made), calculated at the maximum permitted rate for any period in which the rate of interest on the Bonds is unknown and has been provided by depositing (i) money sufficient to make such payment or (ii) money and Governmental Obligations and/or REFCORP Strips as such term is defined in the definition of "Permitted Investments" certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, provided that all necessary and proper fees, compensation and expenses of the Trustee and paying agents pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof has been provided for to the satisfaction of the Trustee. Any deposit described above must be made either with the Trustee or, if notice of such deposit is given to the Trustee, or with a state or nationally chartered bank with a minimum combined capital surplus or $50,000,000 as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or to the paying agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the Trustee is required to select the Outstanding Bonds with respect to which such deposit is made in the same manner as provided in the Trust Indenture for the selection of Bonds to be redeemed.

No such deposit will have the effect specified above, however, (i) if made during the existence of a default under the Trust Indenture, unless made with respect to all of the Bonds then Outstanding, and (ii) unless there is delivered to the Trustee an opinion of counsel to the effect that such deposit will not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose is required to be held by the Trustee in a segregated account in trust for the Holders of the Bonds with respect to which such deposit is

made and, together with any investment income therefrom, is required to be disbursed solely to pay the principal of and interest on such Bonds when due.

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

This information concerning DTC and DTC's book-entry system has been obtained from DTC and the District takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 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 peri-

odic 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 custom-

ers in bearer form or registered in "street name" and will be the responsibility of such Direct Participants and Indirect Participants and not of DTC (or its nominee) or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bonds will be printed and delivered.

Under DTC's rules, DTC now advises that upon receipt of a withdrawal request from an issuer, such as the District, DTC will take the following actions: (1) DTC will issue an Important Notice notifying its participants of the receipt of a withdrawal request from the issuer reminding participants that they may utilize DTC's withdrawal procedures if they wish to withdraw their securities from DTC; and (2) DTC will process withdrawal requests submitted by participants in the ordinary course of business, but will not effectuate withdrawals based upon a request from the issuer.

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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.

$5,000,000*
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2004

DATED: Date of Initial Delivery **DUE: July 15, as shown below**

The Sundance Community Facilities District (Town of Buckeye, Arizona) General Obligation 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 $5,000 of principal amount or integral multiples thereof. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on each January 15 and July 15 of each year, commencing January 15, 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 F — "BOOK-ENTRY ONLY SYSTEM."

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Act"), and an election held in and for Sundance Community Facilities District (the "District"), held on August 7, 2001, and will be issued pursuant to a resolution of the District Board of the District and an Indenture of Trust and Security Agreement, to be dated as of September 1, 2004 (the "Indenture"), from the District to Wells Fargo Bank, National Association, as trustee. The Bonds will be payable as to both principal and interest from *ad valorem* taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount. See **"SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "RISK FACTORS" herein.**

THE BONDS WILL BE SUBJECT TO OPTIONAL AND MANDATORY REDEMPTION BY THE DISTRICT PRIOR TO MATURITY AS DESCRIBED HEREIN.

Proceeds of the sale of the Bonds will be used to pay a portion of the costs of acquisition of certain public infrastructure and costs of issuance relating to the Bonds. See "THE PUBLIC INFRASTRUCTURE" herein.

The Bonds are not being sold in a public offering. The Bonds may be purchased by "Qualified Investors" only and, except as described herein, will be transferable to Qualified Investors only. See "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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT. NONE OF THE TOWN OF BUCKEYE, ARIZONA, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Limited Offering Memorandum in its entirety to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE*

$1,035,000 Term Bonds at	% Due July 15, 2014 — Price	%
$2,180,000 Term Bonds at	% Due July 15, 2024 — Price	%
$1,785,000 Term Bonds at	% Due July 15, 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 with respect hereto will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona for Meritage Homes Construction, Inc. and Meritage Homes of Arizona, Inc. by their counsel, Greenberg Traurig, LLP, Phoenix, Arizona; for D.R. Horton, Inc. — Dietz-Crane by its counsel, Fennemore Craig, P.C., Phoenix, Arizona; for Pulte Home Corporation and Hallcraft-Sundance L.L.C. by their counsel, Berens, Kozub, Lord & Kloberdanz, PLC, Phoenix, Arizona, and for Buckeye Land, L.L.C., Canterra at Sundance, L.L.C., Sundance I Courts, L.L.C. and Sundance 2 Shadows, L.L.C. by their 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

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* 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

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 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 HAS COVENANTED TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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MAP SHOWING LOCATION OF THE DISTRICT

WITHIN METROPOLITAN PHOENIX AREA

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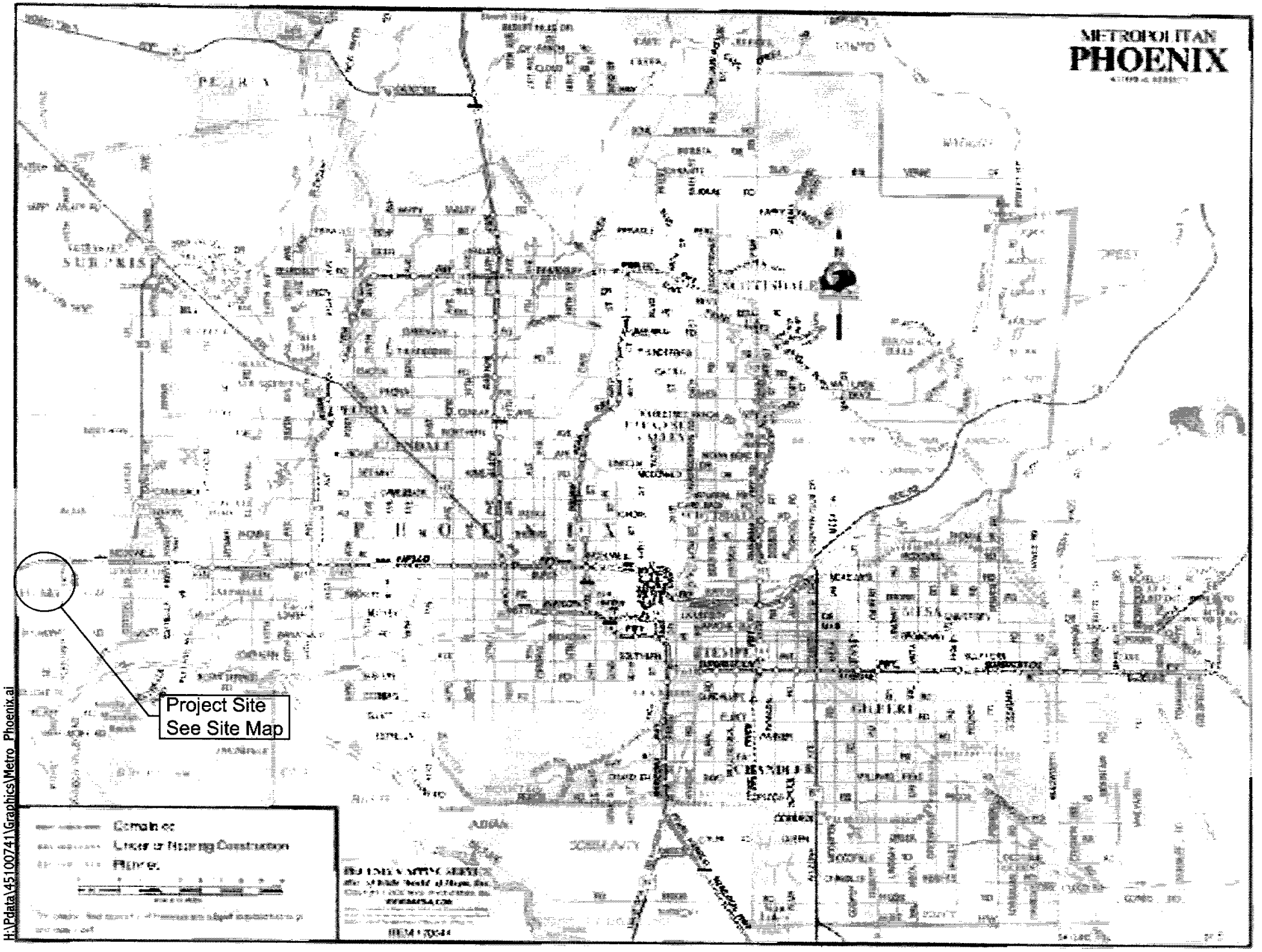

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MAP SHOWING LOCATION OF THE DISTRICT AND SUNDANCE

IN THE CONTEXT OF THE SURROUNDING AREA

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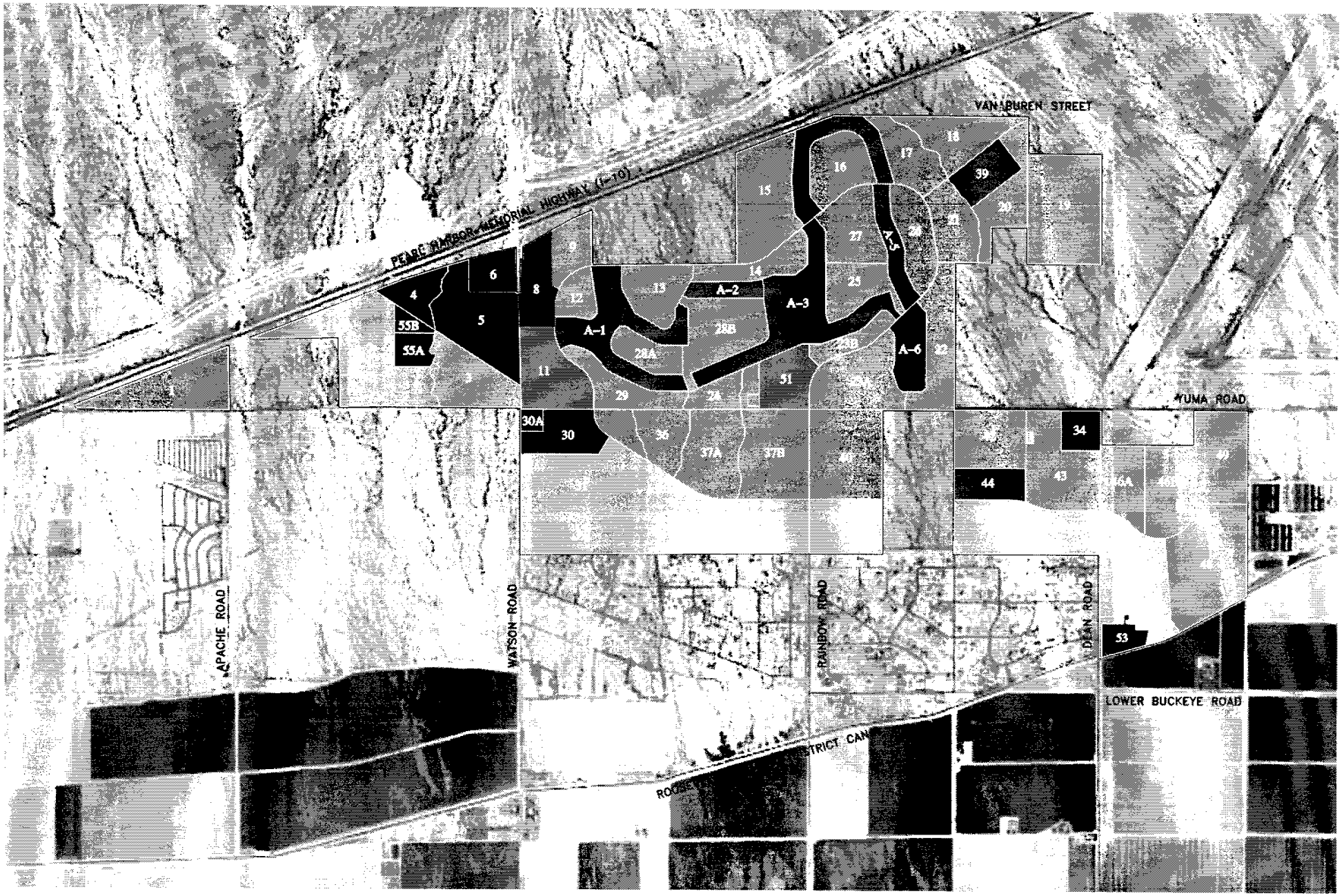
VAN BUREN STREET
PEARL HARBOR MEMORIAL HIGHWAY (I-10)
YUMA ROAD
LOWER BUCKEYE ROAD
APACHE ROAD
WATSON ROAD
RAINBOW ROAD
DEAN ROAD
A-1
A-2
A-3
A-5
A-6
55B
55A
30A
30
28A
28B
37A
37B
34
44
53
39

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$5,000,000*
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION 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) General Obligation Bonds, Series 2004 (the "Bonds"), in the aggregate principal amount of $5,000,000.* **Certain capitalized terms not defined in the text of this Offering Memorandum are defined in Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions of Certain Terms" herein.** Copies of any of the documents referenced herein are available upon request to the Underwriter at Suite 700, 2375 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 10 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;

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* 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. **(References 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. ("Meritage Construction") and Meritage Homes of Arizona, Inc. ("Meritage Arizona" and collectively with Meritage Construction, "Meritage Homes"), D.R. Horton, Inc. - Dietz-Crane ("Dietz-Crane"), 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, Dietz-Crane, Pulte, Buckeye Land, Taro, StoneBridge Properties, StoneBridge Property, Canterra, Sundance 1, Sundance 2, the "District Property Owners"). Meritage Homes, Dietz-Crane, 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

The Bonds are authorized pursuant to the Act and a special election held in and for the District on August 7, 2001 (the "Election"), pursuant to which the District has been 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 purposes within the District, including incidental costs and the costs of issuing bonds, and will be issued pursuant to a resolution adopted by the Board 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 District to the Trustee. See Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." The Bonds will be the first series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, $45,000,000* aggregate principal amount of bonds will remain authorized but unissued. See "SECURITY FOR AND

* Subject to change.

SOURCES OF PAYMENT OF THE BONDS - *Ad Valorem* Property Taxation in the District -- Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding" and "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District." The Bonds are being issued in order to finance the costs to acquire or construct certain public infrastructure within the boundaries of the District, mainly roadways and utility improvements, which have been or will be dedicated to the Town (the "Public Infrastructure").

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 15 and July 15 of each year, commencing January 15, 2005 (each such date 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 $5,000 of principal amount and integral multiples thereof. See Appendix F - "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 $5,000 of principal amount and integral multiples thereof.

Redemption Provisions*

Optional Redemption. The Bonds will be subject to redemption at the option of the District as a whole or from time to time in part on July 15, 2014, or any date thereafter (each a "Redemption Date") upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without premium.

Mandatory Redemption. The Bonds maturing in the following years will be redeemed on the following Redemption Dates and in the following amounts upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without premium:

Redemption Date (July 15)	Principal Amount Redeemed
2014	
2006	$ 85,000
2007	90,000
2008	100,000
2009	105,000
2010	115,000
2011	120,000
2012	130,000
2013	140,000
2024	
2015	$160,000
2016	170,000
2017	180,000
2018	195,000
2019	205,000
2020	220,000
2021	235,000
2022	255,000
2023	270,000
2029	
2025	$310,000
2026	335,000
2027	355,000
2028	380,000

Notice of Redemption. Notice of redemption will be given by the Trustee, not less than thirty (30) days nor more than sixty (60) days prior to the Redemption Date, to DTC. See Appendix F - "BOOK-ENTRY ONLY SYSTEM."

Effect of Redemption. Notice of redemption having been given as aforesaid, the portion of the Bonds so to be redeemed will, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the District shall default in the payment of the Redemption Price) such Bonds will cease to bear interest.

INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS

Beneficial interests with respect to the Bonds are not being sold in a public offering for all purposes of, and as required by, the Act, but are being offered to, and 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 upon any transfer of any beneficial interest in a Bond after the initial sale and delivery of the Bonds. Qualified Investors described in clause (A) hereinabove must provide a qualified investor letter in the form set forth in Appendix C-2 only in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds.

Prior to either (i) the District being informed that the Bonds have one of the four highest investment grade ratings from a Rating Agency and written approval of the Board or (ii) 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

General

After the Bonds are issued, State law requires that the Board annually levy, and cause to be collected, an *ad valorem* tax, at the same time and in the same manner as other such taxes are levied and collected, on all taxable property in the District, sufficient to pay Debt Service (whether at maturity or prior redemption). (Such tax is unlimited as to rate or amount.) Amounts derived from the levy of the tax provided in this section when collected constitute funds to pay Debt Service and will be deposited in the Bond Fund and kept separately from other funds of the District. (The District levies an *ad valorem* tax at a rate of approximately $3.00 per $100 of secondary assessed valuation on all taxable property within the boundaries of the District for the payment of Debt Service, which is separate from the hereinafter described Operation and Maintenance Tax.) With respect to *ad valorem* property taxes, issues of general obligation bonds of the District that may be issued in the future will be payable from such taxes on the same basis as the Bonds. (The District and the Trustee have acknowledged pursuant to the Indenture that the Bonds and any other general obligation bonds of the District hereafter issued will be payable on a parity basis with respect to the collection and application of property tax revenues of the District and that such property taxes will be allocated to each series of general obligation

bonds in accordance with any debt service then due and, in either case, taking into account other funds held by the District for such payment. Property tax revenues allocated for any series of bonds will be deposited into the applicable bond fund set aside for such series.) See "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "RISK FACTORS."

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN NOR THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

***Ad Valorem* Property Taxation in the District**

General. The State has two different valuation bases for levying *ad valorem* property taxes. They are "limited property" and "full cash value." Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) that is multiplied by the limited or full cash values of the property to obtain the assessed valuations. See "-- Assessment Ratios" below.

Primary Taxes. Taxes levied against the assessed limited property value (after application of the assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. Limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

(a) The limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use are established at the previous year's limited property value increased by the greater of either ten percent of the previous year's limited property value or 25 percent of the difference between the previous year's limited property value and the current year's full cash value.

(b) The limited property value for parcels that underwent modification through construction, destruction or change in use, and for new parcels, is established by applying a ratio of the full cash to limited property values of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city/town and community college district is constitutionally limited to a maximum increase of two percent over the previous year's levy limit plus any taxes on property not subject to tax in the previous year (e.g., new construction and property brought into the jurisdiction because of annexation). The two percent limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal property are the same. Primary taxes on owner-occupied residential property only are constitutionally limited to one percent of the full cash value of such property. (To offset the effects of the one percent limitation, a tax equalization program has been instituted for school equalization purposes. This program required the counties to levy a tax of $0.4560 per $100 of assessed value under the primary system for fiscal year 2004-2005.)

Secondary Taxes. Taxes levied against the assessed value (after application of the assessment ratio to full cash value) are referred to as secondary taxes, which are used for debt retirement (including debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts (including maintenance and operation expenses of the District). There is no limitation on the annual increases in full cash value of any property, and annual levies for voter-approved bond indebtedness and special district assessments are unlimited.

Determination of Full Cash Value. The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Most property is valued by the various county assessors, including for Maricopa County, Arizona (the "County"), the county in which the District is located, the County Assessor for the County (the "Assessor"), with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as prescribed by statute" or, if no statutory method is prescribed, it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally includes the market approach, the cost approach and the income approach. As a general matter, the Assessor uses a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the Assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

County assessors, upon meeting certain conditions, may value residential, agricultural and vacant land at the same full cash

valuation for up to three years. The Assessor currently values existing properties on a two-year cycle.

Arizona law provides for a property valuation "freeze" for certain residential property owners 65 years of age and older. Owners of residential property may obtain such a freeze against valuation increases (the "Property Valuation Protection Option") if the owner's total income from all sources does not exceed 400 percent (500 percent for two or more owners of the same property) of the "Social Security Income Benefit Rate." The property owner must apply for the Property Valuation Protection Option and, if approved by the Assessor, must renew the application every three years. If the property is sold to a person who does not qualify for the Property Valuation Protection Option, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Assessment Ratios. The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized during the period 2002-2003, 2003-2004 and 2004-2005 for each class of property are set forth below.

TABLE 1
PROPERTY TAX ASSESSMENT RATIOS

Property Classification (a)	Assessment as Percent of Full Cash Value
Mining	25%
Utility	25
Commercial and Industrial (b)	25
Agricultural and Vacant Land (b)	16
Owner Occupied Residential	10
Leased or Rented Residential	10
Railroad, Private Car Company and Airline Flight Property (c)	N/A

(a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.

(b) The first $54,367 in 2002-2003, $54,367 in 2003-2004 and $55,546 in 2004-2005 of full cash value of commercial, industrial and agricultural personal property is not taxable. Any portion of the full cash value in excess of such amount will be assessed at 25 percent or 16 percent, as applicable.

(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Collection. On or before the third Monday in August of each year based on valuation as of that date, the District will (i) fix, levy and assess the amount to be raised from *ad valorem* property taxes that, together with the amount estimated to be available from all other sources of revenue and any unencumbered balances from the previous fiscal year, will equal the total of amounts proposed to be expended in the budget for the current fiscal year and (ii) fix and determine the necessary *ad valorem* property tax rates for the District. For such purpose, on or before each such third Monday in August, and after review of such amount and rate for compliance with any applicable statutory and constitutional limitations by the property tax oversight commission of the State, an assessment and tax roll must be delivered to the County Treasurer of the County (the "Treasurer"). The Assessor of the County may, however, change such roll any time before December 20 of such year. *Any decrease in the value of the roll so established in December from the value used on the immediately preceding third Monday in August could reduce the aggregate amount of taxes to be collected by the District.*

The *ad valorem* property taxes levied and assessed by the District pursuant to the assessment and tax roll delivered to the Treasurer are billed along with State and County *ad valorem* property taxes and are due and payable in two equal installments on October 1 of that calendar year and on March 1 of the subsequent calendar year. The two *ad valorem* property tax installments become delinquent and begin to accrue interest at the rate of 16 percent per annum simple interest prorated monthly on November 1 of that calendar year and May 1 of the subsequent calendar year, respectively. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31 of such calendar year.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year, subject to the possible exception of *ad valorem* property taxes levied against the real property of a property owner in bankruptcy. Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale. An *ad valorem* property tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property upon which the *ad valorem* property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale, and the sale of the tax lien for delinquent *ad valorem* property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder

willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept less than 16 percent per annum, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay in cash at the time of sale a purchase price equal to the amount of taxes, interest and penalties due on the property. If the lien is assigned to the State, the *ad valorem* property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent *ad valorem* property taxes levied by the District should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered by the District within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

It is anticipated that the District's semiannual payments of Debt Service will be funded with installments of tax payments collected on or about the immediately preceding tax payment date together with any funds available from any other sources. If, for any reason, a material portion of the *ad valorem* property taxes due and payable to the District are not paid in a timely manner, the payment of Debt Service could be delayed. It cannot be determined with any certainty when delinquent *ad valorem* property taxes could be collected and available for the payment of Debt Service and what impact such delay could have on the secondary market for the Bonds. **See "RISK FACTORS - Assessed Valuation of Property," "- Direct and Overlapping Indebtedness" and "- Bankruptcy and Foreclosure Delays."**

Property Valuations. The full cash values and secondary assessed values of taxable property within the boundaries of the District for the tax years 2002-2003, 2003-2004 and 2004-2005 are shown in the table below:

TABLE 2
PROPERTY VALUATIONS

Tax Year	Full Cash Value	Secondary Assessed Value
2002-2003	$ 4,840,314	$ 774,451
2003-2004	12,364,829	1,899,181
2004-2005	76,471,131	9,848,239

Source: Assessor of the County

Net Secondary Assessed Valuation by Property Classification. The secondary assessed valuation for the land within the District was classified as follows for the tax years 2002-2003, 2003-2004 and 2004-2005:

TABLE 3
SECONDARY ASSESSED VALUE BY PROPERTY CLASSIFICATIONS

Description	2002-2003 Net Secondary Assessed Valuation	2003-2004 Net Secondary Assessed Valuation	2004-2005 Net Secondary Assessed Valuation	2004-2005 Percent of Total
Commercial and Industrial	-	-	$ 849,437	8.63%
Agricultural and Vacant	$774,451	$1,767,381	4,539,202	46.09
Residential (Owner Occupied)	0	131,800	4,320,400	43.87
Residential (Rental Occupied)	-	-	139,200	1.41
Total	$774,451	$1,899,181	$9,848,239	100.00%

Source: Assessor of the County

Net Secondary Assessed Valuation of Major Taxpayers. The major property taxpayers located within the District for tax year 2004-2005 and the secondary assessed valuation of their property is as follows:

TABLE 4
SECONDARY ASSESSED VALUATION BY MAJOR TAXPAYERS

Taxpayer	2004-2005 Secondary Assessed Valuation	As Percent of District's 2004-2005 Net Secondary Assessed Valuation
Buckeye Land	$1,166,352	11.85%
Taro(a)	933,951	9.49
Meritage Homes	739,542	7.51
Dietz-Crane	602,930	6.12
Pulte	301,300	3.06
Taro(a)/Buckeye Land	219,280	2.23
Canterra	194,560	1.98
Sundance 1/Sundance 2	183,840	1.87

(a) Taro is a third party investor which has granted option rights for the purchase of land in the District which it owns to Meritage Homes. Pursuant to the agreements underlying such rights, Meritage Homes is responsible for the payment of ad valorem property taxes on the property which is the subject of the options. Taro has limited financial resources, and there can be no assurance that, if Meritage Homes does not honor such obligations to pay such taxes, Taro will do so.

Source: Assessor of the County

See "LAND DEVELOPMENT" and "RISK FACTORS - Concentration of Ownership; Subsequent Transfer" and "Capitalization of the District Property Owners and Financing Risks".

Record of Taxes Levied and Collected in the District. Under State law, the Board of Supervisors of the County is required to levy a tax in an amount sufficient to provide for Debt Service. With respect to the District, certain amounts are available (as described below) that will be used to offset the amount otherwise needed for Debt Service. Property taxes are levied and collected on property within the District and certified by the Treasurer on behalf of the District.

TABLE 5
PROPERTY TAX COLLECTIONS

Fiscal Year(a)	Real and Secured Personal Property Tax Levy(b)	Collected to June 30th End of Tax Fiscal Year		Total Tax Collections(c)	
		Amount	Percent of Tax Levy	Amount	Percent of Levy
2004-2005	$324,992	-	-	-	-
2003-2004	62,677	$57,077	91.07%	$57,077	91.07%
2002-2003	2,323	2,119	91.22	2,323	100.00

(a) In addition to the levy of *ad valorem* taxes for the payment of Debt Service, pursuant to the results of the Election, the District is also authorized to levy and collect an *ad valorem* tax at a tax rate of not to exceed $0.30 per $100 of secondary assessed valuation on all taxable property within the boundaries of the District for operation and maintenance expenses of the District (the "Operation and Maintenance Tax"). The District began levying the Operation and Maintenance Tax in 2002-2003; the levy of taxes for Debt Service was added in 2003-2004.

(b) Tax levy is as reported by the Treasurer as of August of each fiscal year. Amount does not include adjustments made to levy amounts after the August report.

(c) Reflects collections made through June 30, 2004.

Source: Assessor of the County

Estimated Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding. The District will have the following estimated annual debt service requirements after the issuance of the Bonds:

TABLE 6
DEBT SERVICE FOR THE BONDS

Year Ending (July 15)	Principal*	Interest (Estimated @ 7.00% per annum)	Annual Debt Service Requirements*
2005	$ -	$ 297,500	$ 297,500
2006(a)	85,000	350,000	435,000
2007(a)	90,000	344,050	434,050
2008(a)	100,000	337,750	437,750
2009(a)	105,000	330,750	435,750
2010(a)	115,000	323,400	438,400
2011(a)	120,000	315,350	435,350
2012(a)	130,000	306,950	436,950
2013(a)	140,000	297,850	437,850
2014	150,000	288,050	438,050
2015(b)	160,000	277,550	437,550
2016(b)	170,000	266,350	436,350
2017(b)	180,000	254,450	434,350
2018(b)	195,000	241,850	436,850
2019(b)	205,000	228,200	433,200
2020(b)	220,000	213,850	433,850
2021(b)	235,000	198,450	433,450
2022(b)	255,000	182,000	437,000
2023(b)	270,000	164,150	434,150
2024	290,000	145,250	435,250
2025(c)	310,000	124,950	434,950
2026(c)	335,000	103,250	438,250
2027(c)	355,000	79,800	434,800
2028(c)	380,000	54,950	434,950
2029	405,000	28,350	433,350
Total	$5,000,000	$5,763,800	$10,763,800

Prepared by RBC Dain Rauscher Inc., the Underwriter.

(a) Represents mandatory sinking fund amounts for term bond due July 15, 2014.
(b) Represents mandatory sinking fund amounts for term bond due July 15, 2024.
(c) Represents mandatory sinking fund amounts for term bond due July 15, 2029.

* Subject to change.

OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net assessed valuation and combined tax rate per $100 assessed valuation. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. See "RISK FACTORS - Direct and Overlapping Indebtedness."

TABLE 7
OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS

Direct and Overlapping Jurisdiction	2004-2005 Secondary Assessed Valuation	Net Outstanding Bonded Debt(a)	Proportion Applicable to the District: Approx. Percent	Proportion Applicable to the District: Net Amount	2004-2005 Combined Tax Rate Per $100 Assessed (b)
State of Arizona	$44,480,893,202	None	N/A	None	$0.0000
Maricopa County(d)	30,066,986,670	$ 0	0.033%	$ 0	2.0577(c)
Maricopa County Community College District(e)	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(f)	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. 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 of 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, Sections 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) 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.

(c) 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.

(d) 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.

(e) Does not include Maricopa County Community College District revenue bonds outstanding in the amount of $18,495,000.

(f) 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.

Additional General Obligation Bonded Indebtedness of the District

In addition to the Bonds, the District retains the right to issue, in accordance with the procedures set forth in the Enabling Act, additional series of bonds payable from *ad valorem* property taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - *Ad Valorem* Property Taxation in the District -- *Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding.*" See also "RISK FACTORS - Direct and Overlapping Debt."

The Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed 60 percent of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (The District has made a finding that issuance of the Bonds will meet the test set forth above.)

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $50,000,000 and $45,000,000* of bond authorization will remain

* Subject to change.

after issuance of the Bonds. Additional indebtedness could be authorized for the District in the future pursuant to other elections.

Additional Overlapping General Obligation Bonded Indebtedness

The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to the Town, Maricopa County, Arizona, Buckeye Elementary School District No. 33 of Maricopa County, Arizona, Liberty Elementary School District No. 25 of Maricopa County, Arizona, Buckeye Union High School District No. 201 of Maricopa County, Arizona, Maricopa County Community College District or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. See "RISK FACTORS - Direct and Overlapping Debt."

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonds available for future issuance:

TABLE 8
AUTHORIZED BUT UNISSUED
GENERAL OBLIGATION BONDS

Buckeye Union High School District No. 33	$28,625,000

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 issued Assessment District No. 1 Special Assessment Revenue Bonds, Series 2002 (the "Series 2002 Assessment Bonds") in aggregate principal amount of $11,300,000 on September 25, 2002, to finance a portion of the first phase of public infrastructure for development of land in the District. Approximately 734 acres of land within the District is assessed to pay debt service on the Series 2002 Assessment Bonds. The District issued Assessment District No. 2 Special Assessment Revenue Bonds, Series 2003 (the "Series 2003 Assessment Bonds") in the aggregate principal amount of $7,175,000 on April 29, 2003, to finance a portion of a subsequent phase of public infrastructure for such development. Approximately 375 acres of land within the District is assessed to pay debt service on the Series 2003 Assessment Bonds. The District is expected to sell Assessment District No. 3 Special Assessment Revenue Bonds, Series 2004 (the "Series 2004 Assessment Bonds") in aggregate principal amount of $2,065,000*

* Subject to change.

simultaneously with the Bonds pursuant to a separate offering document to finance a portion of a third phase of public infrastructure for such development. Approximately 145 acres of land within the District will be assessed to pay debt service on the Series 2004 Assessment Bonds. All of the infrastructure financed with above described bonds has been or will be dedicated to the Town.

Other series of assessment bonds payable solely from and secured by special, separate funds established and maintained by the District from installments due with respect to certain other special assessments may be issued by the District in the future. The term "special assessments" as used hereinabove refers to the assessments which would be levied and assessed by the District in the related assessment area which could encompass portions of the District included in the first, second, third or 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 (including that for the Bonds) and prior special assessments. There can be no assurance that additional amounts of such bonds payable from special assessments will not be issued in the future, increasing the amount of liens on property in the District for such purposes. **SEE "RISK FACTORS - Direct and Overlapping Indebtedness."**

SOURCES AND APPLICATIONS OF FUNDS

The sources and application of funds with respect to the Bonds is as follows, except accrued interest, which will be deposited in the Bond Fund:

TABLE 9
SOURCES AND APPLICATIONS OF FUNDS

SOURCES OF FUNDS	$
Par Amount of Bonds	
TOTAL SOURCES	$
APPLICATIONS OF FUNDS	
Costs of Issuance (including Underwriter's Discount)	
Deposit to Project Construction Fund	
TOTAL USES	$

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from hereinafter described BLMI on behalf of the Residential District Property Owners, 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 10
DEVELOPMENT BY ACREAGE

Type of Development	Approximate acres within the District
Residential	1,367*
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 such 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 11 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

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 Assessment 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 11 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 11
HOME SALES

Residential District Property Owner	Calendar Year Ending	Estimated Single-Family Home Sales
Meritage Homes	2003	239
	2004	327
	2005	122
Dietz-Crane	2003	256
	2004	391
	2005	300
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

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 are 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.

THE RESIDENTIAL DISTRICT PROPERTY OWNERS

The information contained in this section relates to and has been obtained from BLMI on behalf of the Residential District Property Owners, 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.

Meritage Homes

Meritage Construction and Meritage Arizona, both Arizona corporations, are wholly-owned subsidiaries of Meritage Corporation, a Maryland corporation which is a publicly traded company on the New York Stock Exchange ("Meritage"). **(Meritage is the parent company of, and controls, Meritage Homes but has no obligations in connection with the JDA or any other agreement or obligation referenced herein.)** Meritage focuses on providing a broad range of first-time, move-up, active adult and luxury homes to its targeted customer base. Meritage Homes constructs and sells homes in 19 different communities throughout the greater Phoenix area. Meritage Homes presently operates two distinct types of subdivisions within Sundance, an age restricted community and a community of single family homes.

Meritage files annual, quarterly and special reports, information statements and other information with the Securities and Exchange Commission (the "SEC") under File No. 1-9977. Copies of the SEC filings (including (1) Meritage Corporation's Annual Report on Form 10-K for the year ended December 31, 2003, and (2) Meritage's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, are available (i) over the Internet at the SEC's website at http://www.sec.gov; (ii) at the SEC's public reference room in Washington, DC; and (iii) upon request to Meritage Corporation, 8501 East Princess Drive, Suite 290, Scottsdale, Arizona 85255. Meritage is listed on the New York Stock Exchange under the symbol MTH.

Dietz-Crane

Dietz-Crane, a Delaware corporation, is an wholly-owned subsidiary of D.R. Horton, Inc., a publicly traded company on the New York Stock Exchange ("D.R. Horton"). ***(D.R. Horton is the parent company of, and controls, Dietz-Crane but has no obligations in connection with the JDA or any other agreement or obligation referenced herein.)*** Dietz-Crane focuses on providing a broad range of first-time and move-up homes to its targeted customer base. Dietz-Crane constructs and sells homes in approximately 17 different communities throughout the greater Phoenix area.

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.

Pulte

Pulte, a Michigan corporation is a wholly-owned subsidiary of Pulte Homes, Inc., a Michigan corporation which is a publicly traded company listed on the New York Stock Exchange ("Pulte Homes"). ***(Pulte Homes, Inc. is the parent company of, and controls, Pulte but has no obligations in connection with the JDA or any other agreement or obligation referenced herein.)*** On July 1, 2003, Pulte completed the purchase of certain assets of Sivage-Thomas of Arizona and its affiliates ("Sivage-Thomas"). Prior to the sale, Sivage-Thomas had several neighborhoods throughout the Phoenix area serving primarily the entry-level and first time move-up markets. These communities, including its parcels within Sundance, have now been added to Pulte's list and have provided Pulte with a significant additional presence in the entry-level market. Pulte intends to continue Sivage-Thomas' entry-level marketing and pricing strategies in Sundance.

Pulte Homes files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9804. Copies of the SEC filings (including (1) Pulte Homes' Annual Report on Form 10-K for the year ended December 31, 2003, and (2) the Pulte Homes' Quarterly Report on Form 10-Q for the quarter ended March 31, 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 Pulte Homes' web site at http://www.PulteHomes.com. Pulte Homes is listed on the New York Stock Exchange under the symbol PHM.

Buckeye Land

Buckeye Land is an Arizona limited liability company formed for the purpose of acquiring certain zoned residential and commercial property within the District, including single family residential property, multi-family residential property and commercial property. Buckeye Land has either sold or granted options to certain other District Property Owners who are homebuilders, the rights to some of the property zoned for single family residential. Buckeye Land intends to hold the balance of the property zoned as single family residential, the property zoned for multi-family residential and commercial for resale to a third party homebuilder or developer. In the event the Residential District Property Owners do not exercise their options to the real property owned by Buckeye Land, Buckeye Land intends to hold such real property until it can be sold to a third party.

Buckeye Land has also formed a joint venture entity through which it 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, if any, for development.

Canterra

Canterra, an Arizona limited liability company, is an affiliate of Canterra Homes, Inc., an Arizona corporation ("Canterra Homes"), and was formed in 2003 for the sole purpose of acquiring and holding land for use by Canterra Homes in Sundance. Canterra designs and builds homes for first time buyers, first time move-up buyers, move-down empty nesters and the new generation of single buyers. **(Canterra Homes has no obligation in connection with the JDA or any other agreement or obligation referenced herein.)**

Sundance 1 and Sundance 2

Sundance and Sundance 2, both Arizona limited liability companies, are affiliates of Marlor Land Company ("Marlor"). Sundance and Sundance 2 were formed for the sole purpose of acquiring and holding land for sale in Sundance. Marlor is a privately held company. Marlor builds entry level, move up and in fill developments. **(Marlor has no obligations in connection with the JDA or any other agreement or obligation referenced herein.)**

Hallcraft

Hallcraft, an Arizona limited liability company, is a wholly-owned subsidiary of Hallcraft Homes, Inc., an Arizona corporation ("Hallcraft Homes"), and was formed in 2003 for the sole purpose of acquiring and holding land for use by Hallcraft Homes in the Sundance community. **(Hallcraft Homes is the parent company of, and controls, Hallcraft but has no obligations in connection with the JDA or any other agreement or obligation referenced herein.)** Hallcraft Homes builds in the metropolitan Phoenix housing market with most of its current emphasis in the "West Valley" of the Phoenix Metropolitan Area and Fountain Hills, Arizona. Hallcraft Homes has five active subdivisions and plans to open several new subdivisions within the next twelve months, including a project in the Tucson Metropolitan Area. These subdivisions are located primarily within master planned communities.

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The Bonds will be secured solely by ad valorem property taxes generated within the District. Anyone considering investing in the Bonds should carefully examine this Limited Offering Memorandum, including the Appendices hereto. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE

THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS LIMITED OFFERING MEMORANDUM, BEFORE MAKING AN INVESTMENT DECISION.

Assessed Valuation of Property

Information is provided herein with respect to the assessed valuation of the land in the District. See Table 3 - "Value by Property Classifications." It is anticipated that the assessed valuation of such land will increase as development of Sundance continues. However, the current low assessed valuation, less than expected increases in future assessed valuation or decreases in the future assessed valuation of such land may reduce the willingness of landowners to pay the ad valorem taxes securing the Bonds or adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Property Taxation in the District."

Concentration of Ownership; Subsequent Transfer

The District Property Owners either own or have options to purchase most of the land in the District that has not yet been sold to homeowners. There can be no assurance that the Residential District Property Owners have the financial capability to continue and complete development. See "LAND DEVELOPMENT." Also, there can be no assurance that the District Property Owners will continue to pay amounts due as ad valorem property taxes with respect to the Bonds encumbering such land. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Property Taxation in the District -- Collection." In the event the District Property Owners do not pay such taxes, there could be a default in the payment of the Bonds.

In addition, the District Property Owners may continue to transfer ownership of parcels (or portions thereof) within the District 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 District Property Owners will have the financial capabilities to complete development on any land so acquired or to pay amounts due with respect to the Bonds. 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 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 Residential District Property Owners are unable or otherwise fail to complete these additional improve-

ments, the ability of the District Property Owners to sell land would be affected adversely.

The development of each phase of Sundance 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 Residential 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 Residential 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 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, regarding standards for 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 BENEFICIAL OWNERS, THE OTHER CURRENT OWNERS AND ANY SUBSEQUENT OWNERS TO PAY THE AMOUNTS DUE WITH RESPECT TO THE BONDS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY SUCH TAXES AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN THE DISTRICT 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 District 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 property taxes due with respect to the Bonds. An inability to develop the remaining land within the District will likely reduce the diversity of ownership on land within the District, could delay development and ultimately reduce the value of the property within Sundance and impact the ability of the Owners to repay the Bonds.

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.

Factors Negatively Affecting Assessed Valuation within the District

The District's ability to retire the indebtedness evidenced by the Bonds solely from ad valorem property taxes is dependent upon the development and maintenance of an adequate tax base from which the District may collect revenues. The District's ability to achieve a tax base adequate to generate ad valorem property tax revenues for timely payment of the Bonds will depend upon the continued and successful development of the Project. The District faces some competition from other residential developments in surrounding areas, including but not limited to, Verrado and Westpark within the Town. Such competition may adversely affect the rate of development within the District. Many unpredictable factors could influence the actual rate of construction within the District, including the prevailing interest

rates, availability of funds, market and economic conditions generally, supply of housing in the greater Phoenix metropolitan area, construction costs, labor conditions, access to building supplies, availability of water and water taps, availability and costs of fuel and transportation costs, among other things.

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. These obligations are secured by a performance deed 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 as provided in the JDA). 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 District Property Owners could change in the future. Purchasers of the Bonds should not rely on the management experience of the District Property Owners. There are no assurances that the District Property Owners 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 and/or commercial development.

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).

While the development of the property within the District is underway, circumstances could change as the development process continues and other issues are raised or new developers or owners become involved in Sundance. Accordingly, the District Property Owners anticipate that there may be significant changes to the agreements and contracts summarized in this Offering Memorandum to address any such issues. Because the existing contracts and agreements are subject to change, the summaries of any contracts or agreements contained hereinabove may not accurately reflect the future conditions relating to the development of the District; however, the District Property Owners do not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.

Capitalization of the District Property Owners and Financing Risks

Buckeye Land, Hallcraft, Canterra, Sundance 1 and Sundance 2 are single purpose entities, the sole assets of which is real property in the District. The working capital needs of Buckeye Land will need to be funded from internal cash flow, the proceeds raised from borrowings from unaffiliated lenders and other sources. The working capital needs of Hallcraft, Sundance 1, Sundance 2 and Canterra may be funded by affiliates of such entities; provided however that affiliates of such entities have no legal obligation to fund the working capital needs of such entities.

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. Pursuant to the agreements underlying such rights, Meritage Homes is responsible for the payment of ad valorem property taxes on the property which is the subject of the options. Taro, StoneBridge Properties and StoneBridge Progeny have limited financial resources, and there can be no assurance that, if Meritage Homes does not honor such obligations to pay such taxes, Taro, StoneBridge Properties or StoneBridge Progeny will do so. See "SECURITY FOR AND SOURCES OF PAYMENT - Ad Valorem Property Taxation in the District -- Collection."

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. 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 Residential District Property Owners 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 District to pay the related property taxes 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 Series 2002 Assessment Bonds, the Series 2003 Assessment Bonds and the Series 2004 Assessment 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 property taxes due with respect to the Bonds. In that event, there could be a default in the payment of the Bonds.

From time to time there are legislative proposals in the Arizona Legislature that, if enacted, could alter the basis on which ad valorem taxes (including those that secure the Bonds) are assessed, levied and collected and which could affect, among other things, the distribution of the amount of taxes various classifications of property may be obligated to pay. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would affect the Bonds or other obligations issued prior to enactment.

Bankruptcy and Foreclosure Delays

The payment of property taxes including with respect to the Bonds and the ability of the District to foreclose the lien of delinquent, unpaid property taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the property taxes including with respect to the Bonds to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the 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.

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 District is not yet complete. The cost and time for completion of all 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 District Property Owners or its affiliates. If cost overruns result in delay of construction, or if other delays are experienced, the Residential District Property 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 District Property Owners derived from Sundance, are not within the control of the District Property Owners. 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; changes in tax rates of various types of federal, state and local taxes, 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 District Property Owners or their affiliates.

Sundance cannot be completed without the District Property Owners obtaining a variety of governmental approvals and permits, some 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 District Property Owners. See "LAND DEVELOPMENT - Government Approvals."

Archeological, Biological and Environmental Matters

Sundance 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 Limited Offering Memorandum are various projections. The projections for 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 District Property Owners believe to be significant and which the District Property Owners cannot control may also exist. There are usually differences between projections for home sales, completion dates, completion costs and other items and actual home sales, completion dates, completion costs and other items, because the home sales, completion dates, completion costs and other items frequently do not occur as expected, and those differences may be material. Further, such differences may materially and adversely affect the assessed valuation of the property within the District and could negatively impact the ability to repay the Bonds. 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 Meritage Homes by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona; for Dietz Crane by its counsel, Fennemore Craig, P.C., Phoenix, Arizona; for Pulte and Hallcraft by their counsel, Berens, Kozub, Lord & Kloberdanz, Phoenix, Arizona, and for Buckeye Land, Canterra, Sundance 1 and Sundance 2 by their 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 $_____) and plus accrued interest with respect to the Bonds. 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 has 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 its fiscal years (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notices of Material Events"). The Annual Reports will be filed by the District with each Nationally Recognized Municipal Securities Information Repository and with the appropriate State Information Depository, if any. The Notices of Material Events will be filed by the District with the same entities as well as the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports or in the Notices of Material Events are set forth herein under the caption Appendix D - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and which includes form of undertaking which will be executed by the District with respect to the Bonds.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). Should the District not comply with such covenants, it has covenanted to provide notice of such fact to each Nationally Recognized Securities Information Repository, 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 has been and is in material compliance with continuing disclosure undertakings previously entered into by it for purposes of the Rule.

RELATIONSHIPS AMONG PARTIES

Gust Rosenfeld P.L.C., Bond Counsel, has acted as counsel to the Underwriter in other transactions underwritten by the Underwriter and by Stone & Youngberg LLC, financial consultant to the District (the "Financial Consultant") and as bond counsel in other transactions underwritten by the Underwriter and by the Financial Consultant. Greenberg Traurig, LLP, Counsel to the Underwriter, has acted as bond counsel in other transactions underwritten by the Underwriter and by the Financial Consultant. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions. Gust Rosenfeld P.L.C. also serves as general counsel to the Town.

As noted hereinabove, Greenberg Traurig, LLP has acted as counsel to the underwriter in other transactions underwritten by the Underwriter (including the Series 2002 Assessment Bonds, the Series 2003 Assessment Bonds and the Series 2004 Assessment Bonds) and will act in such capacity for the Underwriter with respect to the Bonds. Greenberg Traurig, LLP has also, since October, 2002, represented Meritage Homes. By a letter dated August 26, 2004, the Underwriter and Meritage Homes agreed that Greenberg Traurig, LLP could represent both of them simultaneously in connection with the issuance of the Bonds and consented to and approved such representation.

The Underwriter and the Financial Consultant have underwritten or acted as financial advisor with respect to bonds issued by the Town and other overlapping political subdivisions. The Underwriter and the Financial Consultant have underwritten or acted as financial advisor on other transactions together and expect to do so in the future.

This Offering Memorandum has been approved, executed and delivered by the District.

SUNDANCE COMMUNITY FACILITIES DISTRICT

By.....
Chairman, District Board

1305849.12-8/27/04

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APPENDIX A

INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

The following information is given as background information concerning the Town. THE BONDS ARE NOT AN OBLIGATION OF THE TOWN. The Bonds are secured and payable only as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein. The holders of the Bonds have no right to payment except as described therein.

General

The Town is located approximately 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.

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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) District General Obligation Bonds, Series

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $5,000,000* aggregate principal amount of District General Obligation Bonds, Series 2004, dated September 1, 2004, issued by the Sundance Community Facilities District (Town of Buckeye, Arizona) (the "District").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 13-04 (Sundance), passed and adopted by the District Board on August 3, 2004 (the "Resolution"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State

* Subject to change.

of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the bonds.

2. The Resolution has been duly passed and adopted by the District Board and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

3. The bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes, an annual tax upon all taxable property in the District sufficient, together with any money from other sources lawfully available therefore, to pay the principal of and interest on the bonds when due.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the bonds and the enforceability of those rights and the rights and obligations of the District with

respect to the Resolution and the Indenture and to collection of taxes may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By.....
Scott W. Ruby
Bond Counsel

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APPENDIX C-1

FORM OF INVESTOR LETTER (NON-SMMP)

.....

TO: Sundance Community Facilities District (Town of Buckeye, Arizona)
c/o ....., as Trustee

Re: Sundance Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Bonds, Series 2004

1. Please be advised that the undersigned is purchasing one 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 a present intent for distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of June 1, 2003 (hereinafter referred to as the "*Indenture*") from the addressee Community Facilities District listed above (hereinafter referred to as the "*Issuer*") to the addressee Trustee (or any successor thereto as provided in such Indenture of Trust, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that a transferee must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws in such regard.

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

(i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

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

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

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

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

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

(vi) any officer of RBC Dain Rauscher Inc.; or

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

5. The undersigned further acknowledges that (i) an opportunity was available to obtain and that the undersigned has obtained all materials which were regarded as necessary to evaluate the merits and risks of investment in the Bonds and (ii) after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the primary developer of land in the District, failure or inability of such developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds, bankruptcy and foreclosure delays, and the probable lack of any secondary market for the Bonds.

6. The undersigned acknowledges, warrants and represents that the undersigned is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and

fully capable of independent evaluation of the risks involved in investing in the Bonds.

7. The undersigned understands that the Bonds (i) are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service, and (v) are not likely to be readily marketable.

8. 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 either been supplied with or has had access to the information, including financial statements and other financial information, that the undersigned requested from the Issuer.

9. 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.

QUALIFIED INVESTOR:

Name:.....

Printed Name:.....

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APPENDIX C-2

FORM OF INVESTOR LETTER (SMMP)

.....

TO: SUNDANCE COMMUNITY FACILITIES DISTRICT

c/o Wells Fargo Bank, Arizona, N.A., as Trustee

Re: Sundance Community Facilities District
General Obligation 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 ....., 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.

.....
[PURCHASER]

By.....

Printed Name:.....

Its:.....

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING
(ISSUER)

$5,000,000*
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION 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:

* Subject to change.

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.

"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.

"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, 3, 4, 5 and 7 (but as to any valuations requirement, only the actual amount of the current valuation) of the Limited Offering Memorandum, dated _____, 2004, with respect to the Securities.

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

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it

must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

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

Section 3. Reporting of Material Events.

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

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

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

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

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

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

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

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

(I) Any 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.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions of Certain Terms

The following is a summary of certain provisions of the Indenture to which reference is hereby made for a more complete description of its terms. The following are certain terms defined in the Indenture and used in this Limited Offering Memorandum.

"*Annual Debt Service Requirement*" means for any Fiscal Year, the amount to be paid in such Fiscal Year with respect to the Bonds and any other outstanding general obligation bonds of the Issuer hereafter issued for payment of Debt Service on the Bonds and such other bonds during such Fiscal Year.

"*Bond Fund*" means the fund of that name created pursuant to the Indenture.

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

"*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.

"*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, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for

execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing as well as costs relating to the election held to authorize the Bonds.

"*Debt Service*" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds, (ii) fees and costs of registrars, trustees, paying agents or other agents necessary to handle the Bonds; (iii) amounts due with regard to Rebate; and (iv) fees and costs of complying with continuing disclosure undertakings.

"*Development Agreement*" means that certain Development, Financing Participation and Intergovernmental Agreement No. 1 by and among the Municipality, the Original Owner and the Issuer, as amended and supplemented.

"*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 which is fully and unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in clause (1) are not available to satisfy any claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating categories of S&P and Moody's, but in the case of both clause (1) and clause (2) of this paragraph, for purposes of Section 6.02, only if such obligations are non-callable prior to the Maturity of the Bonds or (3) REFCORP STRIPS as defined in "Permitted Investments." Governmental Obligation also includes for purposes other than Section 6.02, a "no load," open-end management investment company or trust (mutual fund), registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States, and repurchase agreements secured by the same and which money market fund has a rating by S&P of AAAm-G; AAm; or AAm or better and a rating of Moody's of "VMIG-1" or better.

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

"*Maturity*" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as

therein or herein provided, whether at the Stated Maturity thereof or by call for redemption or otherwise.

"*Moody's*" means Moody's Investors Service 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 (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

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

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

2. Farmers Home Administration - certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures

5. General Services Administration - participation certificates

6. Government National Mortgage Association ("GNMA") - guaranteed Mortgage-backed bonds; guaranteed pass-through obligations

7. U.S. Maritime Administration - guaranteed Title XI financing

8. New Communities Debentures - U.S. Government guaranteed debentures

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

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

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

1. Federal Home Loan Bank System - senior debt obligations

2. Federal Home Loan Mortgage Corporation - Participation Certificates; senior debt obligations

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

4. Student Loan Marketing Association - senior debt obligations

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

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 by the then current requirements of S&P to always have a rating of at least "A" and the then current requirement of Moody's to have a rating of at least "A." An investment agreement may not be amended, and no investment agreement may be entered into in substitution for an investment agreement unless each rating agency which rating of withdrawn amendment has rated the Bonds has confirmed that the such rating agency on the Bonds will not be or lowered upon the effective date of such 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 ("Repos") providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the issuer (buyer/lender), and the transfer of cash from the issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the issuer in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria.

1. Repos must be between the Issuer and a dealer bank or securities firm

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

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

2. The written repo contract must include the following:

a. Securities which are acceptable for transfer are:

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

b. The term of the repo may be up to 30 days

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

d. Valuation of collateral

The securities must be valued weekly, market-to-market at current market price plus accrued interest

(a) The value of collateral must be equal to 1030 of the amount of cash transferred by the Issuer to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 1030 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 1050.

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

a. Repo meets guidelines under state law for legal investment of public funds

K. Governmental Obligations

L. REFCORP Strips

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.

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

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

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

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

"*S&P*" means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, or any successor thereto.

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

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

Trust Estate Under the Indenture

The District has granted a security interest to the Trustee in all money and investments held for the credit of the Bond Fund. The Trustee is required to hold all such property in trust for the benefit of all the Bondholders.

Funds

Bond Fund. The money deposited to the Bond Fund is required to be held by the Trustee in trust and applied solely as provided in the Indenture. The District is required to deposit to the Bond Fund from the proceeds of the sale of the Bonds (i) accrued interest received on the date of delivery of each Series of Bonds to the initial purchaser, (ii) amounts collected by or remitted to the District as ad valorem taxes to the extent provided in the Indenture and (iii) amounts paid for deposit therein from any other sources. The Bond Fund is required to be applied by the Trustee solely to pay Debt Service when due in any form and in the order described below under "Application of Moneys Collected: Second."

Acquisition and Construction Fund. The District is required to deposit to the Acquisition and Construction Fund the balance of the proceeds of the sale of the Bonds remaining after the deposit of the amounts described above to the Bond Fund. The money deposited to the Acquisition and Construction Fund is required to be applied to pay the Costs of Issuance and the Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the District to transfer such unexpended proceeds or income to the Bond

Fund; provided, however, that if any such amounts remain on deposit in the Acquisition and Construction Fund on September 1, 2007, such amounts shall be transferred by the Trustee to the Bond Fund. It is anticipated that the Costs of Acquisition will be paid out immediately after delivery of the Bonds.

Investment of and Security for Funds. The Indenture provides that money held for the credit of (i) the Bond Fund will be invested by the Trustee in Governmental Obligations and (ii) the Acquisition and Construction Fund will be invested by the Trustee in Permitted Investments. The Trustee will sell or present for redemption any obligations so purchased as an investment pursuant to the Indenture whenever it is necessary to do so in order to provide money to make any payment or transfer of money required thereby. Investments will mature, or will be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established pursuant to the Indenture will be deemed at all times to be a part of such fund. The interest accruing on obligations so purchased and any profit realized from such investment will be credited to such fund and any loss resulting from such investment will be charged to such fund. All money held by the Trustee pursuant to the Indenture will be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee will not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from its own negligence.

Remedies under the Trust Indenture

The Trustee in its discretion, pursuant to the Indenture, may proceed to protect and enforce its rights and the rights of the Bondholders under the Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture aid of the execution of any power granted in the Indenture or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce any of the rights of the Trustee or the Bondholders. The Indenture provides that, in addition to all rights and remedies of any Bondholder provided therein, in the event the District defaults in the payment of the principal of (or premium, if any, on) or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution or the Indenture, the Trustee will be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the District to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution or the Indenture. The Indenture contains no provision for acceleration of maturity of principal of the

Bonds in the event of default. The remedy of mandamus described above would have to be exercised upon each separate default and may, therefore, prove costly, time consuming, and difficult to enforce. The rights and remedies of Bondholders and the enforceability of the Bonds may also be limited by bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally. See "RISK FACTORS."

If

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

(2) default occurs in the payment of the principal of (or premium, if any, on) any Bond at its Stated Maturity, then upon demand of the Trustee, the District will pay or cause to be paid to the Trustee for the benefit on the Holders of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any) and interest and, in addition thereto, such further amount as will be sufficient to cover the costs and expenses of administration and collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the District fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, will be entitled to sue for and recover judgment against the District for the amount then so due and unpaid.

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

Application of Money Collected

Any money collected by the Trustee pursuant to the "Remedies under the Trust Indenture" above, together with any other sums then held by the Trustee as part of the Trust Estate, will be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

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

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

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

Control by Bondholders

The Holders of a majority in principal amount of any series of Outstanding Bonds will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds of such series and the foreclosure of the Indenture, the sale of the trust estate established pursuant to the Indenture, or otherwise; and

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

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

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

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

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

Before taking action pursuant to the Indenture, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except

liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the District will reimburse the Trustee (but only from amounts pledged under the Indenture) for all of the expenses of the Trustee pursuant to the Indenture.

Each Holder of any Bond by his acceptance thereof will be deemed to have agreed that any court may in its discretion require, in any suit for the enforcement of any right or remedy under the Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. However, the provisions of the Indenture will not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondholder, or group of Bondholders of the series affected thereby, holding in the aggregate more than ten percent in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the redemption date of such Bond).

Supplemental Indentures

Without the consent of the Holders of any Bonds and, under certain circumstances described in the Indenture, the Issuer and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to convey unto the Trustee any property subject to the lien of the Indenture, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of Bonds any additional conditions, limitations and restrictions thereafter to be observed; (iii) to evidence the succession of another entity to the District and the assumption by any such successor of the covenants of the District in the Indenture or the Bond Resolution; (iv) to add to the covenants of the District for the benefit of the Holders of all the Bonds; (v) to cure any ambiguity, to correct or supplement any provision in the Indenture or the Bond Resolution which may be inconsistent with any other provisions thereof, or to make any other provisions for matters arising thereunder which will not be inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Bondholders or (vi) to provide for the issuance of additional bonds.

With the consent of the Holders of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture

and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or resolutions amending the Bond Resolution for the purpose of adding any other provisions to or changing in any other manner or eliminating any of the provisions of the Indenture or of modifying in another manner the rights of the Bondholders under the Indenture or the Bond Resolution. However, no supplemental indenture or amending resolution, without the consent of the Holder of each Outstanding Bond affected thereby, is permitted by the Indenture to (i) change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of or the interest on, any Bond, or change any place of payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); (ii) reduce the percentage in principal amount of the Outstanding Bonds the consent of the Holders of which is required for any supplemental indenture, or the consent of Holders of which is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the proviso to the definition of the term "Outstanding" in the Indenture; or (iv) modify any of the provisions of the Indenture concerning approval of supplemental indentures or amending resolution except to increase any percentage of the Holders of Bonds necessary for approval or to provide that certain provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution and any such determination will be conclusive upon each Bondholder, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee will not be liable for any such determination made in good faith.

Concerning the Trustee

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

No provision of the Indenture will be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

1. this paragraph will not be construed to limit the effect of the preceding paragraph;

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

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

4. no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in the Indenture.

Except as otherwise provided in the Indenture:

1. the Trustee may rely and will be protected in acting or refraining from acting upon:

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

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

2. any request or direction of the District mentioned in the Indenture will be sufficiently evidenced by a request of the District, and any order or resolution of the District may be sufficiently evidenced by a resolution of the board of the District;

3. whenever in the administration of the Indenture the Trustee will deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action described hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an officer of the District;

4. the Trustee may consult with legal counsel and the written advice of such counsel will be full and complete authorization

and protection in respect of any action taken, suffered, or omitted by the Trustee under the Indenture in good faith and in reliance thereon;

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

6. the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry or investigation, it will be entitled to examine the books, records, and premises of the District, personally or by agent or attorney; and

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

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

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

The Trustee may be removed at any time by act of the Holders of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the District. If at any time:

(1) the Trustee ceases to be eligible under the Indenture and fails to resign after written request therefor by the District or any such Bondholder, or

(2) the Trustee becomes incapable of acting or adjudged insolvent or a receiver of the Trustee or of its property is appointed or any public officer takes charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, the District may remove the Trustee.

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

Defeasance

The Indenture, and the lien, rights, and interests created thereby, will terminate, at the request of the District, when the following conditions exist:

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

a. Bonds for the payment of which money has been deposited with the Trustee or a paying agent, as provided by the provisions of the Indenture relating to redemption of the Bonds;

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

c. Bonds, other than those referred to in the foregoing clauses, for the payment or redemption of which there has been deposited with the Trustee in accordance with the provisions of the Indenture in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on such Bonds for principal and interest to the stated maturity or redemption date of such Bonds, as the case may be; and

d. Bonds deemed no longer outstanding as a result of the deposit or escrow or money or Governmental Obligations as described below; and

2. the District has paid or caused to be paid all other sums payable by the District under the Indenture.

Any Bond will be deemed to be no longer outstanding when payment of the principal of such Bond, plus interest thereon to its Maturity (whether such Maturity is by reason of the Stated Maturity or by call for redemption, if notice of such call has been given or waived or irrevocable arrangements for such notice satisfactory to the Trustee have been made), calculated at the maximum permitted rate for any period in which the rate of interest on the Bonds is unknown and has been provided by depositing (i) money sufficient to make such payment or (ii) money and Governmental Obligations and/or REFCORP Strips as such term is defined in the definition of "Permitted Investments" certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, provided that all necessary and proper fees, compensation and expenses of the Trustee and paying agents pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof has been provided for to the satisfaction of the Trustee. Any deposit described above must be made either with the Trustee or, if notice of such deposit is given to the Trustee, or with a state or nationally chartered bank with a minimum combined capital surplus or $50,000,000 as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or to the paying agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the Trustee is required to select the Outstanding Bonds with respect to which such deposit is made in the same manner as provided in the Trust Indenture for the selection of Bonds to be redeemed.

No such deposit will have the effect specified above, however, (i) if made during the existence of a default under the Trust Indenture, unless made with respect to all of the Bonds then Outstanding, and (ii) unless there is delivered to the Trustee an opinion of counsel to the effect that such deposit will not adversely affect any exemption

from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose is required to be held by the Trustee in a segregated account in trust for the Holders of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, is required to be disbursed solely to pay the principal of and interest on such Bonds when due.

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

This information concerning DTC and DTC's book-entry system has been obtained from DTC and the District takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 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.

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$5,000,000
SUNDANCE COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION BONDS
SERIES 2004

Delivery Date: September 23, 2004

ISSUER REQUEST FOR PAYMENT

The Trustee is hereby requested to pay from the Acquisition and Construction Fund established by the Indenture of Trust, dated as of September 1, 2004 (the "*Indenture*"), between Wells Fargo Bank, N.A., the trustee ("*Trustee*"), and Sundance Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*") to the parties designated below as Payees. The amount shown below is due and payable and has not formed the basis of any prior request for payment.

Check applicable paragraph:

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

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

Payee: See Exhibit A

Address: See Exhibit A

Amounts: See Exhibit A

Dated: September 23, 2004.

By _____
District Manager

SWR:gmh 543612 09/17/04

EXHIBIT A

DELIVERY COSTS

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

Bond counsel (Gust Rosenfeld P.L.C., 201 East Washington Street, Suite 800, Phoenix, Arizona 85004) fees and expenses	$45,000.00
Underwriter's counsel (Greenberg Traurig, LLP, 2375 E. Camelback Road, Suite 700, Phoenix, Arizona 85016) fees and expenses	25,000.00
Town of Buckeye – Bond Administration fees	25,000.00
Trustee and Counsel fees (Wells Fargo Bank, N.A., 100 West Washington, 8th Floor, Phoenix, Arizona 85003	7,500.00
Preliminary and final Offering Memorandum (Bowne)	10,000.00
Miscellaneous	7,500.00
TOTAL	$120,000.00