

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

Closing: November 19, 2009

CLOSING INDEX

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

FINANCING DOCUMENTS

1. (a) Agenda and minutes of District Board meeting held on November 3, 2009
(b) Certified copy of Resolution No. 09-09, Providing for the Issuance of Bonds.
2. Indenture of Trust and Security Agreement.
3. UCC-1 Financing Statement.
4. Closing Certificate of the Issuer.
5. Tax Certificate of the Issuer.
6. Issuer Request for Payment of Costs of Issuance.
7. Dissemination Agency Agreement of Issuer.
8. Continuing Disclosure Undertaking of Issuer.
9. Closing Certificate of Town of Buckeye.
10. Closing Certificate of Pulte Home Corporation.
11. Letter of Indemnity from Pulte Home Corporation.
12. Dissemination Agency Agreement of Owner.
13. Continuing Disclosure Undertaking of Owner.
14. Request for Authentication to the Trustee to Authenticate and Deliver the Bonds.
15. Certificate and Receipt of Trustee.

16. Certificate of Placement Agent Regarding Yield on the Bonds.
17. Receipt(s) for Bonds.
18. Certificate of Appraiser.
19. Qualified Investor Letter(s).
20. Specimen Bond.
21. Copy of Blanket Letter of Representations with Depository Trust Company.
22. Settlement, Delivery and Closing Procedures, including Debt Retirement Schedule.
23. Report to the Arizona Department of Revenue Regarding Issuance of the Bonds; certificate of mailing.
24. IRS Form 8038-G Information Return for Tax-Exempt Governmental Bond Issues; certificate of mailing.

OPINIONS

25. Approving opinion of Gust Rosenfeld P.L.C.
26. Opinion of Counsel for Pulte Home Corporation.

ASSESSMENT DOCUMENTS

27. Feasibility Report.
 28. Evidence of Publication of Notice of Hearing on Feasibility Report.
 29.
 - (a) Agenda and Minutes of District Board meeting of October 20, 2009
 - (b) Resolution No. 04-09 Resolution of Intention and Approving Feasibility Report & Public Hearing and
 - (c) Resolution Ordering the Work No. 05-09.
 30. Waiver and Development Agreement(s).
 31.
 - (a) Agenda and minutes of District Board meeting of October 20, 2009
 - (b) Resolution No. 08-09 Approving Levy of Assessment.
 32. Warrant, Assessment, Return and Certified List.
 33. Notice of Recording of Assessment.
 34. Appraisal.
-

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

Festival Ranch Community Facilities District (Issuer) (3 CDs)
Town of Buckeye (1 paper, 2 CDs)
Pulte Home Corporation (Developer) (CD)
Stone & Youngberg LLC (Placement Agent)
Gust Rosenfeld P.L.C. (Bond Counsel) (CD)
Wells Fargo Bank, N.A. (Trustee Bank) (CD)
Berens, Kozub & Kloberdanz, PLC (CD)
Honigam, Miller, Schwartz and Cohn LLP (CD)

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

THANK YOU.

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

MEETING OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT TOWN OF BUCKEYE, ARIZONA

PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED STATUTES, AS AMENDED

**NOVEMBER 3, 2009
AGENDA**

****PLEASE NOTE THE NEW TOWN COUNCIL CHAMBERS LOCATION****

**Town Council Chambers
530 East Monroe Avenue
Buckeye, AZ 85326
Immediately following the 6:00 p.m. Regular Council Meeting**

1. Call to Order/Roll Call

Board Action: None.

2. Approval of Meeting Minutes -None

Board Action: None.

3. Expenditures of the Festival Ranch Community Facilities District-None

Board Action: None.

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

Board to approve Resolution 09-09 (Festival Ranch CFD) authorizing the issuance of its assessment District No. 6 special assessment revenue bonds, Series 2009, in the aggregate principal amount not to exceed \$356,000; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, a continuing disclosure undertaking, a dissemination agency agreement and certain other documents securing the payment of or relating to the bonds; awarding the bonds to the purchaser thereof; ratifying and approving a preliminary official statement relating to the bonds; approving the preparation and use of a final official statement relating to the bonds, and taking other actions securing the payment of and relating to the bonds.

Board Action: Motion to approve.

5. Citizen Input / Appearances from the Floor

Board Action: None.

6. Adjournment

Board Action: Motion to adjourn.

**MEETING OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT TOWN OF BUCKEYE,
ARIZONA
PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED
STATUTES, AS AMENDED**

NOVEMBER 3, 2009

MINUTES

Town Council Chambers
530 E. Monroe Avenue
Buckeye, AZ 85326
Immediately following the 6:00pm Regular Council Meeting

1. Call to Order/Roll Call

Chairman Meck called the meeting to order at 7:23 p.m.

Members Present: Chairman Meck, Vice Chairperson May, Board Member Rioux, Board Member Doster, Board Member McAchran, and Board Member Hardesty.

Members Absent: Board Member Garza

Departments Present: Interim District Manager Stephen Cleveland, District Attorney Scott Ruby, District Clerk Lucinda Aja, District Deputy Clerk Nanci Dixon, District Fire Chief Bob Costello, District Water Resources Director Damon Dequenne, District Public Works Director Scott Lowe, District Finance Director Gail Reese, and District Engineer Woody Scoutten.

2. Approval of Meeting Minutes

None.

3. Expenditures of the Festival Ranch Community Facility District

None.

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

District Attorney Ruby was available to answer the Board's questions regarding proposed Resolution No. 09-09, Festival Ranch Community Facilities District and was available for questions. Mr. Ruby reported that currently invoices are sent to the developer as the properties are owned by the developer as the lots are developed and homes are built. Assessments are collected through the County Treasurer. Ms. Sharon Bishop (6105 S. 257th Drive, Buckeye AZ), asked the Board whether the \$356,000 aggregate principal amount of the bond included underwriting and other associated fees with the bond. Mr. Ruby confirmed that all fees were included in the proposed bond amount. A motion was made by Board Member Hardesty and seconded by Board Member McAchran to approve Resolution No. 09-09 (Festival Ranch CFD) authorizing the issuance of its assessment District No. 6 special assessment revenue bonds, Series 2009, in the aggregate principal amount not to exceed \$356,000; approving the form and authorizing the execution and delivery of an indenture of trust and security agreement, a purchase contract relating to the bonds, a continuing disclosure undertaking, a dissemination agency agreement and certain other documents securing the payment of or relating to the bonds; awarding the bonds to the purchaser thereof; ratifying and approving a preliminary official statement relating to the bonds; approving the preparation and use of a final official statement relating to the bonds, and taking other actions securing the payment of and relating to the bonds. Chairman Meck, Vice Chairperson May, Board Member Doster, Board Member McAchran, Board Member Hardesty vote aye. Board Member Rioux voted nay. Motion carried.

5. Citizen Input / Appearances from the Floor

None.

10. Adjournment

There being no further business to come before the Board, a motion was made by Vice Chairperson May and seconded by Board Member McAchran to adjourn the meeting at 7:34 p.m. Motion passed unanimously.

Jackie A. Meck, Chairman

ATTEST:

Lucinda J. Aja, District Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Meeting of the Festival Ranch Community Facilities District held by the Board on the 3rd day of November, 2009. I further certify that a quorum was present.

Lucinda J. Aja, District Clerk

RESOLUTION NO. 09-09

A RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS ASSESSMENT DISTRICT NO. 6 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$356,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, A CONTINUING DISCLOSURE UNDERTAKING, A DISSEMINATION AGENCY AGREEMENT AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF OR RELATING TO THE BONDS; AWARDED THE BONDS TO THE PURCHASER THEREOF; AND TAKING OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS.

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

Section 1. Findings. (a) Pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes, as amended (the "*Enabling Act*"), the Waiver and Development Agreement described below and Resolution No. 04-09 adopted on October 20, 2009 (the "*Resolution of Intention*"), the Board of Directors (the "*Board*") of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") has formed Assessment District No. 6 (the "*Assessment District*") and declared its intention to: (i) acquire or construct certain public infrastructure and to pay costs and expenses related thereto (the "*Project*"); (ii) assess the costs and expenses of the Project upon certain benefited real property within the boundaries of the District as described in the Resolution of Intention; and (iii) issue the District's special assessment revenue bonds (the "*Bonds*") to finance the costs and expenses of the Project.

(b) Pursuant to the terms and provisions of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement recorded on October 21, 2009 with the Maricopa County, Arizona, Recorder at Docket 20090973664 (the "*Waiver Agreement*"), the owners and the persons who have an interest in all the real property to be assessed have waived, among other things, certain requirements relating to the notices, protests and hearings relating to, among other things, the formation of the Assessment District, levying of the assessments, and the time period for cash payments.

(c) The Board has caused a report of the feasibility and benefits of the Project to be prepared, such report included a description of certain public infrastructure to be acquired or constructed and all other information useful to understand the Project, a map showing, in general, the location of the Project, an estimate of the cost to construct, acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Project, and a plan for financing the Project (the "*Report*"). A public hearing on the Report was held August 18, 2009, as provided by law, and, pursuant to the Enabling Act and the Resolution of Intention, the Report was ratified and approved in all respects.

(d) Pursuant to and in reliance upon the Waiver Agreement, the Board adopted Resolution No. 05-09 on October 20, 2009 ordering the public infrastructure projects performed as described in the Resolution of Intention.

(e) Pursuant to and in reliance upon the Waiver Agreement, the Board adopted Resolution No. 08-09 on October 20, 2009, approving the assessment diagram and the levying of an assessment against the real property in the Assessment District.

(f) Pursuant to the Enabling Act, the Waiver Agreement and Resolution No. 08-09, an assessment in the amount of \$356,000 was authorized to be levied against the real property in the Assessment District and recorded in the Office of the Superintendent of Streets. Pursuant to the Waiver Agreement and other agreements by the Owners, the property owners waived the requirement for notices of cash demands, the opportunity to make cash payments and requested the unpaid assessments go to bond.

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

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

(i) Pursuant to the Enabling Act, the District has also determined to enter into an Indenture of Trust and Security Agreement, dated as of November 1, 2009, or such other date set forth in the Purchase Contract (the "*Indenture*"), from the District to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), to secure, and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds of, the Bonds. (Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.) The District Board has determined by this Resolution to authorize the issuance of the Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Bonds by the Trustee, to authorize the execution and delivery of the Indenture. The Board hereby determines that the Bonds shall be privately placed with Qualified Investors as such term is defined in the Indenture. (The original purchaser of the Bonds shall be referred to as the "Original Purchaser.")

(j) There have been placed on file with the District Clerk and presented in connection herewith (1) the proposed form of the Indenture, (2) the proposed form of Continuing Disclosure Undertaking relating to the Bonds, to be dated the date of delivery thereof (the "*Undertaking*"); and (3) the proposed form of Dissemination Agency Agreement by and between the District and Stone & Youngberg LLC, or such other party acceptable to the District, to be dated November 1, 2009 or such other date determined as hereinafter provided (the "*Agency Agreement*"). (The documents described in Clauses (1) through (3), inclusive, of this paragraph are hereinafter referred to, collectively, as the "*Bond Documents*"). Documents

numbered 2 and 3 above may be disregarded if Rule 15c2-12 is not applicable to the private placement of the Bonds.

(k) The Board hereby finds and determines that: (1) the amount of indebtedness evidenced by the Bonds does not exceed the estimated cost of the Project plus all costs connected with the public infrastructure purposes and issuance and sale of the Bonds to be financed therewith (collectively the "Costs"); (2) the total Costs are less than or equal to the benefits derived from the Project; and (3) based upon the appraisal by Scott Niebling Valuation Group, LLC, dated July 9, 2009, the wholesale (bulk) value of each of the assessed parcels comprising the Assessment District is at least four (4) times the principal amount of the Bonds allocated to each such assessed parcel.

Section 2. Approval of Issuance and Sale of Bonds. The Bonds are hereby authorized to be issued as a series of assessment bonds of the District to be designated "*Assessment District No. 6 Special Assessment Revenue Bonds, Series 2009.*" The Bonds shall be issued and delivered in an aggregate principal amount of not to exceed \$356,000, shall be in fully registered form only, shall be dated as of November 1, 2009 or such other date as provided in the Indenture, shall bear interest at the rate or rates set forth in the Indenture (not to exceed 10%) from their date, with such other terms as set forth in the Indenture. The costs of issuance shall not exceed the aggregate amount presented in the Report.

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

Section 3. Forms, Terms and Provisions, and Execution and Delivery, of Bonds. The forms, terms and provisions of the Bonds provided for in the Indenture 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 or the District Treasurer and each is hereby authorized to execute and deliver them.

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

Section 5. Authorization to Execute and Deliver Order to Trustee. The District Chairman, the District Treasurer, or any other member of the Board is authorized to

execute and deliver to the Trustee the written order of the District for the authentication and delivery of the Bonds by the Trustee.

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

Section 7. Qualified Investors. The Bonds shall be sold to and owned by only Qualified Investors as set forth in the Indenture. The initial Qualified Investors (the Original Purchaser) have acknowledged that no disclosure documents were prepared and that they have obtained all information necessary to make an investment in the Bonds.

Section 8. Assessment Levy and Procedures. (a) An assessment in the amount of \$356,000 was levied and recorded in the office of the Superintendent of Streets for the District against the parcels of real property comprising the real property in the Assessment District and described in the Resolution of Intention, such levy and recordation is authorized and approved. No cash payments of the assessments were received.

(b) For each year while any Bond is outstanding, the Board shall semi-annually cause to be collected such portion of the assessment, sufficient, together with any moneys from any sources in the Enabling Act and under the Indenture, to pay Debt Service on the Bonds when due. Moneys received from the collection of the assessment when collected constitute funds to pay Debt Service and shall be kept separately from other funds in the Bond Fund of the District. The amounts due pursuant to the assessment and unpaid are and shall be a first lien on the property so assessed in the Assessment District, subject only to general property taxes and prior special assessments and shall be collected as prescribed by Sections 48-599 and 600, Arizona Revised Statutes, as amended, as nearly as practicable or such other procedures as the Board may prescribe. Notwithstanding the foregoing, the assessments may be collected by the Maricopa County Treasurer in a similar manner and together with the collection of real property taxes, should the Treasurer of the District so direct. In the event of nonpayment of amounts due pursuant to the assessment, the procedures for collection of delinquent amounts and sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended, apply, as nearly as practicable, except that neither the District nor the Town of Buckeye, Arizona (the "Town") is required to purchase the delinquent land at the sale if there is no other purchaser.

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

Section 9. No Obligation of Town. Nothing contained in this resolution, the Bond Documents or any other instrument shall be construed as obligating the Town or the State

of Arizona (the "State") or any political subdivision of either (other than the District) or as incurring a charge upon the general credit of the Town and the State nor shall the breach of any agreement contained herein, the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Town and the State.

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

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

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

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

(d) Stone & Youngberg LLC, or such other party acceptable to the District Treasurer, is hereby confirmed and appointed the dissemination agent, solely for the purposes of providing certain periodic information to the owners of the Bonds, pursuant to the terms of the Dissemination Agency Agreement.

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

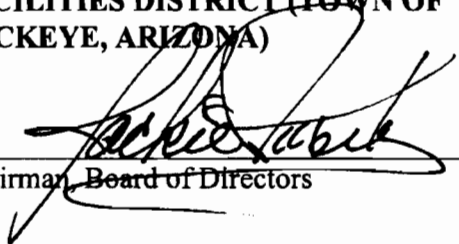
Section 12. Severability; Amendment. (a) If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of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

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

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


PASSED AND ADOPTED by the Board of Directors of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) on November 3, 2009.

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



Chairman, Board of Directors

ATTEST:



Clerk, Board of Directors

APPROVED AS TO FORM:



Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing Resolution No. 09-09 was duly passed by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on _____ and that a quorum was present thereat and that the vote thereon was 4 ayes and 1 nays; 1 did not vote or were absent.



Clerk

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

and

WELLS FARGO BANK, N.A.

as Trustee

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

Dated as of November 1, 2009

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009**

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION4

 Section 1.1. Definitions.....4

 Section 1.2. Acts of Bondholders14

 Section 1.3. Notices, etc.....14

 Section 1.4. Form and Contents of Documents Delivered to the Trustee.....15

 Section 1.5. Effect of Headings and Table of Contents15

 Section 1.6. Successors and Assigns.....16

 Section 1.7. Severability Clause16

 Section 1.8. Benefits of Indenture.....16

 Section 1.9. Governing Law16

 Section 1.10. Notice of Section 38-511, Arizona Revised Statutes.....16

ARTICLE 2 FORM OF BONDS16

 Section 2.1. Form Generally16

 Section 2.2. Form of Bonds17

 Section 2.3. Form of Certificate of Authentication.....23

 Section 2.4. Form of Assignment23

 Section 2.5. Qualified Investor Form of Certificate of Authentication26

ARTICLE 3 TERMS AND ISSUANCE OF THE BONDS26

 Section 3.1. Title and Terms.....26

 Section 3.2. Redemption or Purchase of Bonds.....27

 Section 3.3. Execution, Authentication, Delivery and Dating.....29

 Section 3.4. Registration, Transfer and Exchange.....30

 Section 3.5. Temporary Bonds.....31

 Section 3.6. Mutilated, Destroyed, Lost and Stolen Bonds31

 Section 3.7. Payment of Interest on Bonds; Interest Rights Preserved.....32

 Section 3.8. Cancellation33

 Section 3.9. Persons Deemed Owners33

ARTICLE 4 REDEMPTION OF BONDS.....34

 Section 4.1. General Applicability of Article34

 Section 4.2. Notice to Trustee.....34

 Section 4.3. Selection of Bonds to be Redeemed34

 Section 4.4. Notice of Redemption34

 Section 4.5. Deposit of Redemption Price and Interest36

 Section 4.6. Bonds Payable on Redemption Date.....36

 Section 4.7. Bonds Redeemed in Part.....37

ARTICLE 5 FUNDS.....	37
Section 5.1. Bond Fund.....	37
Section 5.2. Deposits to and Application of Bond Fund.....	37
Section 5.3. Acquisition and Construction Fund	38
Section 5.4. Deposits to and Application of Acquisition and Construction Fund	38
Section 5.5. Issuance and Expenses Fund.....	40
Section 5.6. Deposits to and Application of Issuance and Expenses Fund.....	40
Section 5.7. Reserve Fund	40
Section 5.8. Deposits to and Application of Reserve Fund	40
Section 5.9. Disposition of Proceeds of Bonds and Other Monies	41
Section 5.10. Investment of and Security for Funds.....	42
Section 5.11. Reports by Trustee	42
ARTICLE 6 DEFEASANCE AND RELEASES.....	42
Section 6.1. Payment of Indebtedness; Satisfaction and Discharge of Indenture	42
Section 6.2. Defeasance	43
Section 6.3. Application of Deposited Money.....	44
ARTICLE 7 EVENTS OF DEFAULT; REMEDIES	44
Section 7.1. Events of Default	44
Section 7.2. Suits for Enforcement; Mandamus	45
Section 7.3. Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment	45
Section 7.4. Application of Money Collected.....	46
Section 7.5. Trustee May File Proofs of Claim	47
Section 7.6. Trustee May Enforce Claims Without Possession of Bonds	47
Section 7.7. Unconditional Right of Bondholders to Receive Principal, Premium and Interest.....	47
Section 7.8. Rights and Remedies Cumulative.....	48
Section 7.9. Delay or Omission Not Waiver.....	48
Section 7.10. Control by Bondholders.....	48
Section 7.11. Waiver of Past Defaults	49
Section 7.12. Undertaking for Costs.....	49
Section 7.13. Remedies Subject to Applicable Law	49
ARTICLE 8 THE TRUSTEE.....	50
Section 8.1. Certain Duties and Responsibilities.....	50
Section 8.2. Certain Rights of Trustee.....	50
Section 8.3. Not Responsible for Recitals or Application of Proceeds.....	51
Section 8.4. May Hold Bonds.....	52
Section 8.5. Money Held in Trust.....	52
Section 8.6. Compensation and Reimbursement	52
Section 8.7. Corporate Trustee Required; Eligibility.....	52
Section 8.8. Resignation and Removal; Appointment of Successor.....	52
Section 8.9. Acceptance of Appointment by Successor	53

Section 8.10. Merger, Conversion, Consolidation, or Succession to Business.....	54
ARTICLE 9 SUPPLEMENTAL INDENTURES AND AMENDMENTS TO BOND RESOLUTION	54
Section 9.1. Supplemental Indentures or Amendments to Bond Resolution Without Consent of Bondholders	54
Section 9.2. Supplemental Indentures or Amendments to the Bond Resolution With Consent of Bondholders	55
Section 9.3. Execution of Supplemental Indentures and Amendments to Bond Resolution.....	55
Section 9.4. Effect of Supplemental Indentures and Amendments to Bond Resolution.....	56
Section 9.5. Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution	56
ARTICLE 10 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ISSUER	56
Section 10.1. Power to Issue Bonds and Create Liens.....	56
Section 10.2. Payment of Principal and Interest on Bonds.....	56
Section 10.3. Assessments; Re-Assessments.....	57
Section 10.4. Method of Collection	57
Section 10.5. Delinquent Assessments	58
Section 10.6. Use of Revenues for Authorized Purposes Only	58
Section 10.7. Annual Budget	58
Section 10.8. Financial Statements	58
Section 10.9. Books, Records and Reports	58
Section 10.10. Maintenance of Agency	59
Section 10.11. Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money	59
Section 10.12. Employment of District Engineer and Assessment District Engineer; District Engineer's Report.....	60
Section 10.13. Project to Conform to Plans and Specifications; Changes.....	60
Section 10.14. Compliance Requirements	60
Section 10.15. Fidelity Bonds.....	60
Section 10.16. No Loss of Lien on Pledged Revenues.....	61
Section 10.17. Further Assurances; Recording.....	61
Section 10.18. Corporate Existence	61
Section 10.19. Compliance with Federal Law	61
Signatures	63

THIS INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of November 1, 2009 (hereinafter referred to as this "*Indenture*"), from Festival Ranch Community Facilities District (Town of Buckeye, Arizona), a community facilities district formed by the Town of Buckeye, Maricopa County, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), to Wells Fargo Bank, N.A., a national banking association with trust powers, as trustee (hereinafter together with any successor to the trust herein granted referred to as the "*Trustee*"),

WITNESSETH:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Enabling Act*"), the district board of the Issuer (hereinafter referred to as the "*Board*") adopted on October 20, 2009, Resolution No. 04-09 (hereinafter referred to as the "*Resolution of Intention*") wherein the Issuer formed Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 6 (hereinafter referred to as the "*Assessment District*") and declared its intention to: (i) acquire or construct certain public infrastructure improvements; (ii) assess the costs of said improvements upon certain real property within the boundaries of the Issuer; and (iii) issue special assessment revenue bonds to finance the costs of the acquisition and construction of the public infrastructure improvements and purposes; and

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

WHEREAS, pursuant to Resolution No. 09-09 of the Board adopted on November 3, 2009 (hereinafter referred to as the "*Bond Resolution*"), the Board has authorized the issuance and sale of not to exceed \$356,000 aggregate principal amount of special assessment revenue bonds described herein (hereinafter referred to as the "*Bonds*") to provide funds for the public infrastructure purposes provided for in the Enabling Act, the General Plan, the Resolution of Intention and in the hereinafter described Development Agreement; and

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

WHEREAS, the Issuer and the Owner (the "*Assessment District No. 6 Owner*") have entered into the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and

Development Agreement, recorded in the Maricopa County Recorder's office on October 21, 2009, at Docket 2009 0973664 (hereinafter referred to as the "*Waiver Agreement*"); and

WHEREAS, in reliance upon the Waiver Agreement, the Board on October 20, 2009 has by Resolution No. 08-09 approved the assessment prepared by the Assessment District Engineer and ratified the recording of the assessment against the real property in the Assessment District, the assessment was prepared and the Superintendent of Streets has executed and the Chairman of the Board has countersigned a warrant to collect the assessment, and the assessment was recorded in the office of the Superintendent of Streets against the real property in the Assessment District on October 21, 2009; and

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

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

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

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

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

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

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

GRANTING CLAUSES

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

GRANTING CLAUSE FIRST

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

GRANTING CLAUSE SECOND

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

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

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

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

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

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

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

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

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

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

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

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

"*Assessment*" means the assessment or assessments and corresponding lien or liens levied on the lots and parcels of real property within the Assessment District for the purposes of securing the Bonds, as authorized by the adoption by the Board of Resolution No. 08-09 on October 20, 2009 and as evidenced by the recording of the assessment diagram and the assessment for the Assessment District with the Superintendent of Streets of the Issuer.

"*Assessment District*" means the real property in Assessment District No. 6 (including any real property which may hereafter be added and excluding any real property which may hereafter be deleted) subject to the lien of the Assessment.

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

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

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

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

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

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

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

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

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

"*Bond Resolution*" means the Board Resolution No. 09-09 adopted on November 3, 2009, which, among other things provided for the issuance of the Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Interest Payment Date" means each July 1 and January 1 commencing July 1, 2010.

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

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

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

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

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

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

"Municipality" means the Town of Buckeye, Arizona.

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

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

"*Original Purchaser*" means the initial Qualified Investors purchasing the Bonds.

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

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

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

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

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

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

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

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

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

"*Permitted Investments*" means any of the following; provided, however, any of the following which require a rating and satisfy such rating requirement shall not be a Permitted Investment if the rating is subject to any "credit watch with negative implications" by S&P or "under review for possible

downgrade" by Moody's or any other notice from a Rating Agency indicating a potential downgrade or withdrawal:

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

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

1. *U.S. Export-Import Bank*
Direct obligations or fully guaranteed certificates of beneficial ownership.
2. *Farmers Home Administration*
Certificates of beneficial ownership
3. *Federal Financing Bank*
4. *Federal Housing Administration Debentures*
5. *General Services Administration*
Participation certificates
6. *Government National Mortgage Association ("GNMA")*
Guaranteed mortgage-backed bonds
Guaranteed pass-through obligations
7. *U.S. Maritime Administration*
Guaranteed Title XI financing
8. *New Communities Debentures*
U.S. government guaranteed debentures
9. *U.S. Public Housing Notes and Bonds*
U.S. government guaranteed public housing notes and bonds
10. *U.S. Department of Housing and Urban Development*
Project Notes Local Authority Bonds

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

1. *Federal Home Loan Bank System*

Senior debt obligations

2. *Federal Home Loan Mortgage Corporation*
Participation Certificates and senior debt Obligations
3. *Federal National Mortgage Association ("FNMA")*
Mortgage-backed securities and senior debt obligations
4. *Student Loan Marketing Association*
Senior debt obligations

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

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

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

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

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

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

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

Repurchase Agreements must satisfy the following criteria.

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

- a. *Primary dealers* on the Federal Reserve reporting dealer list, or
 - b. *Banks* rated "A" or above by S&P and rated "A" or above by Moody's.
2. *The written Repurchase Agreement contract must include the following:*
- a. *Securities which are acceptable for transfer are:*
 - (1) Direct United States government, or
 - (2) Federal agencies backed by the full faith and credit of the United States government
 - b. *The term of the Repurchase Agreement may be up to 30 days*
 - c. The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before or simultaneous with payment (perfection by possession of certificated securities)
 - d. *Valuation of Collateral*
 - (1) *The securities must be valued weekly, marked-to market at current market price plus accrued interest*
 - (a) The value of collateral must be equal to 103% of the amount of cash transferred by the Issuer to the dealer bank or security firm under the Repurchase Agreement plus accrued interest. If the value of securities held as collateral slips below 103% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA, then the value of collateral must equal 105%.
3. *Legal opinion which must be delivered to the municipal entity:*
- a. The Repurchase Agreement meets guidelines under state law for legal investment of public funds.

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

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

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

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

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

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

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

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

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

"Qualified Investor" means the Person meeting the qualifications set forth in the Certificate of Qualified Investor" set forth in Section 2.3 hereof.

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

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

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

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

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

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

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

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

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

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

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

"*Resolution of Intention*" means District Resolution No. 04-09 adopted on October 20, 2009.

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

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

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

"*State*" means the State of Arizona.

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

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

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

Section 1.2. Acts of Bondholders.

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

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

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

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

Section 1.3. Notices, etc.

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

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

2. the Issuer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at 530 E. Monroe, Buckeye, Arizona 85326, Attention: District Clerk; with a copy to Gust Rosenfeld P.L.C., 201 E. Washington Street, Suite 800, Phoenix, Arizona 85004-2327, Attention: Mr. Scott W. Ruby; or at any other address previously furnished in writing to such Person by the Issuer.

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 2

FORM OF BONDS

Section 2.1. Form Generally.

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

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

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

[FORM OF BOND]

REGISTERED
No. R-___

REGISTERED
\$_____

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

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER-DEALER (1) IN MINIMUM AUTHORIZED DENOMINATIONS OF \$25,000 OR MORE TO A "QUALIFIED INVESTOR" UPON RECEIPT BY THE TRUSTEE OF THE "CERTIFICATE OF QUALIFIED INVESTOR" IN THE FORM INCLUDED IN THIS BOND. THE TERM "QUALIFIED INVESTOR" SHALL HAVE THE MEANINGS SET FORTH IN THE FORM OF CERTIFICATE INCLUDED IN THIS BOND.

UNITED STATES OF AMERICA
STATE OF ARIZONA

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2009**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP No.</u>
8.875%	July 1, 2034	November 19, 2009	315599 BZ2

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT: THREE HUNDRED FIFTY-SIX THOUSAND AND NO/100 DOLLARS (\$356,000.00)

Festival Ranch Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (herein referred to as the "*Holder*"), on the "*Maturity Date*" specified above, the "*Principal Amount*" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "*Original Issue Date*" specified above, or from the most recent "*Interest Payment Date*" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is deemed in the hereinafter described "*Indenture*"), semiannually on each January 1 and July 1, commencing July 1, 2010 (each an "*Interest Payment Date*"), at the per annum "*Interest Rate*" specified above.

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

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

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

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

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the Issuer having the designation specified in its title (herein referred to as the "*Bonds*"), issued in one series, with the limitations described herein, pursuant to an Indenture of Trust and Security Agreement, dated as of November 1, 2009 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A., as trustee (herein referred to as the "*Trustee*," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. Pursuant to Resolution No.09-09, adopted on November 3, 2009 (herein referred to as the "*Bond Resolution*"), the Board of the Issuer authorized the issuance and sale of not to exceed \$356,000 aggregate principal amount of Bonds for the purpose of financing the costs of acquiring and constructing certain public infrastructure, including particularly the acquisition and/or construction by the Issuer of the improvements and public infrastructure purposes (the "*Improvements*") described in Resolution No. 04-09 which was adopted by the Board of the Issuer on October 20, 2009.

The Bonds are limited obligations of the Issuer payable only out of the special fund to be collected from special assessments (the "*Assessments*") levied only against the lots or parcels of land fronting on or benefited by the Improvements (the "*Assessed Property*") and from amounts held by the Trustee in the Debt Service Reserve Fund (the "*Debt Service Reserve Fund*") under the Indenture. The Assessed Property represents approximately 178 residential lots within the District. Said special fund is

set apart in accordance with the laws of the state and pursuant to the Indenture for the payment of the Bonds and can be used for no other purpose.

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

The amount required to be held in the Debt Service Reserve Fund (the "*Debt Service Reserve Fund Requirement*") may be reduced from time to time if Maximum Annual Debt Service on the Bonds is reduced. Any amount held in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement may be transferred to the Bond Fund and used to make payment of principal and interest on the Bonds either at Stated Maturity or prior redemption.

Investment earnings on the Debt Service Reserve Fund, to the extent not needed to return the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement, to pay debt service on the Bonds, or to pay rebate to the United States, will be deposited into the Bond Fund.

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

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

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

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

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

The Bonds are subject to optional redemption on or after July 1, 2019, at the option of the Issuer, in whole on any date or in part on any Interest Payment Date, upon payment of the Redemption Price of 100% of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the redemption date, without premium.

The Bonds maturing on July 1, 2034 will be subject to mandatory sinking fund redemption on the following redemption dates and in the following amounts upon payment of the redemption price, which will consist of the principal amount of the Bonds so redeemed plus accrued interest on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date but without premium.

Bond maturing on July 1, 2034			
<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>
2011	\$5,000	2023	\$13,000
2012	5,000	2024	14,000
2013	6,000	2025	15,000
2014	6,000	2026	17,000
2015	7,000	2027	18,000
2016	7,000	2028	20,000
2017	8,000	2028	22,000
2018	9,000	2030	24,000
2019	9,000	2031	26,000
2020	10,000	2032	28,000
2021	11,000	2033	31,000
2022	12,000	2034 (maturity)	33,000

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

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

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

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

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

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees. Notwithstanding any other provision of this Bond to the contrary, this Bond or any beneficial interest herein is nontransferable unless the transferee or transferees are Qualified Investors and, if Qualified Investors, such Qualified Investors provide the Trustee a completed certificate of qualified investor in the form included in this Bond.

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

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

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

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

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

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

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

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

By _____
Chairman

ATTEST:

District Clerk

Dated: _____

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

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, N.A., as Trustee

By _____
Authorized Representative

DATE: _____

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

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

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

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

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

ASSIGNMENT

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

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

DATED: _____

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

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

["CERTIFICATE OF QUALIFIED INVESTOR"]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 6
Special Assessment Revenue Bonds, Series 2009

Please be advised that the undersigned is, or is an authorized officer of, the purchaser (in either case, the purchaser is hereinafter referred to as the "Purchaser") of a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of \$356,000. The undersigned hereby acknowledges that the Bonds (i) are not being registered under the federal Securities Act of 1933, as amended (the "Securities Act"), in reliance upon certain exemptions set forth in the Securities 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. The Purchaser assumes all responsibility for complying with any applicable federal and state securities laws in connection with any subsequent offer and sale of such interest in the Bonds and agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer.

In regard to the foregoing, the undersigned hereby certifies, acknowledges, warrants and represents that:

- (1) The Purchaser is one of the following:

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

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

(c) an officer of Stone & Youngberg, L.L.C.; or

(d) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraphs (a), (b) or (c) above.

(2) Such purchase of an interest in the Bonds is for the account of the Purchaser, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and the Purchaser has obtained all information which was regarded by the Purchaser as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the Purchaser 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 volatility of land values, the concentration of ownership of land subject to assessment for payment of the Bonds, the possible transfer of such land by such owner, the failure or inability of such owner as developer to complete proposed development of such land, and possible delays in payment of the Bonds caused by the bankruptcy and foreclosure of any assessed land owner.

(4) The Purchaser is experienced in transactions such as those relating to the Bonds, is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds and did not rely on the addressee District or the Town of Buckeye, Arizona (the "Town"), or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

(5) The Purchaser acknowledges that no offering document, such as an official statement, was prepared by the District and the Purchaser agrees it has obtained all information necessary to make an investment in the Bonds. Neither the District nor the Town, nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned requested, information that may have been furnished to the undersigned by any third party in connection with investment of the Bonds.

[PURCHASER]

By: _____

Printed Name: _____

Title: _____

[END OF "CERTIFICATE OF QUALIFIED INVESTOR"]

Section 2.5. Qualified Investor Form of Certificate of Authentication. Each of the Bonds shall have on the face thereof the following form:

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, N.A., as Trustee

By _____
Authorized Representative

DATE: _____

ARTICLE 3

TERMS AND ISSUANCE OF THE BONDS

Section 3.1. Title and Terms. A. There shall be one series of bonds dated November 19, 2009, issued and secured hereunder entitled "FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), ASSESSMENT DISTRICT NO. 6 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009" (herein referred to as the "Bonds").

B. The Bonds shall be issued in Authorized Denominations.

C. The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to \$356,000. The Bonds shall be mature on July 1 in the years and shall bear rates of interest per annum as follows:

Maturity Date (July 1)	Principal Amount	Interest Rate
2034	\$356,000	8.875%

D. The Bonds shall bear interest from the date of initial delivery or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each January 1 and July 1 commencing July 1, 2010 (herein each referred to as an "Interest Payment Date").

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

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

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

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

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

- (i) on or after the Completion Date of the Project, upon direction to the Trustee by the District, moneys are transferred from the Acquisition and Construction Fund to the Prepayment Account of the Bond Fund pursuant to Section 5.4.D. hereof; or
- (ii) the deposit with the Trustee, for deposit to the Prepayment Account of the Bond Fund, of proceeds from any foreclosure sale of any assessed real property due to a failure to pay an assessment installment, if and to the extent that the foreclosure sale proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

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

- (i) the prepayment of any Assessment, if any, by the owner of any assessed real property and the deposit of such prepayment amounts to the Prepayment Account of the Bond Fund; or
- (ii) the transfer of moneys from the Reserve Fund established for the Bonds to the Prepayment Account of the Bond Fund:
 - (a) which are in excess of the Reserve Fund Requirement, pursuant to Section 5.8.C.; or
 - (b) are sufficient to pay and redeem all of the Outstanding Bonds, pursuant to Section 5.8.F.

C. *Optional Redemption.* The Bonds will also be redeemable on or after July 1, 2019, at the option of the Issuer prior to the applicable maturity in whole on any date or from time to time in part on any Interest Payment Date as randomly determined by the Trustee within the applicable maturity, upon payment of the applicable Redemption Price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date, without premium.

D. *Mandatory Redemption.* The Bonds maturing on July 1, 2034 will be redeemed from funds of the Issuer prior to the applicable maturity on the following redemption dates and in the following amounts upon payment of the applicable Redemption Price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable Redemption Date:

Bond maturing on July 1, 2034			
<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>
2011	\$5,000	2023	\$13,000
2012	5,000	2024	14,000
2013	6,000	2025	15,000
2014	6,000	2026	17,000
2015	7,000	2027	18,000
2016	7,000	2028	20,000
2017	8,000	2028	22,000
2018	9,000	2030	24,000
2019	9,000	2031	26,000
2020	10,000	2032	28,000
2021	11,000	2033	31,000
2022	12,000	2034 (maturity)	33,000

Whenever Bonds are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the Issuer to the Trustee for cancellation, the principal amount of the Bonds

so retired shall satisfy and be credited on a *pro-rata* basis against the remaining mandatory redemption requirements for the Bonds of the applicable maturity.

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

Section 3.3. Execution, Authentication, Delivery and Dating.

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

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

1. the Bond Resolution, duly and validly adopted by the Board, authorizing the execution and delivery of this Indenture and the authentication and delivery of the Bonds,
2. the purchase price for the Bonds specified in the Bond Resolution.

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

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

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

Section 3.4. Registration, Transfer and Exchange.

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

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

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

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

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

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

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

G. Neither the Issuer nor the Trustee shall be required (1) to issue, transfer, or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day

of the first mailing of a notice of redemption of Bonds under Section 4.4 and ending at the close of business on the day of such mailing or (2) thereafter to transfer or exchange any Bond to be redeemed in whole or in part pursuant to such notice.

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

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

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

Section 3.5. Temporary Bonds.

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

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

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

A. If (1) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the Trustee such security or indemnity as may be required by it to save each of the Issuer and Trustee harmless, then, in the absence of notice to the Issuer or the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon a request of the District Manager, the Trustee shall

authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same series and of like tenor and aggregate principal amount bearing a number not contemporaneously outstanding, provided, however, in case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Issuer or the Trustee in its discretion may pay such Bond instead of issuing a new Bond. If, after the delivery of such new Bond or payment, a bona fide purchaser of the original Bond in lieu of which such new Bond was issued or payment made presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such new Bond or payment from the Person to whom it was delivered or to whom payment was made or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expenses incurred by the Issuer or the Trustee in connection therewith.

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

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

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

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

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

B. Any interest on any Bond which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (herein referred to as "*Defaulted Interest*") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder. Such Defaulted Interest shall thereupon be paid by the Issuer to the Persons in

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

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

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

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

ARTICLE 4

REDEMPTION OF BONDS

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

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

Section 4.3. Selection of Bonds to be Redeemed.

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

Section 4.4. Notice of Redemption.

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

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

1. the Redemption Date,

2. the Redemption Price,

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

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

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

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

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

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

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

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

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

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

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

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

and to Electronic Municipal Market Access (“EMMA”) system and The EMMA Continuing Disclosure System of the Municipal Securities Rulemaking Board and, if for any reason, EMMA no longer exists, the Trustee shall send the notices to the following national repositories:

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

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

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

Interactive Date Pricing & Reference Data, Inc.
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Telephone: 212.771.6999
Fax: 212.771.7390
www.interactivedata.prd.com
E-mail: [NRMSIR@interactivedata.com](mailto: NRMSIR@interactivedata.com)

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

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

Section 4.6. Bonds Payable on Redemption Date.

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

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

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

ARTICLE 5

FUNDS

Section 5.1. Bond Fund.

A. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Assessment District No. 6 Special Assessment Revenue Bonds, Series 2009 Bond Fund" (herein referred to as the "*Bond Fund*"). The money deposited to the Bond Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.2 and 7.3.

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

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

Section 5.2. Deposits to and Application of Bond Fund.

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

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

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

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

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

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

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

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

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

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

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

Section 5.3. Acquisition and Construction Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Assessment District No. 6 Special Assessment Revenue Bonds, Series 2009 Acquisition and Construction Fund" (herein referred to as the "*Acquisition and Construction Fund*"). The money deposited to the Acquisition and Construction Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.4.

Section 5.4. Deposits to and Application of Acquisition and Construction Fund. The Issuer shall deposit to the Acquisition and Construction Fund the amount of Bond proceeds specified in Section 5.9 (\$274,720.00). Subsequent to the Closing Date, the Trustee shall deposit in the Acquisition and Construction Fund the amounts, if any, specified in Section 5.6.

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

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

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

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

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

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

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

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

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

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

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

Section 5.5. Issuance and Expenses Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Assessment District No. 6 Special Assessment Revenue Bonds, Series 2009 Issuance and Expenses Fund" (herein referred to as the "*Issuance and Expenses Fund*"). The money deposited to the Issuance and Expenses Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.6.

Section 5.6. Deposits to and Application of Issuance and Expenses Fund. The Issuer shall deposit to the credit of the Issuance and Expenses Fund the amount specified in Section 5.9. Upon an Issuer Request, amounts on deposit in the Issuance and Expenses Fund shall be applied to pay all Costs of Issuance identified in the Issuer Request. On July 1, 2010, the Trustee shall transfer any moneys in the Issuance and Expenses Fund to the Acquisition and Construction Fund.

Section 5.7. Reserve Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Assessment District No. 6 Special Assessment Revenue Bonds, Series 2009 Reserve Fund" (herein referred to as the "*Reserve Fund*"). The money deposited to the Reserve Fund, together with all investments thereof and investment profits therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.8.

Section 5.8. Deposits to and Application of Reserve Fund.

A. The Issuer shall deposit to the Reserve Fund the amount of Bond proceeds specified in Section 5.9 hereof (\$35,600).

B. On, or, if either day is not a Business Day, before June 29 and December 30 of 2010 and each year thereafter, the Trustee shall, to the extent the moneys in the Reserve Fund exceed the Reserve Fund Requirement, transfer from the Reserve Fund to the Principal and Interest Accounts of the Bond Fund the difference between the amount in the Bond Fund on such date and the amount necessary to pay the principal of and interest, respectively, on the Bonds on the next succeeding July 1 or January 1, as the case may be.

C. The Trustee shall examine the Reserve Fund Requirement on May 1, 2011 and each May 1st of each year thereafter, to determine if any prepaid assessments and corresponding redemption of Bonds has allowed the Reserve Fund Requirement to be reduced. On May 1, 2011 and each May 1st of each year thereafter, the Trustee shall determine the value of the Reserve Fund investments, excluding any moneys which constitute investment earnings (which earnings are subject to the provisions of paragraph E of this Section), and shall thereafter deposit in the Prepayment Account of the Bond Fund, in \$1,000 multiples, any moneys in the Reserve Fund in excess of the Reserve Fund Requirement and apply the same pursuant to Section 3.2.B.(ii)(a). On June 1, 2034, all moneys in the Reserve Fund shall be transferred to the Bond Fund.

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

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

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

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

A. Issuance and Expenses Fund. An amount equal to \$35,000.00 comprised of Bond proceeds.

B. Reserve Fund. An amount equal to \$35,600, comprised of Bond proceeds.

C. Acquisition and Construction Fund. The balance remaining from the proceeds of the Bonds after the deposit described in Paragraphs A and B of this Section (\$70,600.00) shall be deposited to the credit of the Acquisition and Construction Fund for the purposes described in Section 5.4.

Section 5.10. Investment of and Security for Funds.

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

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

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

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

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

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

ARTICLE 6

DEFEASANCE AND RELEASES

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

A. Whenever;

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 7

EVENTS OF DEFAULT; REMEDIES

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

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

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

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

Section 7.2. Suits for Enforcement; Mandamus.

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

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

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

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

A. If:

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

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

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

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

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

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

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

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

Section 7.5. Trustee May File Proofs of Claim.

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

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

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

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

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

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

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

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

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

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

Section 7.10. Control by Bondholders.

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

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

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

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

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

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

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

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

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

Section 7.11. Waiver of Past Defaults.

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

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

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

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

ARTICLE 8

THE TRUSTEE

Section 8.1. Certain Duties and Responsibilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 8.6. Compensation and Reimbursement.

A. The Issuer shall

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

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

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

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

Section 8.8. Resignation and Removal; Appointment of Successor.

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

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

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

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

D. If at any time:

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

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

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

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

Section 8.9. Acceptance of Appointment by Successor.

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

successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers, and trusts.

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

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

ARTICLE 9

SUPPLEMENTAL INDENTURES AND AMENDMENTS TO BOND RESOLUTION

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

1. to correct or amplify the description of any property at any time subject to the lien hereof, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien hereof additional property; or
2. to add to the conditions, limitations, and restrictions on the authorized amount, terms, or purposes of issue, authentication, and delivery of Bonds, as herein set forth, and additional conditions, limitations, and restrictions-thereafter to be observed; or
3. to evidence the succession of another entity to the Issuer and the assumption by any such successor of the covenants of the Issuer herein, in the Bond Resolution, or the Bonds contained; or
4. to add to the covenants of the Issuer for the benefit of the Holders of all of the Bonds or, if for the benefit of the Holders, to surrender any right or power herein or in the Bond Resolution conferred upon the Issuer; or
5. to cure any ambiguity, to correct or supplement any provision herein or in the Bond Resolution which may be inconsistent with any other provision herein or in the Bond Resolution, or to

make any other provisions, with respect to matters or questions arising under this Indenture or the Bond Resolution, which shall not be inconsistent with the provisions of this Indenture, the Bond Resolution, provided such action shall not adversely affect the interests of the Holders of the Bonds.

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

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

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

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

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

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

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

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

Section 9.3. Execution of Supplemental Indentures and Amendments to Bond Resolution. In executing, or accepting the additional trusts created by, any supplemental indenture or

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

Section 9.4. Effect of Supplemental Indentures and Amendments to Bond Resolution.

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

Section 9.5. Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution.

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

ARTICLE 10

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ISSUER

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

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

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

NOTHING IN THE BONDS OR IN THE INDENTURE SHALL BE CONSTRUED AS OBLIGATING THE OWNER, OR ANY SUBSEQUENT OWNER OF REAL PROPERTY WITHIN THE DISTRICT, ANY JOINT VENTURE ENTITY IN THE OWNER OR ANY SUBSEQUENT OWNER OF REAL PROPERTY WITHIN THE DISTRICT, OR ANY PERSON AFFILIATED WITH, CONTROLLING OR RELATED TO, THE OWNER OR ANY SUBSEQUENT OWNER OF REAL PROPERTY WITHIN THE DISTRICT, OR ANY JOINT VENTURE ENTITY IN THE OWNER, OR ANY SUBSEQUENT OWNER OF REAL PROPERTY WITHIN THE DISTRICT, TO PAY THE BONDS OR THE REDEMPTION PRICE THEREOF OR THE INTEREST THEREON, EXCEPT TO THE EXTENT THAT THEY ARE OBLIGATED TO PAY ASSESSMENTS CONSTITUTING PLEDGED REVENUES UNDER THE INDENTURE.

Section 10.3. Assessments; Re-Assessments.

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

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

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

successor statutes thereto; provided, however, publication of the notice shall not be required; or (ii) by the Maricopa County Treasurer as part of its regular tax bills pursuant to the terms of a Community Facilities District Assessment Collection Agreement between the District and the Maricopa County Treasurer.

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

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

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

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

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

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

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

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

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

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

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

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

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

D. In the event any check for payment of interest on a Bond is returned to any Paying Agent unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at Maturity or Redemption Date, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to such Paying Agent for the benefit of the Holder thereof, it shall be the duty of such Paying Agent to hold such funds or invest the

same in Government Obligations, without liability for interest thereon, for the benefit of the Holder of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. Such obligation of the Paying Agent to hold such funds shall continue for two (2) years and six (6) months following the date on which such interest or principal payment became due, whether at Maturity or Stated Maturity, or at the Redemption Date, or otherwise, at which time such Paying Agent shall surrender such unclaimed funds so held to the Issuer, whereupon any claim of whatever nature by the Holder of such Bond arising under such Bond shall be made upon the Issuer.

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

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

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

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

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

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

Section 10.15. Fidelity Bonds. Every officer, agent or employee of the Issuer having custody or control of any of the Pledged Revenues or Bond proceeds shall be bonded by a responsible corporate surety in an amount not less than the greatest amount reasonably anticipated to be within the

custody or control of such officer, agent or employee at one time. The premiums on such surety bonds shall be paid by the Issuer as an expense of operation and maintenance of the applicable Project.

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

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

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

Section 10.19. Compliance with Federal Law.

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

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

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

Issuer to take certain actions (including the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions.

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

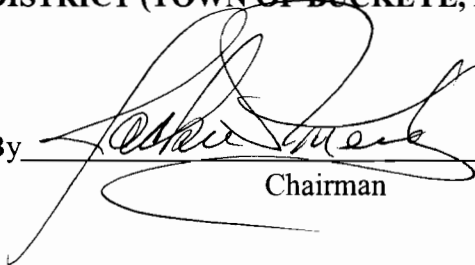
E. This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

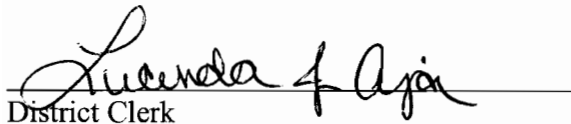
**FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT (TOWN OF BUCKEYE, ARIZONA)**

By



Chairman

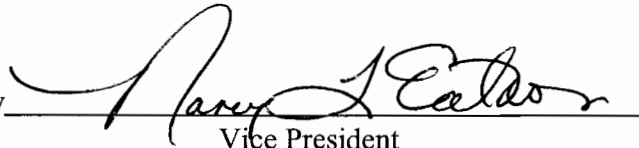
ATTEST:



District Clerk

WELLS FARGO BANK, N.A.

By



Vice President

Jan. 26. 2010 3:39PM

No. 9231 P. 2
Page 1 of 2

01/22/2010 10:51 FAX 003/004

SECRETARY OF STATE
2010 JAN 25 AM 7:59
FILED
201016048966

UCC FINANCING STATEMENT
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

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

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

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

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

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

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

OR

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

2a. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
530 E. Monroe Avenue Buckeye AZ 85326 USA

1d. SEE INSTRUCTIONS ADDL INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any

muni corp Arizona NONE

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

2a. ORGANIZATION'S NAME

OR

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

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADDL INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any

NONE

3. SECURED PARTY'S NAME (i.e. NAME OF TOTAL ASSIGNEE OF ASSIGNOR & P) - Insert only one secured party name (3a or 3b)

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

OR

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

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

4. THE FINANCING STATEMENT covers the following collateral:
See Exhibit A attached hereto.

5. ALTERNATIVE DESIGNATION (if applying file) LESSOR/LESSOR OR COMAKER/COMAKER OR BAILEE/BAILEE OR BELLER/BUYER ALL LIEN NON-UCC FILING

6. THE FINANCING STATEMENT is to be filed (for record) (if recorded) in the REAL ESTATE RECORDS (if not recorded) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (Additional Fee) All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA
006718 - 226 Assmnt District No. 6

International Association of Commercial Administrators (IACA)

FILED OFFICE COPY - UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02)

UNOFFICIAL DATA - Fileno: 1604896 CheckDigit: 6 Seqno: 1 Page: 1

01/22/2010 18:51 FAX

004/004

**EXHIBIT A
TO UCC FINANCING STATEMENT**

Debtor: FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), a municipal corporation
530 E. Monroe Avenue
Buckeye, Arizona 85326

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

Reference is made to the Indenture of Trust and Security Agreement, dated as of November 1, 2009 (the "*Indenture*"), between the Festival Ranch Community Facilities District (Town of Buckeye, Arizona), as Debtor (the "*Debtor*") and Wells Fargo Bank, N.A., as trustee (the "*Secured Party*") relating to the issuance by the Debtor of its \$356,000 Assessment District No. 6 Special Assessment Revenue Bonds, Series 2009 (the "*Bonds*"). For certain terms, denoted by initial capitals herein, the definitions of said terms are adopted as set or incorporated in the *Indenture*.

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

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

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

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

SWR:jh2 1125448 11/09/09

UNOFFICIAL DATA - FileNo: 1604896 CheckDigit: 6 Seqno: 1 Page: 2

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES ISSUER
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

CLOSING CERTIFICATE OF THE ISSUER

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

(1) To partially finance the projects listed on Exhibit A hereto, we have executed \$356,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Issuer No. 6, Special Assessment Revenue Bonds, Series 2009 (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 November 19, 2009, and are in the denomination of \$1,000 each or integral multiples of \$1,000. The Bond will mature on July 1, 2034.

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

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

The Bonds are subject to optional redemption on or after July 1, 2019, at the option of the Issuer, in whole on any date or in part on any Interest Payment Date, upon payment of the Redemption Price of 100% of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the redemption date, without premium.

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

Bond maturing on July 1, 2034

<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>
2011	\$5,000	2023	\$13,000
2012	5,000	2024	14,000
2013	6,000	2025	15,000
2014	6,000	2026	17,000
2015	7,000	2027	18,000
2016	7,000	2028	20,000
2017	8,000	2029	22,000
2018	9,000	2030	24,000
2019	9,000	2031	26,000
2020	10,000	2032	28,000
2021	11,000	2033	31,000
2022	12,000	2034(maturity)	33,000

Interest is payable on January 1 and July 1 of each year during the term of each of the Bonds, commencing on July 1, 2010.

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

(i) (a) That on November 3, 2009, Resolution No. 09-09 of the Issuer Board (the "*Resolution*") was duly adopted at a duly called meeting (the "*Meeting*") of the Issuer Board, at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than twenty-four (24) hours prior to the Meeting and that the Meeting was open to the public.

(b) That the Resolution duly authorized the issuance and sale of the Bonds, the Indenture of Trust and Security Agreement, dated as of November 1, 2009 (the "*Indenture*") from the Issuer to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), the Dissemination Agency Agreement, dated as of November 1, 2009, by and between the Issuer and Stone & Youngberg LLC (the "*Dissemination Agent*"), and the Continuing Disclosure

Undertaking, dated November 19, 2007, executed by the Issuer (collectively, the Indenture, the Dissemination Agency Agreement and the Continuing Disclosure Undertaking are hereafter referred to as the "*Issuer Documents*").

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

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

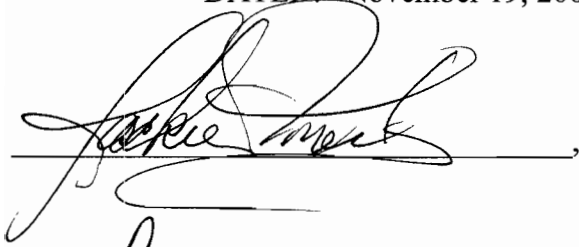
(ii) The representations, warranties and covenants contained in the Investor Letters for the Bonds are true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof.

(iii) No litigation is pending or threatened before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the Issuer of the provisions of the Issuer Documents or the collection of special assessments for payment of the Bonds; (B) in any way contesting or affecting the authority for, or the validity of, the Purchase Contract or the application of the proceeds of the Bonds or (C) in any way contesting the existence or powers of the Issuer.

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

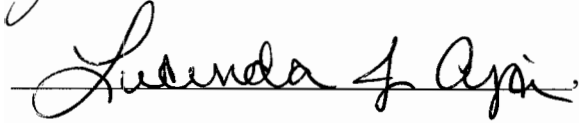
(v) The Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the date hereof.

DATED: November 19, 2009.

A handwritten signature in black ink, appearing to read "Jackie Mack", written over a horizontal line.

OFFICIAL TITLE

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

A handwritten signature in black ink, appearing to read "Lucinda J. Ayari", written over a horizontal line.

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

EXHIBIT A

**LIST OF PROJECTS TO BE PARTIALLY FINANCED
WITH BOND PROCEEDS**

Public Infrastructure Project	Estimated Acquisition Price
J1 – Tina Lane, 261st Ave, 261st Lane, Vista North Dr., Melinda Lane, 263rd Lane, 263rd Drive, 262nd Lane, Via Del Sol Drive, Louise Drive	\$356,000

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

TAX CERTIFICATE OF THE DISTRICT

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

This Certificate is executed for the purpose of establishing certain facts existing as of the date hereof and the reasonable expectations of the District as to future events regarding the \$356,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District No.6, Special Assessment Revenue Bonds, Series 2009 (the "*Bonds*"), dated November 19, 2009. The Bonds mature on July 1, 2034 and are subject to optional and mandatory redemption as shown on Exhibit B attached hereto and incorporated by reference herein.

The Bonds are authorized and issued pursuant to an Indenture of Trust and Security Agreement dated as of November 1, 2009 (the "*Indenture*") by and between the District and Wells Fargo Bank, N.A. (the "*Trustee*") and are being placed with qualified investors by Stone & Youngberg LLC (the "*Placement Agent*").

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

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

ARTICLE 1
GENERAL

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

Section 1.2. Reliance on Other Parties. The District in making the representations in this certificate relies on the representations of the Placement Agent as set forth in the Certificate of Placement Agent Regarding Yield on the Bonds (the "*Placement Agent Certificate*") dated as of November 19, 2009. The District is not aware of any facts or

circumstances that would cause it to question the accuracy or reasonableness of the representations of the Placement Agent.

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

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

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

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

ARTICLE 2 ISSUE DATA

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

Section 2.2. Bond Terms. The Bonds shall have such terms as are set forth above. The Bonds are dated November 19, 2009, and are in the denomination of \$1,000 each or \$1,000 integral multiples in excess thereof. Interest on the Bonds shall be payable semiannually on January 1 and July 1 of each year during the term of the Bonds, commencing on July 1, 2010.

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

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

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

ARTICLE 3
ARBITRAGE (NONREBATE) MATTERS

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

(i) Placement Agent Compensation. An amount of \$10,680 will be paid to the Placement Agent from the Issue Price otherwise paid to the District to purchase the Bonds as Placement Agent's compensation.

(ii) Reserve Fund. An amount of \$35,600 will be deposited to the debt service reserve fund and will be used to pay principal and interest on the Bonds in the event that insufficient money is available in the Bond Fund to pay principal and interest when due.

(iii) Issuance Costs. An amount of \$35,000 will be deposited in the Issuance and Expense Fund and used to pay Issuance Costs of the Bonds.

(iv) Project Costs.

(a) An amount of \$274,720.00 will be deposited in the Acquisition and Construction Fund and used by the District to acquire and construct certain public street, water and sewer facilities and improvements.

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

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

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

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

(c) The Net Sale Proceeds allocable to the Bonds deposited in the Acquisition and Construction Fund may be invested at a yield in excess of the yield of the Bonds and shall be subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated thereunder. On or after November 19, 2012, the District shall make appropriate yield reduction payments for any moneys in the Construction Fund which are allocable to the Bonds and invested at a yield in excess of the yield of the Bonds.

(d) Interest realized from investment of proceeds of the Bonds deposited in the Construction Fund may be invested in obligations without regard to yield limitation for the period ending on November 19, 2012 or, if longer, one year from the date of receipt, and shall be subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated thereunder.

Section 3.2. Bond Fund; Temporary Period.

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

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

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

Section 3.4. No Replacement. That portion of the Bonds that is to be used to finance capital expenditures (meaning costs of a type that are properly chargeable to a capital account, or would be so chargeable with a proper election, under general federal income tax principles) has a weighted average maturity that does not exceed 120% of the weighted average reasonably expected economic life of such capital expenditures. Amounts received from the sale of the Bonds, and amounts derived from investment of such amounts will not replace, directly or

indirectly, moneys used, directly or indirectly, to acquire investments which could legally and practically be used to finance the Project, the District having no funds which could be used to finance the Project which are not pledged, budgeted, earmarked or expected to be used for other purposes. It is, therefore, not expected that amounts will replace, directly or indirectly, moneys used directly or indirectly to acquire investments which could be used for the purposes for which the Bonds are being used.

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

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

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

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

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

ARTICLE 4 YIELD AND YIELD LIMITATIONS

Section 4.1. Yield. For purposes of this Certificate and its attachments, yield is calculated as set forth in Section 148(h) of the Code and Sections 1.148-4 and 1.148-5 of the Treasury Regulations. Hence, in general, yield means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest to be paid on an obligation and the cost of Qualified Guarantees (if any) paid and to be paid with respect to such obligation, produces an amount equal to the Issue Price of the obligation. The Placement Agent certifies in the Certificate of Placement Agent Regarding Yield on the Bonds that the Bonds were sold at par and the initial purchaser has purchased the Bonds for its own account and has not offered or sold and has no present intention to offer or sell the Bonds. For purposes hereof, all

calculations of yield have been made on the basis of semiannual compounding using a 360-day year. The yield on the Bonds as computed by the Underwriter, is at least 8.8717%.

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

ARTICLE 5 ARBITRAGE REBATE REQUIREMENTS

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

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

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

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

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

(b) Election to Use Actual Facts Instead of Expectations to Determine Available Construction Proceeds for the First Three Semiannual Expenditure Dates. In general, for purposes of determining compliance with the first three spending periods set forth in Section 5.6(B) hereof, Available Construction Proceeds include the amount of future earnings that the issuer reasonably expected as of the Issuance Date. However, the issuer may elect on or before the Issuance Date to use actual facts instead of reasonable expectations to determine Available Construction Proceeds for the first three semiannual expenditure dates.

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

ARTICLE 6 OTHER TAX MATTERS

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

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

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

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

Section 6.2. **Bonds Not Federally Guaranteed.** Except for the investments of the type described in the last sentence of this Section 6.2, no portion of the payment of principal or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing is or

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

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

Section 6.4 Qualified Tax-Exempt Obligations. The District hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. It is reasonably anticipated that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265 (b)(3)(B) of the Code) which will be issued for or by the District in calendar year 2009 will not exceed \$30,000,000.

ARTICLE 7 MISCELLANEOUS

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

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

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

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

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

DATED: November 19, 2009

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

By 
Chairman, Board of Directors

By 
Clerk, Board of Directors

EXHIBIT A

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT B

MATURITY AND REDEMPTION TERMS

Maturity Date (July 1)	<u>Par Amount</u>	<u>Offering Price</u>	<u>Total for Maturity</u>
2011*	\$5,000	100%	\$5,000
2012*	5,000	100%	5,000
2013*	6,000	100%	6,000
2014*	6,000	100%	6,000
2015*	7,000	100%	7,000
2016*	7,000	100%	7,000
2017*	8,000	100%	8,000
2018*	9,000	100%	9,000
2019*	9,000	100%	9,000
2020*	10,000	100%	10,000
2021*	11,000	100%	11,000
2022*	12,000	100%	12,000
2023*	13,000	100%	13,000
2024*	14,000	100%	14,000
2025*	15,000	100%	15,000
2026*	17,000	100%	17,000
2027*	18,000	100%	18,000
2028*	20,000	100%	20,000
2029*	22,000	100%	22,000
2030*	24,000	100%	24,000
2031*	26,000	100%	26,000
2032*	28,000	100%	28,000
2033*	31,000	100%	31,000
2034	33,000	100%	33,000

* Redemption Dates for Term Bond maturing on July 1, 2034

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

The Bonds are subject to special optional redemption from funds of the Issuer at the option of the Issuer in whole on any date or from time to time in part on any Interest Payment Date, as randomly determined by the Trustee within the applicable maturity, upon payment of the applicable Redemption Price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date, without premium, if and to the extent moneys are received by the Issuer and held by the

Trustee as a result of any one or more of the following events: (i)the prepayment of any Assessment, if any, by the owner of any assessed real property and the deposit of such prepayment amounts to the Prepayment Account of the Bond Fund; or (ii)the transfer of moneys from the Reserve Fund established for the Bonds to the Prepayment Account of the Bond Fund pursuant to the Indenture.

Optional Redemption. The Bonds will also be redeemable on or after July 1, 2019, at the option of the District in whole on any date or from time to time in part on any interest payment date as randomly determined by the Trustee upon not more than sixty (60) nor less than thirty (30) days prior notice upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed from the most recent interest payment date to the applicable redemption date without premium.

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

Bond maturing on July 1, 2034

<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>
2011	\$5,000	2023	\$13,000
2012	5,000	2024	14,000
2013	6,000	2025	15,000
2014	6,000	2026	17,000
2015	7,000	2027	18,000
2016	7,000	2028	20,000
2017	8,000	2028	22,000
2018	9,000	2030	24,000
2019	9,000	2031	26,000
2020	10,000	2032	28,000
2021	11,000	2033	31,000
2022	12,000	2034(maturity)	33,000

EXHIBIT C

SOURCES AND USES OF BOND PROCEEDS AND OTHER MONEYS

SOURCES

Principal amount of Bonds	<u>\$356,000.00</u>
TOTAL SOURCES	<u>\$356,000.00</u>

USES

Deposit to Acquisition Fund and Construction Fund	\$274,720.00
Deposit to the Issuance and Expenses Fund	35,000.00
Placement Agent's compensation	<u>10,680.00</u>
TOTAL USES	<u>\$356,000.00</u>

EXHIBIT D

Principal Amount of Bonds	<u>\$356,000.00</u>
ISSUE PRICE	<u>356,000.00</u>
SALE PROCEEDS	356,000.00
Less: Sale Proceeds deposited in Reserve Fund	(35,600.00)
Less: Minor Portion	<u>(17,800.00)</u>
NET SALE PROCEEDS	\$302,600.00

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

**ISSUER REQUEST FOR PAYMENT OF
COSTS OF ISSUANCE**

Pursuant to Section 5.6 of the Indenture of Trust and Security Agreement dated as of November 1, 2009 (the "*Indenture*"), from Festival Ranch Community Facilities District (Town of Buckeye, Arizona) to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), the Trustee is hereby requested to disburse from the Issuance and Expenses Fund established in the Indenture to the persons named on Exhibit A hereto the respective amounts set forth thereon in payment of Costs of Issuance (as such term is defined in the Indenture), which amounts are for Costs of Issuance properly chargeable to the Issuance and Expenses Fund.

DATED: November 19, 2009.

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

By _____

Chairman

EXHIBIT A
Costs of Issuance

***FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009***

Bond Counsel (including expenses)	
-- Gust Rosenfeld P.L.C.	\$25,700.00
Trustee -- Wells Fargo Bank, N.A. (acceptance and first year annual fees)	4,000.00
Appraisal	3,250.00
DTC/CUSIP and related charges	<u>2,050.00</u>
	<u>\$35,000.00</u>

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

and

STONE & YOUNGBERG LLC

DISSEMINATION AGENCY AGREEMENT

Dated as of November 1, 2009

\$356,000
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 6
Special Assessment Revenue Bonds, Series 2009

TABLE OF CONTENTS

	<u>Page</u>
PARTIES	1
RECITALS	1
ARTICLE ONE	
SECTION 1.01. Definitions.....	1
SECTION 1.02. Notices, etc.....	2
SECTION 1.03. Effect of Headings and Table of Contents.....	2
SECTION 1.04. Successors and Assigns.....	2
SECTION 1.05. Severability Clause	2
SECTION 1.06. Benefits of Agreement	3
SECTION 1.07. Governing Law	3
SECTION 1.08. Notice of Section 38-511, Arizona Revised Statutes, As Amended.....	3
SECTION 1.09. Further Assurances; Recording.....	3
SECTION 1.10. Amendments	3
SECTION 1.11. Termination.....	3
SECTION 1.12. Integration.....	4
ARTICLE TWO	
SECTION 2.01. Annual Reports	4
SECTION 2.02. Material Events	4
SECTION 2.03. Dissemination of Annual Reports.....	4
SECTION 2.04. Dissemination of Notices of Material Events	5
SECTION 2.05. Dissemination of Other Notices.....	5
SECTION 2.06. Duty to Update.....	5
SECTION 2.07. Consequences of Default by Agent Standard of Care	5
SECTION 2.08. Additional Information	6
SECTION 2.09. Compensation	6
SECTION 2.10. Recordkeeping	6
SIGNATURES.....	7

THIS DISSEMINATION AGENCY AGREEMENT, dated as of November 1, 2009 (hereinafter referred to as this "*Agreement*"), by and between Festival Ranch Community Facilities District (Town of Buckeye, Arizona), 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 Stone & Youngberg LLC, a limited liability company duly incorporated and validly existing pursuant to the laws of the State of California (hereinafter together with its successors referred to as the "*Agent*");

WITNESSETH:

WHEREAS, pursuant to a resolution of the district board of the Issuer (hereinafter referred to as the "*Board*") adopted on (hereinafter referred to as the "*Bond Resolution*"), the Board has authorized the issuance of certain assessment bonds (hereinafter referred to as the "*Securities*") to provide funds for certain public infrastructure purposes provided for in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (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 herein have the meanings assigned to them hereinabove and in the Section 1 of the Undertaking.

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

C. 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.

D. 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, 5230 E. Monroe Avenue, 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 2555 E. Camelback Road, Phoenix, Arizona 85016, Attention: Mark Reader, or at any other address furnished previously in writing to such person by the Owner.

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.

Within three (3) years after its execution, the Issuer may 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 hereof with respect to the subject matter hereof 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 hereof. 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 hereto with respect to the subject matter hereof.

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 hereof.

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 hereof, 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 herein 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 hereto 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 herein shall be deemed to prevent the Issuer from delivering any other information to the Agent, using the means of dissemination set forth herein 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 hereby. If the Issuer chooses to include any such information, the Issuer shall have no obligation pursuant hereto 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 hereto in an amount to be agreed upon from time to time.

SECTION 2.10. Recordkeeping.

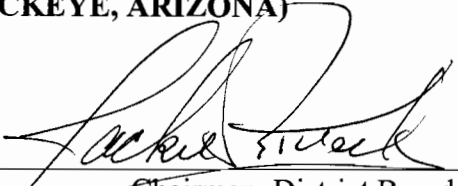
The Agent shall maintain records of the Annual Reports and the Notices of Material Events including the names of the entities with which the same were filed and the date of filing, and copies thereof shall be available to the Issuer upon reasonable request and the payment of reasonable copying and delivery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

This instrument may be executed in any number of counter-parts, 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.

[Remainder of Page Intentionally Left Blank]

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

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

By 
Chairman, District Board

ATTEST:


District Clerk

STONE & YOUNGBERG LLC

By _____

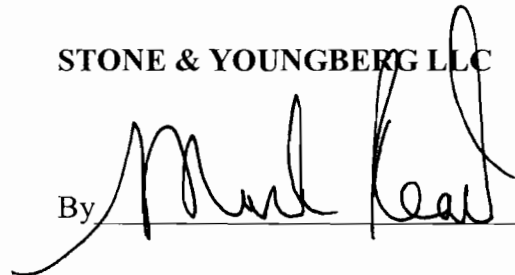
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and to be effective as of the day and year first above written, which date shall be deemed the date hereof for all purposes.

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

By _____
Chairman, District Board

ATTEST:

District Clerk

STONE & YOUNGBERG LLC
By  _____

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009**

**CONTINUING DISCLOSURE CERTIFICATE
(CUSIP NO. 315599 BZ2)**

This Continuing Disclosure Certificate (this "Disclosure Certificate") is undertaken by the Festival Ranch Community Facilities District (the "District") in connection with the issuance of \$356,000 principal amount of Special Assessment Revenue Bonds, Series 2009 (the "Bonds"). In consideration of the initial sale and delivery of the Bonds, the District covenants as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is for the benefit of the Bond holders and in order to assist the Participating Underwriter in complying with the Rule (as such term and all other capitalized terms are hereinafter defined).

Section 2. Definitions. Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

"Annual Report" shall mean the annual report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Bond Counsel" shall mean Gust Rosenfeld P.L.C. or such other nationally recognized bond counsel as may be selected by the District.

"Bondholder" shall mean any registered owner or beneficial owner of the Bonds.

"Dissemination Agent" shall mean the District, or any person designated in writing by the District as the Dissemination Agent.

"EMMA" shall mean the Electronic Municipal Market Access system and the EMMA Continuing Disclosure Service of MSRB, or any successor thereto approved by the United States Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"Participating Placement Agent" shall mean any of the original placement agent of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"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.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than February 1 of each year (the "Filing Date"), commencing February 1, 2011, provide electronically to MSRB, in a format

prescribed by the MSRB an Annual Report for the fiscal year ending on the preceding June 30 which is consistent with the requirements of Section 4 of this Disclosure Certificate. Currently, filings are required to be made with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District).

(b) If the District is unable or for any reason fails to provide to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the District shall promptly send a notice to EMMA in substantially the form attached as Exhibit "A" not later than such Filing Date.

(c) If the District's audited financial statements are not submitted with the Annual Report and the District fails to provide to EMMA a copy of its audited financial statements within 30 days of receipt thereof by the District, then the District shall promptly send a notice to EMMA in substantially the form attached as Exhibit "B".

(d) (i) The Dissemination Agent shall determine each year prior to the date(s) for providing the Annual Report and audited financial statements the proper address of EMMA; and

(ii) If the Dissemination Agent is other than the District, file a report or reports with the District certifying that the Annual Report and audited financial statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. Content of Annual Reports.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the audited financial statements of the District; provided, however, that if the audited financial statements of the District are not available at the time of the filing of the Annual Report, the District shall file unaudited financial statements of the District with the Annual Report and, when the audited financial statements of the District are available, the same shall be submitted to EMMA within 30 days of receipt by the District.

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

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Section 4(a) hereof, annual audited financial statements for the District.

(B) In the event of an amendment pursuant to Section 8 hereof not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, 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, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared: The audited annual financial statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time.

(c) Any or all of the items listed above may be incorporated by reference from other documents, of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. The District shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices by the District of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of Bond holders;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds; and
- (11) Rating changes.

(b) Whenever a Listed Event occurs, then the District, if such Listed Event is material, shall promptly file a notice of such occurrence with EMMA; provided, that any event under subsection (a)(1), (6), (8), (9) or (11) will always be deemed to be material.

Section 6. Termination of Reporting Bond. The District's Bonds under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Such termination shall not terminate the Bond of the District to give notice of such defeasance or prior redemption.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its Bonds under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of the District, or the type of business conducted;

(b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bond holders, as determined by Bond Counsel.

Notice of any amendment to the accounting principles shall be sent within 30 days to EMMA.

Section 9. Filing with EMMA. The District shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with the MSRB in a format prescribed by the MSRB. Currently, filings are required to be made with EMMA.

Section 10. Additional Information. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no Bond under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Bond holder may seek specific performance by court order to cause the District to comply with its Bonds under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Bonds or the resolution authorizing the Bonds.

Section 12. Compliance by District. The District hereby covenants to comply with the terms of this Disclosure Certificate. The District expressly acknowledges and agrees that compliance with the undertaking contained in this Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter, Bond Counsel or the District's financial advisor.

Section 13. Subject to Appropriation. Pursuant to Arizona law, the District's undertaking to provide information under this Disclosure Certificate is subject to appropriation to cover the costs of preparing and mailing the Annual Report and notices of material events to EMMA. Should funds that would enable the District to provide the information required to be disclosed hereunder not be appropriated, then notice of such fact will be made in a timely manner to EMMA in the form of Exhibit C attached hereto.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Bond holders, and shall create no rights in any other person or entity.

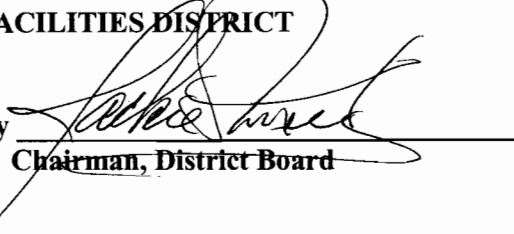
Section 15. Governing Law and Interpretation of Terms. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Disclosure Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

Section 16. Notice Concerning Cancellation of Contracts. To the extent applicable by provision of law, this Disclosure Certificate is subject to cancellation pursuant to A.R.S., Section 38-511, as amended.

Date: November 19, 2009

**FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT**

By



Chairman, District Board

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: District of Buckeye, Arizona

Name of Issue: \$356,000 Festival Ranch Community Facilities District Special
Assessment Revenue Bonds, Series 2009

Dated Date of Bonds: November 19, 2009

CUSIP: 315599

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Disclosure Certificate dated November 19, 2009. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

Festival Ranch Community Facilities District

By _____
Its _____

EXHIBIT B

**NOTICE OF FAILURE TO
FILE AUDITED FINANCIAL STATEMENTS**

Name of Issuer: District of Buckeye, Arizona

Name of Issue: \$356,000 Festival Ranch Community Facilities District Special
Assessment Revenue Bonds, Series 2009

Dated Date of Bonds: November 19, 2009

CUSIP: 315599

NOTICE IS HEREBY GIVEN that the District failed to provide its audited financial statements with its Annual Report or, if not then available, within 30 days of receipt as required by Section 4(a) of the Disclosure Certificate dated November 19, 2009 with respect to the above-named Bonds. The District anticipates that the audited financial statements for the fiscal year ended June 30, ____ will be filed by _____.

Dated: _____

Festival Ranch Community Facilities District

By _____
Its _____

EXHIBIT C

NOTICE OF FAILURE TO APPROPRIATE FUNDS

Name of Issuer: District of Buckeye, Arizona

Name of Issue: \$356,000 Festival Ranch Community Facilities District Special
Assessment Revenue Bonds, Series 2009

Dated Date of Bonds: November 19, 2009

CUSIP: 315599

NOTICE IS HEREBY GIVEN that the Issuer failed to appropriate funds necessary to perform the undertaking required by the Disclosure Certificate dated November 19, 2009.

Dated: _____

Festival Ranch Community Facilities District

By _____
Its _____

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

CLOSING CERTIFICATE OF
TOWN OF BUCKEYE, ARIZONA

The undersigned, the Mayor, the Town Clerk and the Town Manager of the Town of Buckeye, Arizona (the "*Town*"), acting for and on behalf of the Town, HEREBY CERTIFY as follows:

1. That they are the duly chosen, qualified and acting Mayor, Town Clerk and Town Manager of the Town, respectively, and as such are familiar with the properties, affairs, books and corporate records of the Town.

2. That the Town is a duly incorporated and validly existing municipal corporation of the State of Arizona and is governed by duly elected and qualified Mayor and six Council Members.

3. (a) That on April 19, 2005, Resolution No. 39-05 (the "*Resolution*") of the Mayor and Council of the Town, ordering formation of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") was duly adopted by the Mayor and Council of the Town at a duly called meeting (the "*Meeting*") of the Mayor and Council of the Town at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than 24 hours prior to the Meeting and that the Meeting was open to the public.

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

(c) That the Resolution has not been repealed, revoked or rescinded.

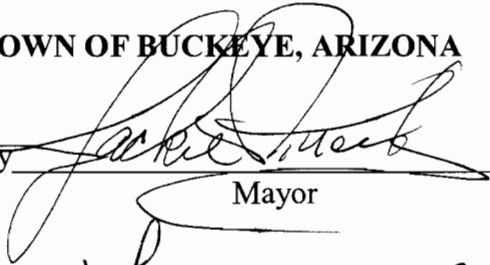
4. That, on the date hereof, the persons named below are the duly qualified and acting incumbents of the offices of the Town set forth below their respective signatures and the signatures appearing above their respective names are the genuine official signatures of said officers.

5. That, to the knowledge of the undersigned, no litigation or proceeding is pending or threatened in any court or administrative body contesting the due organization and valid existence of the Council of the Town or the Town, the titles of the Mayor and members of the Council of the Town to their respective offices or the validity, due authorization and execution of the Resolution; contesting the due organization or valid existence of the District.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and the seal of the City on November 19, 2009.

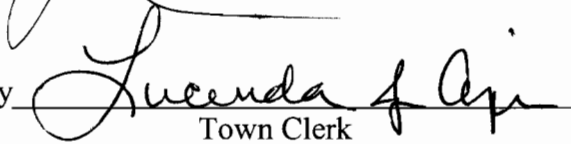
TOWN OF BUCKEYE, ARIZONA

By



Mayor

By



Town Clerk

By



Town Manager

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

CLOSING CERTIFICATE OF COMPANY

The undersigned, Vice President of Pulte Home 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 incorporated and validly existing corporation under the laws of the State of Michigan, and the Company has no proceedings pending or contemplated with a view to liquidation or dissolution.

3. The Company has the power and authority to execute and deliver the following documents (collectively, the "*Documents*") and that as executed and delivered by the duly authorized representative of the Company were approved or the execution and delivery thereof was authorized by the Company such approvals and authorizations remain in full force and effect and have not been repealed, revoked or rescinded and, except as noted below, such Documents have not been modified or amended:

(a) The Development, Financing Participation and Intergovernmental Agreement (Festival Ranch Community Facilities District) recorded in Maricopa County, Arizona on April 22, 2005, at Docket No. 2005-1333865 (the "*Development Agreement*").

(b) The Festival Ranch Community Facilities District Waiver and Development, recorded in Maricopa County, Arizona on October 21, 2009, at Docket No. 2009-0973664.

(c) The Letter of Indemnity dated as of November 19, 2009 from the Company to the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and Stone & Youngberg LLC (the "*Placement Agent*").

(d) The Continuing Disclosure Undertaking of the Company dated November 19, 2009.

(e) The Dissemination Agency Agreement dated as of November 19, 2009 by and between the Company and the Purchaser.

4. That the representative executing and delivering the Documents had the authority to execute and deliver the Documents.

5. 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 of the Company appearing below and the signature appearing below is a genuine official signature of said officer.

NAME	TITLE
	Vice President

6. The Documents will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which the Company is a party or by which it or its properties are bound.

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

8. No material consent, approval, authorization or other action by, or filing with, any federal, State or local government authority is required in connection with the execution, delivery and performance by the Company of the obligations of the Company under the Documents or to conduct the business of the Company as presently being conducted.

9. The Company is the sole fee title owner of all of the real property that is assessed in Assessment District No. 6 (the "Property") and the Company has accepted the assessments levied against the lots and parcels comprising the Property in the amounts set forth in the assessment approved by the District governing board on October 20, 2009.

10. 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. 6, 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 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 a Certificate of Good Standing as to the Company issued by the State of Michigan dated November 16, 2009. Nothing has occurred since the date of the Certificate of Good Standing that would cause the Company to no longer be in good standing.

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 November 13, 2009. 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.

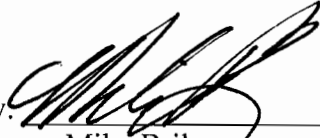
16. The Company has reviewed the Appraisal dated July 9, 2009 of Scott Niebling Valuation Group ("*Appraisal*") of the Property and believes that the estimated values of the appraised properties contained in the Appraisals were not unreasonable in light of all facts and circumstances known to the Company.

17. 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.

18. 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 have hereunto set their hands on November 19, 2009.

PULTE HOME CORPORATION, a Michigan corporation

By: 
Name: Mike Brilz
Title: Vice President

ATTACHMENTS

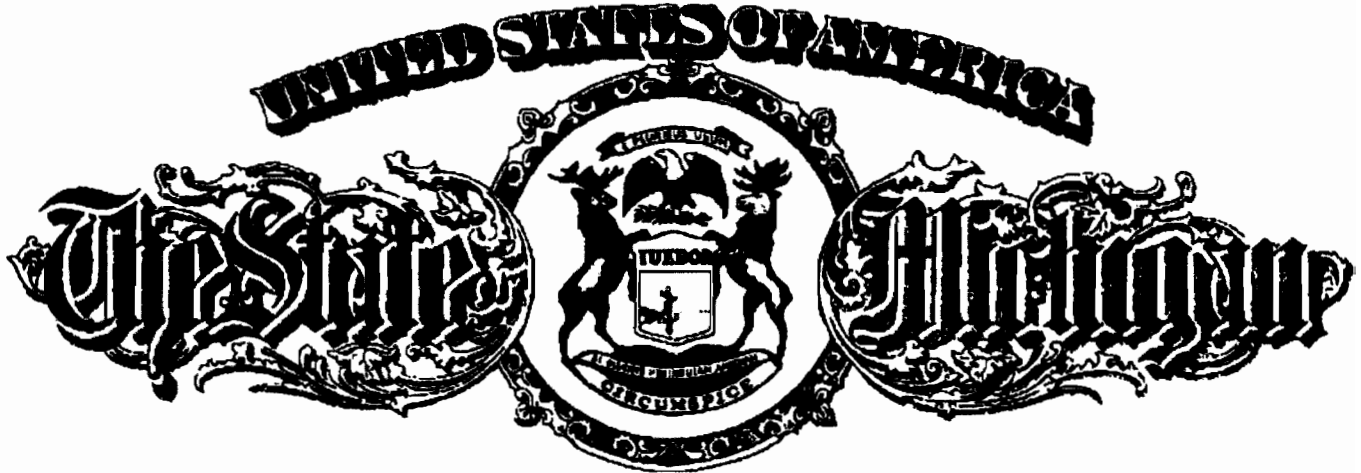
Exhibit A – Certificate of Good Standing - Michigan

Exhibit B - Certificate of Good Standing - Arizona

EXHIBIT A

CERTIFICATE OF GOOD STANDING - MICHIGAN

[See attached.]



Department of Energy, Labor & Economic Growth

Lansing, Michigan

This is to Certify That

PULTE HOME CORPORATION

was validly incorporated on January 24, 1985, as a Michigan profit corporation, and said corporation is validly in existence under the laws of this state.


This certificate is issued pursuant to the provisions of 1972 PA 284, as amended, to attest to the fact that the corporation is in good standing in Michigan as of this date and is duly authorized to transact business and for no other purpose.

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



Sent by Facsimile Transmission
1000747

In testimony whereof, I have hereunto set my hand, in the City of Lansing, this 16th day of November, 2009.

 Director

Bureau of Commercial Services

EXHIBIT B

CERTIFICATE OF GOOD STANDING - ARIZONA

[See attached.]

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that

PULTE HOME CORPORATION

a foreign corporation organized under the laws of Michigan did obtain authority to transact business in the State of Arizona on the 21st day of March 1985.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 13th Day of November, 2009, A. D.

Executive Director

By: _____



OWNER INDEMNITY LETTER
FOR
\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA) ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2009

November 19, 2009

Stone & Youngberg LLC
2555 East Camelback Road
Phoenix, Arizona 85016

District Board
Festival Ranch Community Facilities
District (Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
530 E. Monroe Avenue
Buckeye, Arizona 85326
Attention: District Manager

Re: \$356,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 6 Special Assessment Revenue Bonds, Series 2009

This Indemnity Letter is delivered by Pulte Home Corporation, a Michigan corporation (hereinafter referred to as the "Owner"), in connection with the sale and purchase by certain qualified investors (the "Purchaser") and District of the captioned Bonds (hereinafter referred to as the "Bonds"). Terms which are defined in the Indenture of Trust and Security Agreement dated as of November 1, 2009 from Festival Ranch Community Facilities District (Town of Buckeye, Arizona) to Wells Fargo Bank, N.A. have the meanings ascribed to them therein when used herein.

1. The Owner represents and warrants to the Purchaser that:

(a) The Owner is a corporation duly incorporated, 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) Neither the execution or delivery of this Indemnity Letter, the Waiver Agreement, the Continuing Disclosure Undertaking, dated of even date with the initial issuance and delivery of the Bonds or the Dissemination Agency Agreement, dated as of November 1, 2009, by and between the Owner and Stone & Youngberg LLC. (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, (ii) materially adversely affect the transactions contemplated by 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 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 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 Purchaser and each director, trustee, partner, member, officer, official or employee thereof and each person, if any, who controls the Purchaser within the meaning of the Securities Act of 1933, as amended (the Purchaser and any such person being herein called an "Purchaser 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 Purchaser Indemnified Party, the

"Indemnified Parties"), for, from and against any and all losses, claims, damages or liabilities, several as to the Purchaser 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, 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, (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.

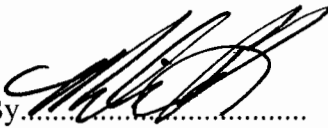
3. All of the representations, warranties, and agreements of the Owner contained in the Owner Documents shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Purchaser, any controlling person referred to in paragraph 2 hereof or the Owner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

Stone & Youngberg LLC
District Board
Festival Ranch Community Facilities
District (Town of Buckeye, Arizona)
Page 4

4. This letter is solely for the benefit of the Purchaser 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 Purchaser of the Bonds.

Respectfully submitted,

PULTE HOME CORPORATION, a Michigan corporation

By: 

Printed Name: MIKE BRICE

Title: VP - LEAD

PULTE HOME CORPORATION

and

STONE & YOUNGBERG LLC

DISSEMINATION AGENCY AGREEMENT

Dated as of November 1, 2009

\$356,000
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No.6
Special Assessment Revenue Bonds, Series 2009

TABLE OF CONTENTS

	<u>Page</u>
PARTIES	1
RECITALS	1

ARTICLE ONE

SECTION 1.01. DEFINITIONS	1
SECTION 1.02. NOTICES, ETC	2
SECTION 1.03. EFFECT OF HEADINGS AND TABLE OF CONTENTS	2
SECTION 1.04. SUCCESSORS AND ASSIGNS	2
SECTION 1.05. SEVERABILITY	2
SECTION 1.06. OTHER FEES	2
SECTION 1.07. GOVERNING LAW	3
SECTION 1.08. FURTHER ASSURANCES; RECORDING	3
SECTION 1.09. FINANCING	3
SECTION 1.10. TERMINATION	3
SECTION 1.11. INTEGRATION	3

ARTICLE TWO

SECTION 2.01. ANNUAL REPORTS	4
SECTION 2.02. MATERIAL EVENTS	4
SECTION 2.03. DISSEMINATION OF ANNUAL REPORTS	4
SECTION 2.04. DISSEMINATION OF NOTICES OF MATERIAL EVENTS	4
SECTION 2.05. DISSEMINATION OF OTHER NOTICES	5
SECTION 2.06. DUTY TO UPDATE	5
SECTION 2.07. CONSEQUENCES OF DEFAULT BY AGENT; STANDARD OF CARE	5
SECTION 2.08. ADDITIONAL INFORMATION	5
SECTION 2.09. COMPENSATION	6
SECTION 2.10. RECORDKEEPING	6
SIGNATURES	7

THIS DISSEMINATION AGENCY AGREEMENT, dated as of November 1, 2009 (hereinafter referred to as this "Agreement"), by and between Pulte Home Corporation, a corporation duly incorporated and validly existing pursuant to the laws of the State of Michigan (hereinafter together with its successors referred to as the "Owner"), and Stone & Youngberg LLC a limited liability company duly incorporated and validly existing pursuant to the laws of the California (hereinafter together with its successors referred to as the "Agent")

W I T N E S S E T H:

WHEREAS, pursuant to a Resolution of the district board of Festival Ranch Community Facilities District (hereinafter referred to as the "Board") adopted on November 3, 2009, 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 Owner has duly authorized the execution and delivery of a Continuing Disclosure Undertaking, dated the date of initial delivery of the Securities (hereinafter referred to as the "Undertaking"); and

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

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

ARTICLE ONE

SECTION 1.01. *Definitions.*

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

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

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

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

SECTION 1.02. *Notices, etc.*

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

1. the Owner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Owner addressed to it at Suite 100, 15111 North Pima Road, Scottsdale, Arizona 85260, Attention: Area Counsel - Arizona, or at any other address furnished previously in writing to such person by the Owner, and

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

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

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

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

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

SECTION 1.04. *Successors and Assigns.*

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

SECTION 1.05. *Severability Clause.*

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

SECTION 1.06. *Benefits of Agreement.*

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

SECTION 1.07. *Governing Law.*

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

SECTION 1.08. *Further Assurances; Recording.*

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

SECTION 1.09. *Amendments.*

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

SECTION 1.10. *Termination.*

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

SECTION 1.11. *Integration.*

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

* * *

ARTICLE TWO

SECTION 2.01. *Annual Reports.*

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

SECTION 2.02. *Material Events.*

A. The Owner shall provide a written description to the Agent of the occurrence of any Listed Event which the Owner 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 Owner. Upon the Agent becoming aware of any such Listed Event, the Agent shall promptly notify the Owner of such Listed Event. (The Agent shall have no duty or responsibility to review the determination of the Owner 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 Owner pursuant to Section 2.01. (Any information furnished by the Agent hereunder for such purpose may contain a legend to such effect.)

C. The Agent shall promptly provide a copy of each Annual Report to the Owner and the Issuer, along with a notice stating the date 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 Owner, respectively, and shall provide a copy thereof to the Owner and the Issuer.

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

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

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

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

SECTION 2.05. *Dissemination of Other Notices.*

The Agent shall file the notices required pursuant to Sections 4 and 5(b) of the Undertaking with respect to termination of the Undertaking and changes in accounting principles of the Owner, respectively, and shall provide a copy thereof to the Owner and the Issuer.

SECTION 2.06. *Duty to Update.*

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

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

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

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

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

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

SECTION 2.08. *Additional Information.*

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

SECTION 2.09. *Compensation.*

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

SECTION 2.10. *Recordkeeping.*

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

* * *

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

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

PULTE HOME CORPORATION, a Michigan corporation

By: .....

Printed Name: Aline Beitz.....

Title: VP - LEAD.....

STONE & YOUNGBERG LLC

By: _____
Mark Reader, Managing Director

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

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

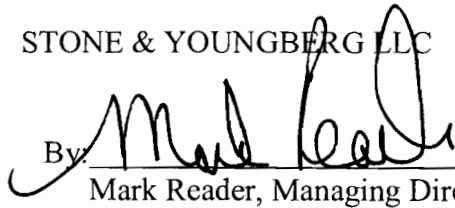
PULTE HOME CORPORATION, a Michigan corporation

By.....

Printed Name:.....

Title:.....

STONE & YOUNGBERG LLC

By:  _____
Mark Reader, Managing Director

CONTINUING DISCLOSURE UNDERTAKING
(OWNER)

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009
(CUSIP BASE NUMBER 315599)

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

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is for the benefit of the Bond holders and in order to assist the Participating Underwriter in complying with the Rule (as such term and all other capitalized terms are hereinafter defined).

Section 2. Definitions. Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

"Annual Report" shall mean the annual report provided by the Developer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Bond Counsel" shall mean Gust Rosenfeld P.L.C. or such other nationally recognized bond counsel as may be selected by the Developer.

"Bondholder" shall mean any registered owner or beneficial owner of the Bonds.

"Dissemination Agent" shall mean the Developer, or any person designated in writing by the Developer as the Dissemination Agent.

"EMMA" shall mean the Electronic Municipal Market Access system and the EMMA Continuing Disclosure Service of MSRB, or any successor thereto approved by the United States Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"Participating Placement Agent" shall mean any of the original placement agents of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"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.

Section 3. Provision of Annual Reports.

(a) The Developer shall, or shall cause the Dissemination Agent to, not later than July 1 of each year (the "Filing Date"), commencing July 1, 2010, provide electronically to MSRB, in a format prescribed by the MSRB an Annual Report for the fiscal year ending on the preceding June 30 which is consistent with the requirements of Section 4 of this Disclosure Certificate. Currently, filings are required to be made with EMMA. Not later than fifteen

(15) business days prior to such Filing Date, the Developer shall provide the Annual Report to the Dissemination Agent (if other than the Developer).

(b) If the Developer is unable or for any reason fails to provide to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the Developer shall promptly send a notice to EMMA in substantially the form attached as Exhibit "A" not later than such Filing Date.

(c) If the Developer's audited financial statements are not submitted with the Annual Report and the Developer fails to provide to EMMA a copy of its audited financial statements within 30 days of receipt thereof by the Developer, then the Developer shall promptly send a notice to EMMA in substantially the form attached as Exhibit "B".

(d) (i) The Dissemination Agent shall determine each year prior to the date(s) for providing the Annual Report and audited financial statements the proper address of EMMA; and

(ii) If the Dissemination Agent is other than the Developer, file a report or reports with the Developer certifying that the Annual Report and audited financial statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. Content of Annual Reports.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the audited financial statements of the Developer; provided, however, that if the audited financial statements of the Developer are not available at the time of the filing of the Annual Report, the Developer shall file unaudited financial statements of the Developer with the Annual Report and, when the audited financial statements of the Developer are available, the same shall be submitted to EMMA within 30 days of receipt by the Developer.

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

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Section 4(a) hereof, annual audited financial statements for the Developer.

(B) In the event of an amendment pursuant to Section 8 hereof not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, 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, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared: The audited annual financial statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time.

(c) Any or all of the items listed above may be incorporated by reference from other documents, of debt issues of the Developer or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. The Developer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices by the Developer of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of Bond holders;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds; and
- (11) Rating changes.

(b) Whenever a Listed Event occurs, then the Developer, if such Listed Event is material, shall promptly file a notice of such occurrence with EMMA; provided, that any event under subsection (a)(1), (6), (8), (9) or (11) will always be deemed to be material.

Section 6. Termination of Reporting Bond. The Developer's Bonds under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Such termination shall not terminate the Bond of the Developer to give notice of such defeasance or prior redemption.

Section 7. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its Bonds under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the Developer may amend this Disclosure Certificate if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of the Developer, or the type of business conducted;

(b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bond holders, as determined by Bond Counsel.

Notice of any amendment to the accounting principles shall be sent within 30 days to EMMA.

Section 9. Filing with EMMA. The Developer shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with the MSRB in a format prescribed by the MSRB. Currently, filings are required to be made with EMMA.

Section 10. Additional Information. If the Developer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Developer shall have no Bond under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate any Bond holder may seek specific performance by court order to cause the Developer to comply with its Bonds under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Bonds or the resolution authorizing the Bonds.

Section 12. Compliance by Developer. The Developer hereby covenants to comply with the terms of this Disclosure Certificate. The Developer expressly acknowledges and agrees that compliance with the undertaking contained in this Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter, Bond Counsel or the Developer's financial advisor.

Section 13. Subject to Appropriation. Pursuant to Arizona law, the Developer's undertaking to provide information under this Disclosure Certificate is subject to appropriation to cover the costs of preparing and mailing the Annual Report and notices of material events to EMMA. Should funds that would enable the Developer to provide the information required to be disclosed hereunder not be appropriated, then notice of such fact will be made in a timely manner to EMMA in the form of *Exhibit C* attached hereto.

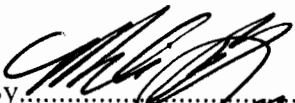
Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Developer, the Dissemination Agent, the Participating Underwriter and Bond holders, and shall create no rights in any other person or entity.

Section 15. Governing Law and Interpretation of Terms. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Disclosure Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

Section 16. Notice Concerning Cancellation of Contracts. To the extent applicable by provision of law, this Disclosure Certificate is subject to cancellation pursuant to A.R.S., Section 38-511, as amended.

Dated: November 19, 2009

PULTE HOME CORPORATION, a Michigan corporation

By 
Printed Name: MIKE BENZ
Title: VP-LRND

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO.6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

REQUEST AND AUTHORIZATION
TO THE TRUSTEE TO
AUTHENTICATE AND DELIVER THE BONDS

TO: Wells Fargo Bank, N.A., as Trustee
Phoenix, Arizona

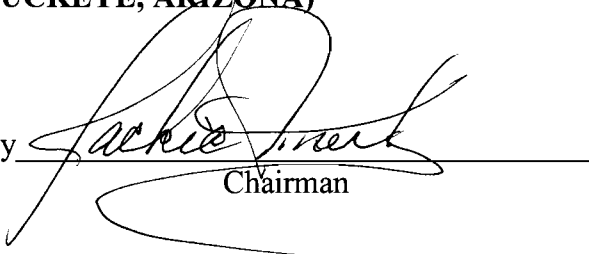
With reference to the issue of the above-captioned Bonds (the "*Bonds*"), and pursuant to Section 3.3 of the Indenture of Trust and Security Agreement dated as of November 1, 2009 (the "*Indenture*"), from Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*") to Wells Fargo Bank, N.A., as Trustee (the "*Trustee*"), the Issuer has caused the Bonds to be delivered to you for authentication and delivery to, or on the order of, Robert Casillas, Grant Hamill, Mike LaValle, Bryan Lundberg, Mark Reader, and Randie Stein (collectively, the "*Purchaser*") against payment therefor, all in accordance with the following instructions:

1. You are hereby directed to authenticate the Bonds which are in the form of a single registered bond for each mandatory redemption amount and maturity in the aggregate principal amount of \$356,000 to purchasers executing and delivering to you the investor letter in the form set forth in the Indenture.
2. You are to deliver the Bonds to, or on the order of, said Purchaser upon receipt by you, and in a form satisfactory to you, of payment for the account of the Issuer of \$356,000 (representing the par amount of the Bonds less Placement Agent's compensation of \$10,680) for a total of \$345,320, being the amount received for the Bonds.
3. Upon receipt of the amounts described in 2 above, you shall disburse the proceeds in the manner set forth in Section 5.9 of the Indenture.

Dated: November 19, 2009

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

By

A handwritten signature in cursive script, appearing to read "Jackie Smith", is written over a horizontal line. The signature is fluid and somewhat stylized.

Chairman

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

CERTIFICATE AND RECEIPT OF TRUSTEE

The undersigned, an authorize representative of Wells Fargo Bank, N.A., as trustee (the "Trustee") under the Indenture of Trust and Security Agreement dated as of November 1, 2009 (the "Indenture"), from Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District") to the Trustee hereby certifies that:

1. The Trustee is existing under and by virtue of the laws of the United States of America and is duly qualified to do bank and trust business in the State of Arizona, and in all jurisdictions where the nature of its operations as contemplated by the Indenture legally requires such qualification and has the corporate power to take all action required or permitted of it under the Indenture and the above-referenced Bonds.

2. By all necessary action, the Trustee has authorized the execution, delivery and due performance by it of the Indenture, and the authentication and delivery by it of the Bonds and such other agreements and documents as may be required to be executed, delivered and performed in order to consummate the transactions contemplated by the Indenture and the Bonds.

3. To the best knowledge of the undersigned, there is no litigation against the Trustee pending or threatened in any court nor is there any proceeding, inquiry or investigation affecting the Trustee before or by any public board or body, either pending or overtly threatened, calling into question the Trustee's role or the performance of its role, in the transactions contemplated by the Bonds and the Indenture.

4. Pursuant to the provisions of the Indenture, the Trustee has authenticated \$356,000 principal amount of the Bonds, in the form of registered Bonds maturing on July 1, 2034.

5. The Trustee delivered the Bonds so authenticated on the date hereof to, or to the order of, Robert Casillas, Grant Hamill, Mike LaValle, Bryan Lundberg, Mark Reader and Randie Stein (collectively, the "Purchaser") registered in the name of purchasers who execute and deliver the investor letter in the form set forth in the Indenture.

6. The Trustee received from the Placement Agent, on behalf of the purchaser of the Bonds, the sum of \$356,000 (representing the par amount of the Bonds less Placement Agent's compensation of \$10,680) for a total of \$345,320, and deposited the following amounts to the funds created by the Indenture in accordance with the terms thereof:

<u>FUND OR ACCOUNT</u>	<u>AMOUNT</u>
Reserve Fund	\$ 35,600.00
Issuance and Expense Fund	35,000.00
Acquisition and Construction Fund	<u>274,720.00</u>
Total:	<u>\$345,320.00</u>

7. Attached hereto as Exhibit A is a true, complete and correct copy of a resolution of the Trustee demonstrating the authority of the undersigned to act on behalf of the Trustee. Said resolution was in effect on the date or dates that the said officer acted and it remains in full force and effect on the date hereof.

8. The Bonds were authenticated by one of the persons indicated on Exhibit B which is attached hereto, who held, at the time of such authentication, and now hold the offices indicated on Exhibit B and were and are duly authorized to authenticate the Bonds and execute all documents relating to the Bonds on behalf of the Trustee.

9. The signatures appearing on Exhibit B are the true and lawful signatures of the persons listed thereon, and that the signatures appearing on the Bonds constitute the true and lawful signature of the signer described in paragraph 8 hereof.

Dated: November 19, 2009

WELLS FARGO BANK, N.A.

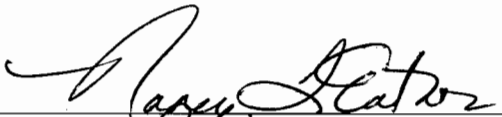
By: 
Its: Vice President

Exhibit A

WELLS FARGO BANK, NATIONAL ASSOCIATION
ASSISTANT SECRETARY'S CERTIFICATE

I, Paula N. Boemer, hereby certify that I am an Assistant Secretary of Wells Fargo Bank, National Association, a national banking association, (the "Bank"), and I hereby further certify as follows:

1. The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate.

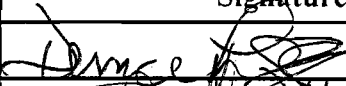
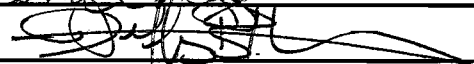
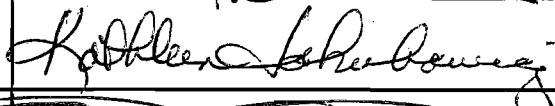



RESOLVED, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;

C. Signing Officers

FURTHER RESOLVED, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:

Trust indentures, declarations of trust, trust and agency agreements, pooling and servicing agreements, fiscal and paying agency agreements, acceptances thereof, consents thereto and any similar agreements, however denominated, to which the Bank is a party in a fiduciary or other representative capacity; certificates of authentication or other indicia of valid issuance with respect to bonds, notes, debentures and other securities or obligations issued under any indenture, mortgage, trust or other agreement; certificates for securities deposited, interim certificates and other certificates for and on behalf of the Bank as depository or agent; countersignatures of stocks, bonds, notes, debentures, voting trust certificates, participation certificates and other certificates, instruments, obligations or other securities on behalf of the Bank as trustee, fiscal and paying agent, transfer agent, registrar or in another similar capacity; and certificates of cancellation and cremation of stocks, bonds, debentures or other securities.

2. The following named persons are Signing Officers of the Bank as of the date hereof, and their correct titles and genuine signatures appear beside their names:

Name	Title	Signature
Denyce Liggitt	Vice President	
Jeffrey B. Kassels	Vice President	
Kathleen Jakubowicz	Vice President	
Mark Petrasso	Vice President	
Melissa Newton	Assistant Vice President	
Nancy Eatros	Vice President	

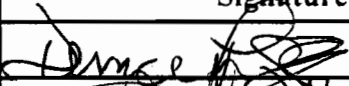
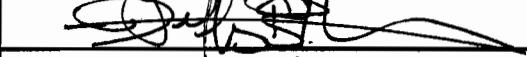
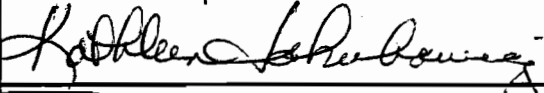

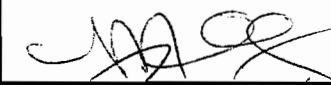

IN WITNESS WHEREOF, I have hereunto set my hand this day



Paula N. Boemer
Assistant Secretary

Exhibit B

2. The following named persons are Signing Officers of the Bank as of the date hereof, and their correct titles and genuine signatures appear beside their names:

Name	Title	Signature
Denyce Liggitt	Vice President	
Jeffrey B. Kassels	Vice President	
Kathleen Jakubowicz	Vice President	
Mark Petrasso	Vice President	
Melissa Newton	Assistant Vice President	
Nancy Eatros	Vice President	

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



Paula N. Boemer
Assistant Secretary

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO.6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

CERTIFICATE OF PLACEMENT AGENT REGARDING YIELD

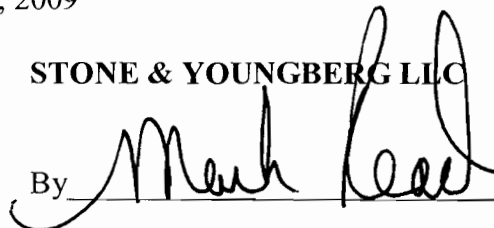
Stone & Youngberg LLC has been chosen by Festival Ranch Community Facilities District (Town of Buckeye, Arizona (the "*District*"), to act as Placement Agent ("*Placement Agent*") on the issuance of the above-referenced bonds (the "*Bonds*"). As part of its duties as Placement Agent, the Placement Agent has agreed to determine the yield on the above-referenced Bonds. 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 initial purchaser of the Bonds has certified that he has purchased the Bonds for its own account and has not offered or sold, and has no present intention to offer or sell, the Bonds. Based upon such certification by the Purchaser, the undersigned hereby certifies that the Bonds were sold at par and the yield on the above-referenced Bonds is 8.8717%.

To the extent applicable by provision of law, the undersigned acknowledge that this contract is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein.

DATED: November 19, 2009

STONE & YOUNGBERG LLC

By  _____


\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

RECEIPT FOR BONDS

I, Robert Casillas, one of the purchasers of \$356,000 principal amount Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 6, Special Assessment Revenue Bonds, Series 2009 (the "*Bonds*"), hereby acknowledges receipt of \$75,000 principal amount of the Bonds for my beneficial interest on the date set forth below, which Bonds are in fully registered form and are registered in the name of Cede & Co., as nominee for The Depository Trust Company, and which have been duly executed and authenticated by Wells Fargo Bank, N.A.

DATED: November 19, 2009

By Robert Casillas



A handwritten signature in black ink, appearing to read 'Robert Casillas', is written over a horizontal line.

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

RECEIPT FOR BONDS

I, Grant Hamill, one of the purchasers of \$356,000 principal amount Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 6, Special Assessment Revenue Bonds, Series 2009 (the "*Bonds*"), hereby acknowledges receipt of \$85,000 principal amount of the Bonds for my beneficial interest on the date set forth below, which Bonds are in fully registered form and are registered in the name of Cede & Co., as nominee for The Depository Trust Company, and which have been duly executed and authenticated by Wells Fargo Bank, N.A.

DATED: November 19, 2009

By **Grant Hamill**



A handwritten signature in cursive script, appearing to read 'Grant Hamill', is written over a horizontal line.

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

RECEIPT FOR BONDS

I, Mike LaVallee, one of the purchasers of \$356,000 principal amount Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 6, Special Assessment Revenue Bonds, Series 2009 (the "*Bonds*"), hereby acknowledges receipt of \$30,000 principal amount of the Bonds for my beneficial interest on the date set forth below, which Bonds are in fully registered form and are registered in the name of Cede & Co., as nominee for The Depository Trust Company, and which have been duly executed and authenticated by Wells Fargo Bank, N.A.

DATED: November 19, 2009

By **Mike LaVallee**



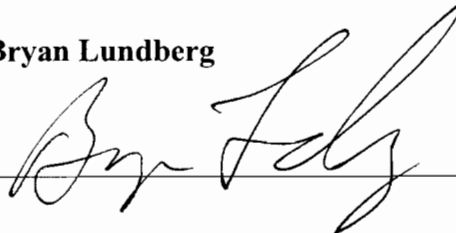
\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

RECEIPT FOR BONDS

I, Bryan Lundberg, one of the purchasers of \$356,000 principal amount Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 6, Special Assessment Revenue Bonds, Series 2009 (the "*Bonds*"), hereby acknowledges receipt of \$25,000 principal amount of the Bonds for my beneficial interest on the date set forth below, which Bonds are in fully registered form and are registered in the name of Cede & Co., as nominee for The Depository Trust Company, and which have been duly executed and authenticated by Wells Fargo Bank, N.A.

DATED: November 19, 2009

By **Bryan Lundberg**



A handwritten signature in black ink, appearing to read "Bryan Lundberg", is written over a horizontal line. The signature is cursive and stylized.

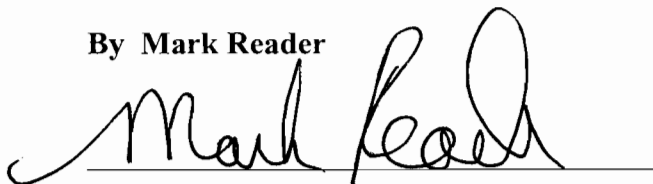
\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

RECEIPT FOR BONDS

I, Mark Reader, one of the purchasers of \$356,000 principal amount Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 6, Special Assessment Revenue Bonds, Series 2009 (the "*Bonds*"), hereby acknowledges receipt of \$116,000 principal amount of the Bonds for my beneficial interest on the date set forth below, which Bonds are in fully registered form and are registered in the name of Cede & Co., as nominee for The Depository Trust Company, and which have been duly executed and authenticated by Wells Fargo Bank, N.A.

DATED: November 19, 2009

By Mark Reader



A handwritten signature in cursive script, appearing to read "Mark Reader", is written over a horizontal line.


\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009

RECEIPT FOR BONDS

I, Randie Stein, one of the purchasers of \$356,000 principal amount Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 6, Special Assessment Revenue Bonds, Series 2009 (the "*Bonds*"), hereby acknowledges receipt of \$25,000 principal amount of the Bonds for my beneficial interest on the date set forth below, which Bonds are in fully registered form and are registered in the name of Cede & Co., as nominee for The Depository Trust Company, and which have been duly executed and authenticated by Wells Fargo Bank, N.A.

DATED: November 19, 2009

By Randie Stein



\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2009

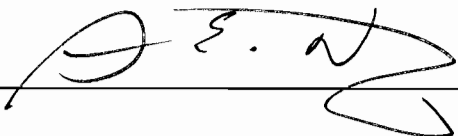
CONSENT OF SCOTTNIEBLING VALUATION GROUP

Stephen E. Niebling, hereby represents and warrants that the appraisal prepared by ScottNiebling Valuation Group and addressed to Festival Ranch Community Facilities District (Town of Buckeye, Arizona), dated July 9, 2009 (the "Appraisal"), relating to the sale of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 6 Special Assessment Revenue Bonds, Series 2009 is true and correct in all respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading, and no event affecting such Appraisal has occurred since the date of such Appraisal which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

DATED: November 19, 2009

SCOTTNIEBLING VALUATION GROUP

By



A handwritten signature in black ink, appearing to read 'S. E. Niebling', is written over a horizontal line.

\$ 116,000.⁰⁰

QUALIFIED INVESTOR LETTER

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 6
Special Assessment Revenue Bonds, Series 2009

Please be advised that the undersigned is, or is an authorized officer of, the purchaser (in either case, the purchaser is hereinafter referred to as the "Purchaser") of a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of \$356,000. The undersigned hereby acknowledges that the Bonds (i) are not being registered under the federal Securities Act of 1933, as amended (the "Securities Act"), in reliance upon certain exemptions set forth in the Securities 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. The Purchaser assumes all responsibility for complying with any applicable federal and state securities laws in connection with any subsequent offer and sale of such interest in the Bonds and agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer.

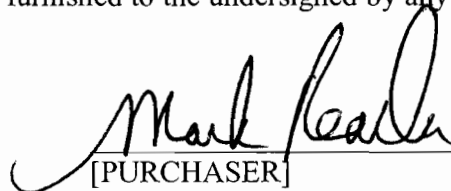
In regard to the foregoing, the undersigned hereby certifies, acknowledges, warrants and represents that:

- (1) The Purchaser is one of the following:
 - (a) a "qualified institutional buyer," as such term is defined in Rule 144A, of the Securities Act;
 - (b) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission;
 - (c) an officer of Stone & Youngberg, L.L.C.; or
 - (d) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraphs (a), (b) or (c) above.
- (2) Such purchase of an interest in the Bonds is for the account of the Purchaser, for the purpose of investment and not with a present intent for distribution or resale.
- (3) An opportunity was available to obtain and the Purchaser has obtained all information which was regarded by the Purchaser as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the Purchaser 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

volatility of land values, the concentration of ownership of land subject to assessment for payment of the Bonds, the possible transfer of such land by such owner, the failure or inability of such owner as developer to complete proposed development of such land, and possible delays in payment of the Bonds caused by the bankruptcy and foreclosure of any assessed land owner.

(4) The Purchaser is experienced in transactions such as those relating to the Bonds, is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds and did not rely on the addressee District or the Town of Buckeye, Arizona (the "Town"), or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

(5) The Purchaser acknowledges that no offering document, such as an official statement, was prepared by the District and the Purchaser agrees it has obtained all information necessary to make an investment in the Bonds. Neither the District nor the Town, nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned requested, information that may have been furnished to the undersigned by any third party in connection with investment of the Bonds.


[PURCHASER]

By: 
Printed Name: MARK READER
Title: MANAGING DIRECTOR

\$ 85,000.⁰⁰

QUALIFIED INVESTOR LETTER

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 6
Special Assessment Revenue Bonds, Series 2009

Please be advised that the undersigned is, or is an authorized officer of, the purchaser (in either case, the purchaser is hereinafter referred to as the "Purchaser") of a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of \$356,000. The undersigned hereby acknowledges that the Bonds (i) are not being registered under the federal Securities Act of 1933, as amended (the "Securities Act"), in reliance upon certain exemptions set forth in the Securities 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. The Purchaser assumes all responsibility for complying with any applicable federal and state securities laws in connection with any subsequent offer and sale of such interest in the Bonds and agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer.

In regard to the foregoing, the undersigned hereby certifies, acknowledges, warrants and represents that:

- (1) The Purchaser is one of the following:
 - (a) a "qualified institutional buyer," as such term is defined in Rule 144A, of the Securities Act;
 - (b) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission;
 - (c) an officer of Stone & Youngberg, L.L.C.; or
 - (d) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraphs (a), (b) or (c) above.
- (2) Such purchase of an interest in the Bonds is for the account of the Purchaser, for the purpose of investment and not with a present intent for distribution or resale.
- (3) An opportunity was available to obtain and the Purchaser has obtained all information which was regarded by the Purchaser as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the Purchaser 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

volatility of land values, the concentration of ownership of land subject to assessment for payment of the Bonds, the possible transfer of such land by such owner, the failure or inability of such owner as developer to complete proposed development of such land, and possible delays in payment of the Bonds caused by the bankruptcy and foreclosure of any assessed land owner.

(4) The Purchaser is experienced in transactions such as those relating to the Bonds, is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds and did not rely on the addressee District or the Town of Buckeye, Arizona (the "Town"), or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

(5) The Purchaser acknowledges that no offering document, such as an official statement, was prepared by the District and the Purchaser agrees it has obtained all information necessary to make an investment in the Bonds. Neither the District nor the Town, nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned requested, information that may have been furnished to the undersigned by any third party in connection with investment of the Bonds.

Grant Hamill
[PURCHASER]

By: Grant Hamill
Printed Name: Grant Hamill
Title: Managing Director

QUALIFIED INVESTOR LETTER

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

\$30,000.00

WELLS FARGO BANK, N.A., as Trustee

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 6
Special Assessment Revenue Bonds, Series 2009

Please be advised that the undersigned is, or is an authorized officer of, the purchaser (in either case, the purchaser is hereinafter referred to as the "Purchaser") of a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of \$356,000. The undersigned hereby acknowledges that the Bonds (i) are not being registered under the federal Securities Act of 1933, as amended (the "Securities Act"), in reliance upon certain exemptions set forth in the Securities 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. The Purchaser assumes all responsibility for complying with any applicable federal and state securities laws in connection with any subsequent offer and sale of such interest in the Bonds and agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer.

In regard to the foregoing, the undersigned hereby certifies, acknowledges, warrants and represents that:

- (1) The Purchaser is one of the following:
 - (a) a "qualified institutional buyer," as such term is defined in Rule 144A, of the Securities Act;
 - (b) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission;
 - (c) an officer of Stone & Youngberg, L.L.C.; or
 - (d) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraphs (a), (b) or (c) above.
- (2) Such purchase of an interest in the Bonds is for the account of the Purchaser, for the purpose of investment and not with a present intent for distribution or resale.
- (3) An opportunity was available to obtain and the Purchaser has obtained all information which was regarded by the Purchaser as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the Purchaser 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

volatility of land values, the concentration of ownership of land subject to assessment for payment of the Bonds, the possible transfer of such land by such owner, the failure or inability of such owner as developer to complete proposed development of such land, and possible delays in payment of the Bonds caused by the bankruptcy and foreclosure of any assessed land owner.

(4) The Purchaser is experienced in transactions such as those relating to the Bonds, is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds and did not rely on the addressee District or the Town of Buckeye, Arizona (the "Town"), or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

(5) The Purchaser acknowledges that no offering document, such as an official statement, was prepared by the District and the Purchaser agrees it has obtained all information necessary to make an investment in the Bonds. Neither the District nor the Town, nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned requested, information that may have been furnished to the undersigned by any third party in connection with investment of the Bonds.

Michael S. LaVallee
[PURCHASER]

By: Michael S. LaVallee
Printed Name: Michael S. LaVallee
Title: Managing Director, Sd V

QUALIFIED INVESTOR LETTER

\$25,000.00

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 6
Special Assessment Revenue Bonds, Series 2009

Please be advised that the undersigned is, or is an authorized officer of, the purchaser (in either case, the purchaser is hereinafter referred to as the "Purchaser") of a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of \$356,000. The undersigned hereby acknowledges that the Bonds (i) are not being registered under the federal Securities Act of 1933, as amended (the "Securities Act"), in reliance upon certain exemptions set forth in the Securities 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. The Purchaser assumes all responsibility for complying with any applicable federal and state securities laws in connection with any subsequent offer and sale of such interest in the Bonds and agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer.

In regard to the foregoing, the undersigned hereby certifies, acknowledges, warrants and represents that:

- (1) The Purchaser is one of the following:
 - (a) a "qualified institutional buyer," as such term is defined in Rule 144A, of the Securities Act;
 - (b) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission;
 - (c) an officer of Stone & Youngberg, L.L.C.; or
 - (d) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraphs (a), (b) or (c) above.
- (2) Such purchase of an interest in the Bonds is for the account of the Purchaser, for the purpose of investment and not with a present intent for distribution or resale.
- (3) An opportunity was available to obtain and the Purchaser has obtained all information which was regarded by the Purchaser as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the Purchaser 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


volatility of land values, the concentration of ownership of land subject to assessment for payment of the Bonds, the possible transfer of such land by such owner, the failure or inability of such owner as developer to complete proposed development of such land, and possible delays in payment of the Bonds caused by the bankruptcy and foreclosure of any assessed land owner.

(4) The Purchaser is experienced in transactions such as those relating to the Bonds, is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds and did not rely on the addressee District or the Town of Buckeye, Arizona (the "Town"), or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

(5) The Purchaser acknowledges that no offering document, such as an official statement, was prepared by the District and the Purchaser agrees it has obtained all information necessary to make an investment in the Bonds. Neither the District nor the Town, nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned requested, information that may have been furnished to the undersigned by any third party in connection with investment of the Bonds.



[PURCHASER]

By: 
Printed Name: Bryan Lundberg
Title: Director

\$75,000.00

QUALIFIED INVESTOR LETTER

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 6
Special Assessment Revenue Bonds, Series 2009

Please be advised that the undersigned is, or is an authorized officer of, the purchaser (in either case, the purchaser is hereinafter referred to as the "Purchaser") of a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of \$356,000. The undersigned hereby acknowledges that the Bonds (i) are not being registered under the federal Securities Act of 1933, as amended (the "Securities Act"), in reliance upon certain exemptions set forth in the Securities 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. The Purchaser assumes all responsibility for complying with any applicable federal and state securities laws in connection with any subsequent offer and sale of such interest in the Bonds and agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer.

In regard to the foregoing, the undersigned hereby certifies, acknowledges, warrants and represents that:

- (1) The Purchaser is one of the following:
 - (a) a "qualified institutional buyer," as such term is defined in Rule 144A, of the Securities Act;
 - (b) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission;
 - (c) an officer of Stone & Youngberg, L.L.C.; or
 - (d) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraphs (a), (b) or (c) above.
- (2) Such purchase of an interest in the Bonds is for the account of the Purchaser, for the purpose of investment and not with a present intent for distribution or resale.
- (3) An opportunity was available to obtain and the Purchaser has obtained all information which was regarded by the Purchaser as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the Purchaser 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

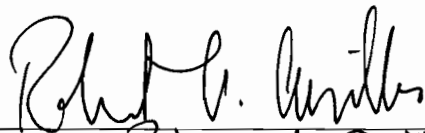
volatility of land values, the concentration of ownership of land subject to assessment for payment of the Bonds, the possible transfer of such land by such owner, the failure or inability of such owner as developer to complete proposed development of such land, and possible delays in payment of the Bonds caused by the bankruptcy and foreclosure of any assessed land owner.

(4) The Purchaser is experienced in transactions such as those relating to the Bonds, is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds and did not rely on the addressee District or the Town of Buckeye, Arizona (the "Town"), or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

(5) The Purchaser acknowledges that no offering document, such as an official statement, was prepared by the District and the Purchaser agrees it has obtained all information necessary to make an investment in the Bonds. Neither the District nor the Town, nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned requested, information that may have been furnished to the undersigned by any third party in connection with investment of the Bonds.



[PURCHASER]

By: 
Printed Name: Robert A. Casillas
Title: Managing Director

\$ 25000.⁰⁰

QUALIFIED INVESTOR LETTER

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 6
Special Assessment Revenue Bonds, Series 2009

Please be advised that the undersigned is, or is an authorized officer of, the purchaser (in either case, the purchaser is hereinafter referred to as the "Purchaser") of a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of \$356,000. The undersigned hereby acknowledges that the Bonds (i) are not being registered under the federal Securities Act of 1933, as amended (the "Securities Act"), in reliance upon certain exemptions set forth in the Securities 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. The Purchaser assumes all responsibility for complying with any applicable federal and state securities laws in connection with any subsequent offer and sale of such interest in the Bonds and agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer.

In regard to the foregoing, the undersigned hereby certifies, acknowledges, warrants and represents that:

- (1) The Purchaser is one of the following:
 - (a) a "qualified institutional buyer," as such term is defined in Rule 144A, of the Securities Act;
 - (b) an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission;
 - (c) an officer of Stone & Youngberg, L.L.C.; or
 - (d) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraphs (a), (b) or (c) above.
- (2) Such purchase of an interest in the Bonds is for the account of the Purchaser, for the purpose of investment and not with a present intent for distribution or resale.
- (3) An opportunity was available to obtain and the Purchaser has obtained all information which was regarded by the Purchaser as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the Purchaser 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

volatility of land values, the concentration of ownership of land subject to assessment for payment of the Bonds, the possible transfer of such land by such owner, the failure or inability of such owner as developer to complete proposed development of such land, and possible delays in payment of the Bonds caused by the bankruptcy and foreclosure of any assessed land owner.

(4) The Purchaser is experienced in transactions such as those relating to the Bonds, is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds and did not rely on the addressee District or the Town of Buckeye, Arizona (the "Town"), or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

(5) The Purchaser acknowledges that no offering document, such as an official statement, was prepared by the District and the Purchaser agrees it has obtained all information necessary to make an investment in the Bonds. Neither the District nor the Town, nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned requested, information that may have been furnished to the undersigned by any third party in connection with investment of the Bonds.

Randy Steen
[PURCHASER]

By: Randy Steen
Printed Name: Randy Steen
Title: Vice President

REGISTERED
No. R-1

REGISTERED
\$356,000

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

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER-DEALER (1) IN MINIMUM AUTHORIZED DENOMINATIONS OF \$25,000 OR MORE TO A "QUALIFIED INVESTOR" UPON RECEIPT BY THE TRUSTEE OF THE "CERTIFICATE OF QUALIFIED INVESTOR" IN THE FORM INCLUDED IN THIS BOND. THE TERM "QUALIFIED INVESTOR" SHALL HAVE THE MEANINGS SET FORTH IN THE FORM OF CERTIFICATE INCLUDED IN THIS BOND.

UNITED STATES OF AMERICA
STATE OF ARIZONA

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2009**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP No.</u>
8.875%	July 1, 2034	November 19, 2009	315599 BZ2

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT: THREE HUNDRED FIFTY-SIX THOUSAND NO/100 DOLLARS (\$356,000.00)

Festival Ranch Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (herein referred to as the "Holder"), on the "Maturity Date" specified above, the "Principal Amount" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "Original Issue Date" specified above, or from the most recent "Interest Payment Date" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is deemed in the hereinafter described "Indenture"), semiannually on each January 1 and July 1, commencing July 1, 2010 (each an "Interest Payment Date"), at the per annum "Interest Rate" specified above.

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

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

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

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

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the Issuer having the designation specified in its title (herein referred to as the "*Bonds*"), issued in one series, with the limitations described herein, pursuant to an Indenture of Trust and Security Agreement, dated as of November 1, 2009 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A., as trustee (herein referred to as the "*Trustee*," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. Pursuant to Resolution No.09-09, adopted on November 3, 2009 (herein referred to as the "*Bond Resolution*"), the Board of the Issuer authorized the issuance and sale of not to exceed \$356,000 aggregate principal amount of Bonds for the purpose of financing the costs of acquiring and constructing certain public infrastructure, including particularly the acquisition and/or construction by the Issuer of the improvements and public infrastructure purposes (the "*Improvements*") described in Resolution No. 04-09 which was adopted by the Board of the Issuer on October 20, 2009.

The Bonds are limited obligations of the Issuer payable only out of the special fund to be collected from special assessments (the "*Assessments*") levied only against the lots or parcels of land fronting on or benefited by the Improvements (the "*Assessed Property*") and from amounts held by the Trustee in the Debt Service Reserve Fund (the "*Debt Service Reserve Fund*") under the Indenture. The Assessed Property represents approximately 178 residential lots within the District. Said special fund is set apart in accordance with the laws of the state and pursuant to the Indenture for the payment of the Bonds and can be used for no other purpose.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to or in the issuance of this Bond have been

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

The amount required to be held in the Debt Service Reserve Fund (the "*Debt Service Reserve Fund Requirement*") may be reduced from time to time if Maximum Annual Debt Service on the Bonds is reduced. Any amount held in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement may be transferred to the Bond Fund and used to make payment of principal and interest on the Bonds either at Stated Maturity or prior redemption.

Investment earnings on the Debt Service Reserve Fund, to the extent not needed to return the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement, to pay debt service on the Bonds, or to pay rebate to the United States, will be deposited into the Bond Fund.

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

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

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

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

The Bonds are subject to optional redemption on or after July 1, 2019, at the option of the Issuer, in whole on any date or in part on any Interest Payment Date, upon payment of the Redemption Price of 100% of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the redemption date, without premium.

The Bonds maturing on July 1, 2034 will be subject to mandatory sinking fund redemption on the following redemption dates and in the following amounts upon payment of the redemption price, which will consist of the principal amount of the Bonds so redeemed plus accrued interest on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date but without premium.

Bond maturing on July 1, 2034

<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>
2011	\$5,000	2023	\$13,000
2012	5,000	2024	14,000
2013	6,000	2025	15,000
2014	6,000	2026	17,000
2015	7,000	2027	18,000
2016	7,000	2028	20,000
2017	8,000	2028	22,000
2018	9,000	2030	24,000
2019	9,000	2031	26,000
2020	10,000	2032	28,000
2021	11,000	2033	31,000
2022	12,000	2034 (maturity)	33,000

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

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

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

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown on the registration books of the Trustee as being a Holder with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the timely or ultimate payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in

respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to the Holders; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as the Holder.

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

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees. Notwithstanding any other provision of this Bond to the contrary, this Bond or any beneficial interest herein is nontransferable unless the transferee or transferees are Qualified Investors and, if Qualified Investors, such Qualified Investors provide the Trustee a completed certificate of qualified investor in the form included in this Bond.

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

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

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

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

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

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

SPECIMEN BOND

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

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

By _____
Chairman

ATTEST:

District Clerk

Dated: November 19, 2009

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: November 19, 2009

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

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

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

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

ASSIGNMENT

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

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

DATED: _____

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

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

["CERTIFICATE OF QUALIFIED INVESTOR"]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 6
Special Assessment Revenue Bonds, Series 2009

Please be advised that the undersigned is, or is an authorized officer of, the purchaser (in either case, the purchaser is hereinafter referred to as the "Purchaser") of a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of \$356,000. The undersigned hereby acknowledges that the Bonds (i) are not being registered under the federal Securities Act of 1933, as amended (the "Securities Act"), in reliance upon certain exemptions set forth in the Securities 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. The Purchaser assumes all responsibility for complying with any applicable federal and state securities laws in connection with any subsequent offer and sale of such interest in the Bonds and agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer.

In regard to the foregoing, the undersigned hereby certifies, acknowledges, warrants and represents that:

- (1) The Purchaser is one of the following:

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

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

(c) an officer of Stone & Youngberg, L.L.C.; or

(d) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraphs (a), (b) or (c) above.

(2) Such purchase of an interest in the Bonds is for the account of the Purchaser, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and the Purchaser has obtained all information which was regarded by the Purchaser as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the Purchaser 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 volatility of land values, the concentration of ownership of land subject to assessment for payment of the Bonds, the possible transfer of such land by such owner, the failure or inability of such owner as developer to complete proposed development of such land, and possible delays in payment of the Bonds caused by the bankruptcy and foreclosure of any assessed land owner.

(4) The Purchaser is experienced in transactions such as those relating to the Bonds, is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds and did not rely on the addressee District or the Town of Buckeye, Arizona (the "Town"), or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

(5) The Purchaser acknowledges that no offering document, such as an official statement, was prepared by the District and the Purchaser agrees it has obtained all information necessary to make an investment in the Bonds. Neither the District nor the Town, nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned requested, information that may have been furnished to the undersigned by any third party in connection with investment of the Bonds.

[PURCHASER]

By: _____
Printed Name: _____
Title: _____

[END OF "CERTIFICATE OF QUALIFIED INVESTOR"]

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, N.A., as Trustee

By _____
Authorized Representative

DATE: _____

SPECIMEN BOND

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

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

[Name of Issuer]

October 18, 2005

[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]

[For Corporate Issues:
General Counsel's Office; 49th Floor]

The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

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

(Issuer)

By: CE Reynolds
(Authorized Officer's Signature)

Carroll Reynolds

(Print Name)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: Danise K... [Signature] 100 N. Apache, Suite A

(Street Address)

Buckeye, Arizona USA 85326

(City) (State) (Country) (Zip Code)

(602) 386-4691

(Phone Number)

creynolds@buckeyeaz.gov

(E-mail Address)



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.



8 Pages Total via Email

CLOSING MEMORANDUM

	<u>Phone</u>	<u>Email Address</u>
TO: Stephen Cleveland – Town of Buckeye	(623) 349-6000	scleveland@buckeyeaz.gov
Jeanine Guy – Town of Buckeye	(623) 349-6997	jguy@buckeyeaz.gov
Gail Reese, CPA – Town of Buckeye	(623) 349-6108	greese@buckeyeaz.gov
Damon Dequenne – Town of Buckeye	(623) 349-6814	ddequenne@buckeyeaz.gov
Scott Ruby, Esq. – Gust Rosenfeld P.L.C.	(602) 257-7432	sruby@gustlaw.com
Dinah Ormsby – Gust Rosenfeld P.L.C.	(602) 257-7415	dormsby@gustlaw.com
Nancy Eatros – Wells Fargo Bank, N.A.	(602) 378-2337	nancy.l.eatros@wellsfargo.com
Hans Koppenhoefer – Pulte Home Corporation	(480) 314-7969	hans.koppenhoefer@pulte.com
Patrick Brown – Pulte Home Corporation	(480) 862-7856	patrick.brown@pulte.com
Jimmy Phillips – Pulte Home Corporation	(480) 314-7917	james.phillips@pulte.com
Michael Brilz – Pulte Home Corporation	(480) 391-6198	mike.brilz@pulte.com
FROM: Mark Reader – Stone & Youngberg LLC	(602) 794-4011	mreader@syllc.com
Mike LaVallee – Stone & Youngberg LLC	(602) 794-4008	mlavallee@syllc.com
Sandra Park – Stone & Youngberg LLC	(602) 794-4010	spark@syllc.com
Karyl Guthery – Stone & Youngberg LLC	(602) 794-4051	kguthery@syllc.com
CC: Carla Campodónico – Stone & Youngberg LLC	(415) 445-2306	ccampi@syllc.com
Katherine Hamburger – Stone & Youngberg LLC	(415) 445-2361	khamburger@syllc.com
Gerald Chang – Stone & Youngberg LLC	(415) 445-2305	gchang@syllc.com

DATE: November 16, 2009

**RE: \$356,000
Festival Ranch Community Facilities District
Special Assessment District No. 6
(Town of Buckeye, Arizona)
Special Assessment Revenue Bonds, Series 2009**

This closing memorandum provides the final pricing, wire information, placement data and bond proceeds disposition necessary to close the transaction.

Closing is scheduled for Thursday, November 19, 2009 at 8:00 a.m. in the offices of Gust Rosenfeld P.L.C., 201 East Washington Street, Suite 800, Phoenix, AZ 85004 Attention: Scott Ruby, Esq. (602) 257-7432.

The following data is included within Attachment A:

Attachment A – Bonds Data

- Sources & Uses of Funds
- Bond Pricing
- Bond Debt Service (Semi-Annual)

Festival Ranch Community Facilities District
Special Assessment District No. 6
(Town of Buckeye, Arizona)
Special Assessment Revenue Bonds, Series 2009
November 16, 2009

I. Payment – Wells Fargo Bank, N.A. (the “Trustee”)

On Thursday, November 19, 2009, not later than 8:00 a.m. (MST), Stone & Youngberg LLC will wire **\$345,320.00** to the Trustee as the Net Purchase Price for the Bonds. The Net Purchase Price is determined as follows:

Net Purchase Price of the Bonds	
Par Amount	\$356,000.00
<i>Less:</i> Placement Agent Compensation	(10,680.00)
NET PURCHASE PRICE*	\$345,320.00

Wire instructions for the delivery are as follows:

<p style="text-align: center;">Wells Fargo Bank, N.A. ABA No.: 121000248 Trust Clearing A/C No.: 00010-38-377 For Credit To: Festival Ranch Community Facilities District, Assessment Area No. 6 Special Assessment Revenue Bonds, Series 2009 Account No.: 23781103 Attn: Nancy Eatros (602) 378-2337</p>

II. Bond Proceeds Disposition*

Upon receipt of its portion of the Net Purchase Price, the Trustee will make the following deposits for the benefit of the District:

Deposit to the Debt Service Reserve Fund	\$35,600.00
Deposit to the Costs of Issuance Fund	35,000.00
Deposit to the Construction/Acquisition Fund	274,720.00
TOTAL	\$345,320.00

Festival Ranch Community Facilities District
Special Assessment District No. 6
(Town of Buckeye, Arizona)
Special Assessment Revenue Bonds, Series 2009
November 16, 2009

III. Debt Service and CUSIP Numbers

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT ASSESSMENT AREA NO. 6 (TOWN OF BUCKEYE, ARIZONA) SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009 \$356,000 Dated Date: 11/19/2009 Delivery Date: 11/19/2009 DEBT SERVICE SCHEDULE ⁽¹⁾							
CUSIP No. 315599	Date	Principal	Coupon	Interest	Total Debt Service	Fiscal Year Debt Service	
	7/1/2010			\$ 19,483.58	\$ 19,483.58	\$ 19,483.58	
	1/1/2011			15,797.50	15,797.50		
BZ2	7/1/2011	\$ 5,000	8.875%	15,797.50	20,797.50		36,595.00
	1/1/2012			15,575.63	15,575.63		
BZ2	7/1/2012	5,000	8.875%	15,575.63	20,575.63		36,151.26
	1/1/2013			15,353.75	15,353.75		
BZ2	7/1/2013	6,000	8.875%	15,353.75	21,353.75		36,707.50
	1/1/2014			15,087.50	15,087.50		
BZ2	7/1/2014	6,000	8.875%	15,087.50	21,087.50		36,175.00
	1/1/2015			14,821.25	14,821.25		
BZ2	7/1/2015	7,000	8.875%	14,821.25	21,821.25		36,642.50
	1/1/2016			14,510.63	14,510.63		
BZ2	7/1/2016	7,000	8.875%	14,510.63	21,510.63		36,021.26
	1/1/2017			14,200.00	14,200.00		
BZ2	7/1/2017	8,000	8.875%	14,200.00	22,200.00		36,400.00
	1/1/2018			13,845.00	13,845.00		
BZ2	7/1/2018	9,000	8.875%	13,845.00	22,845.00		36,690.00
	1/1/2019			13,445.63	13,445.63		
BZ2	7/1/2019	9,000	8.875%	13,445.63	22,445.63		35,891.26
	1/1/2020			13,046.25	13,046.25		
BZ2	7/1/2020	10,000	8.875%	13,046.25	23,046.25		36,092.50
	1/1/2021			12,602.50	12,602.50		
BZ2	7/1/2021	11,000	8.875%	12,602.50	23,602.50		36,205.00
	1/1/2022			12,114.38	12,114.38		
BZ2	7/1/2022	12,000	8.875%	12,114.38	24,114.38		36,228.76
	1/1/2023			11,581.88	11,581.88		
BZ2	7/1/2023	13,000	8.875%	11,581.88	24,581.88		36,163.76
	1/1/2024			11,005.00	11,005.00		
BZ2	7/1/2024	14,000	8.875%	11,005.00	25,005.00		36,010.00
	1/1/2025			10,383.75	10,383.75		
BZ2	7/1/2025	15,000	8.875%	10,383.75	25,383.75		35,767.50
	1/1/2026			9,718.13	9,718.13		
BZ2	7/1/2026	17,000	8.875%	9,718.13	26,718.13		36,436.26
	1/1/2027			8,963.75	8,963.75		
BZ2	7/1/2027	18,000	8.875%	8,963.75	26,963.75		35,927.50
	1/1/2028			8,165.00	8,165.00		
BZ2	7/1/2028	20,000	8.875%	8,165.00	28,165.00		36,330.00
	1/1/2029			7,277.50	7,277.50		
BZ2	7/1/2029	22,000	8.875%	7,277.50	29,277.50		36,555.00
	1/1/2030			6,301.25	6,301.25		
BZ2	7/1/2030	24,000	8.875%	6,301.25	30,301.25		36,602.50
	1/1/2031			5,236.25	5,236.25		
BZ2	7/1/2031	26,000	8.875%	5,236.25	31,236.25		36,472.50
	1/1/2032			4,082.50	4,082.50		
BZ2	7/1/2032	28,000	8.875%	4,082.50	32,082.50		36,165.00
	1/1/2033			2,840.00	2,840.00		
BZ2	7/1/2033	31,000	8.875%	2,840.00	33,840.00		36,680.00
	1/1/2034			1,464.38	1,464.38		
BZ2	7/1/2034	33,000	8.875%	1,464.38	34,464.38		35,928.76
	TOTAL	\$ 356,000		\$ 534,322.40	\$ 890,322.40	\$ 890,322.40	

⁽¹⁾ Represents mandatory redemption requirement for term bond due July 1, 2034.

ATTACHMENT A

	<u>Page</u>
Sources & Uses of Funds	1
Bond Debt Service (Semi-Annual)	2
Bond Pricing	4

SOURCES AND USES OF FUNDS

Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
Special Assessment Bonds, Series 2009

Dated Date 11/19/2009
Delivery Date 11/19/2009

Sources:

Bond Proceeds:	
Par Amount	356,000.00
	<hr/>
	356,000.00

Uses:

Project Fund Deposits:	
Acquisition and Construction Fund	274,720.00
Placement Agent Fee	10,680.00
	<hr/>
	285,400.00
Other Fund Deposits:	
Debt Service Reserve Fund	35,600.00
Delivery Date Expenses:	
Cost of Issuance	35,000.00
	<hr/>
	356,000.00

BOND DEBT SERVICE

Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
 Special Assessment Bonds, Series 2009

Dated Date 11/19/2009
 Delivery Date 11/19/2009

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/01/2010			19,483.58	19,483.58	19,483.58
01/01/2011			15,797.50	15,797.50	
07/01/2011	5,000	8.875%	15,797.50	20,797.50	36,595.00
01/01/2012			15,575.63	15,575.63	
07/01/2012	5,000	8.875%	15,575.63	20,575.63	36,151.26
01/01/2013			15,353.75	15,353.75	
07/01/2013	6,000	8.875%	15,353.75	21,353.75	36,707.50
01/01/2014			15,087.50	15,087.50	
07/01/2014	6,000	8.875%	15,087.50	21,087.50	36,175.00
01/01/2015			14,821.25	14,821.25	
07/01/2015	7,000	8.875%	14,821.25	21,821.25	36,642.50
01/01/2016			14,510.63	14,510.63	
07/01/2016	7,000	8.875%	14,510.63	21,510.63	36,021.26
01/01/2017			14,200.00	14,200.00	
07/01/2017	8,000	8.875%	14,200.00	22,200.00	36,400.00
01/01/2018			13,845.00	13,845.00	
07/01/2018	9,000	8.875%	13,845.00	22,845.00	36,690.00
01/01/2019			13,445.63	13,445.63	
07/01/2019	9,000	8.875%	13,445.63	22,445.63	35,891.26
01/01/2020			13,046.25	13,046.25	
07/01/2020	10,000	8.875%	13,046.25	23,046.25	36,092.50
01/01/2021			12,602.50	12,602.50	
07/01/2021	11,000	8.875%	12,602.50	23,602.50	36,205.00
01/01/2022			12,114.38	12,114.38	
07/01/2022	12,000	8.875%	12,114.38	24,114.38	36,228.76
01/01/2023			11,581.88	11,581.88	
07/01/2023	13,000	8.875%	11,581.88	24,581.88	36,163.76
01/01/2024			11,005.00	11,005.00	
07/01/2024	14,000	8.875%	11,005.00	25,005.00	36,010.00
01/01/2025			10,383.75	10,383.75	
07/01/2025	15,000	8.875%	10,383.75	25,383.75	35,767.50
01/01/2026			9,718.13	9,718.13	
07/01/2026	17,000	8.875%	9,718.13	26,718.13	36,436.26
01/01/2027			8,963.75	8,963.75	
07/01/2027	18,000	8.875%	8,963.75	26,963.75	35,927.50
01/01/2028			8,165.00	8,165.00	
07/01/2028	20,000	8.875%	8,165.00	28,165.00	36,330.00
01/01/2029			7,277.50	7,277.50	
07/01/2029	22,000	8.875%	7,277.50	29,277.50	36,555.00
01/01/2030			6,301.25	6,301.25	
07/01/2030	24,000	8.875%	6,301.25	30,301.25	36,602.50
01/01/2031			5,236.25	5,236.25	
07/01/2031	26,000	8.875%	5,236.25	31,236.25	36,472.50
01/01/2032			4,082.50	4,082.50	
07/01/2032	28,000	8.875%	4,082.50	32,082.50	36,165.00

BOND DEBT SERVICE

Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
Special Assessment Bonds, Series 2009

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2033			2,840.00	2,840.00	
07/01/2033	31,000	8.875%	2,840.00	33,840.00	36,680.00
01/01/2034			1,464.38	1,464.38	
07/01/2034	33,000	8.875%	1,464.38	34,464.38	35,928.76
	356,000		534,322.40	890,322.40	890,322.40

BOND PRICING

Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
Special Assessment Bonds, Series 2009

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Term Bond:	07/01/2034	356,000	8.875%	8.875%	100.000
		356,000			

Dated Date	11/19/2009		
Delivery Date	11/19/2009		
First Coupon	07/01/2010		
Par Amount	356,000.00		
Original Issue Discount			
Production	356,000.00	100.000000%	
Underwriter's Discount			
Purchase Price	356,000.00	100.000000%	
Accrued Interest			
Net Proceeds	356,000.00		

Report of Bond and Security Issuance

Pursuant to A.R.S. § 35-501B

This information is due to the Department of Revenue within 60 days of the issue.

1. Jurisdiction: FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)	
2. Issue Name/title: Assessment District No.6, Special Assessment Revenue Bonds, Series 2009	
3. Dated date: November 19, 2009 Closing Date: November 19, 2009	4. Par Amount: \$356,000
5. Overall Interest Rate (TIC or NIC): 9.052394% (NIC)	6. Type of Bond or Security: community facilities district special assessment
7. Repayment sources: property owner assessments	
8. Total amount outstanding: \$356,000	9. Total amount outstanding of senior or subordinate bonds: \$-0-
10. Original issue price: Attach Schedule 1	
a. Par Amount (principal amount) \$356,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: For general obligation bonds: a. Secondary net assessed value: N/A
b. Original Issue Discount (-) \$0.00	b. Debt limit percentage: N/A
c. Premium Amount (+) \$0.00	c. Total debt limit: N/A
d. Original Issue Price (=) \$356,000.00	12. Available debt limit: N/A
e. Underwriter Compensation (discount) (-) \$10,680.00	13. Total amount authorized: N/A
f. Net Proceeds (=) \$345,320.00	
14. Remaining authorized amount: N/A	15. If voter authorized, election dates: N/A

16. Attach a detailed listing of Issue Costs.

17. Attach the Debt Service Schedule.

18. Attach Form 8038.

19. Attach Final Official Statement.



Signature

November 19, 2009
Date

Title, address and phone number

Gail Reese, District Treasurer
Festival Ranch Community Facilities
District
530 E. Monroe Avenue
Buckeye, Arizona 85326
623-349-6108

Trustee name, address and phone number

Wells Fargo Bank, N.A.
MAC4101-22E
100 W. Washington St.
22nd Floor
Phoenix, Arizona 85003
602-378-2337

**Political Subdivision Contact
Name, address and phone number**

Treasurer
Festival Ranch Community Facilities
District
530 E. Monroe Avenue
Buckeye, Arizona 85326
623-349-6108

Submit this form with attachments within 60 days of issuance to:

Arizona Department of Revenue
Attention: OERA, 9th floor
1600 W. Monroe
Phoenix, AZ 85007

**Arizona Department of Revenue
Report of Bond and Security Issuance
Schedule 1**

For each maturity date, list either the Original Issue Discount or the Premium Amount. The total of these figures should equal the amounts listed on 10b and 10c on the form. In all cases, 10a-10b+10c-10e=10f.

Name of Issue **FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) ASSESSMENT DISTRICT NO. 6, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009**

Par Amount: \$356,000

Date Closed: November 19, 2009

Mandatory Redemption Date (July 15)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2011*	\$ 5,000	8.875%	8.875%	\$ 5,000	\$0.00
2012*	5,000	8.875%	8.875%	5,000	0.00
2013*	6,000	8.875%	8.875%	6,000	0.00
2014*	6,000	8.875%	8.875%	6,000	0.00
2015*	7,000	8.875%	8.875%	7,000	0.00
2016*	7,000	8.875%	8.875%	7,000	0.00
2017*	8,000	8.875%	8.875%	8,000	0.00
2018*	9,000	8.875%	8.875%	9,000	0.00
2019*	9,000	8.875%	8.875%	9,000	0.00
2020*	10,000	8.875%	8.875%	10,000	0.00
2021*	11,000	8.875%	8.875%	11,000	0.00
2022*	12,000	8.875%	8.875%	12,000	0.00
2023*	13,000	8.875%	8.875%	13,000	0.00
2024*	14,000	8.875%	8.875%	14,000	0.00
2025*	15,000	8.875%	8.875%	15,000	0.00
2026*	17,000	8.875%	8.875%	17,000	0.00
2027*	18,000	8.875%	8.875%	18,000	0.00
2028*	20,000	8.875%	8.875%	20,000	0.00
2029*	22,000	8.875%	8.875%	22,000	0.00
2030*	24,000	8.875%	8.875%	24,000	0.00
2031*	26,000	8.875%	8.875%	26,000	0.00
2032*	28,000	8.875%	8.875%	28,000	0.00
2033*	31,000	8.875%	8.875%	31,000	0.00
2034	33,000	8.875%	8.875%	33,000	0.00
TOTAL	\$356,000	N/A	N/A	\$356,000	0.00
10e Underwriter discount and/or Placement Agent Fee, if any				\$10,680	
10f Net Proceeds (as shown on issuance form)				\$345,320	

* Redemption Dates for Term Bond Maturing on July 1, 2034

Name of Issue: **FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) ASSESSMENT DISTRICT NO. 6, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009**

Costs of Issuance

Placement Agent fees	\$10,680.00
Bond counsel fee	25,700.00
Trustee fees	4,000.00
Appraisal	3,250.00
Miscellaneous	<u>2,050.00</u>
TOTAL	<u>\$35,000.00</u>

No Official statement was prepared in connection with this financing.

Festival Ranch Community Facilities District
Special Assessment District No. 6
(Town of Buckeye, Arizona)
Special Assessment Revenue Bonds, Series 2009
November 16, 2009

III. Debt Service and CUSIP Numbers

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT ASSESSMENT AREA NO. 6 (TOWN OF BUCKEYE, ARIZONA) SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009							
\$356,000							
Dated Date: 11/19/2009							
Delivery Date: 11/19/2009							
DEBT SERVICE SCHEDULE ⁽¹⁾							
CUSIP No.	Date	Principal	Coupon	Interest	Total Debt Service	Fiscal Year Debt Service	
315599							
	7/1/2010			\$ 19,483.58	\$ 19,483.58	\$ 19,483.58	
	1/1/2011			15,797.50	15,797.50	15,797.50	
BZ2	7/1/2011	\$ 5,000	8.875%	15,797.50	20,797.50	36,595.00	
	1/1/2012			15,575.63	15,575.63		
BZ2	7/1/2012	5,000	8.875%	15,575.63	20,575.63	36,151.26	
	1/1/2013			15,353.75	15,353.75		
BZ2	7/1/2013	6,000	8.875%	15,353.75	21,353.75	36,707.50	
	1/1/2014			15,087.50	15,087.50		
BZ2	7/1/2014	6,000	8.875%	15,087.50	21,087.50	36,175.00	
	1/1/2015			14,821.25	14,821.25		
BZ2	7/1/2015	7,000	8.875%	14,821.25	21,821.25	36,642.50	
	1/1/2016			14,510.63	14,510.63		
BZ2	7/1/2016	7,000	8.875%	14,510.63	21,510.63	36,021.26	
	1/1/2017			14,200.00	14,200.00		
BZ2	7/1/2017	8,000	8.875%	14,200.00	22,200.00	36,400.00	
	1/1/2018			13,845.00	13,845.00		
BZ2	7/1/2018	9,000	8.875%	13,845.00	22,845.00	36,690.00	
	1/1/2019			13,445.63	13,445.63		
BZ2	7/1/2019	9,000	8.875%	13,445.63	22,445.63	35,891.26	
	1/1/2020			13,046.25	13,046.25		
BZ2	7/1/2020	10,000	8.875%	13,046.25	23,046.25	36,092.50	
	1/1/2021			12,602.50	12,602.50		
BZ2	7/1/2021	11,000	8.875%	12,602.50	23,602.50	36,205.00	
	1/1/2022			12,114.38	12,114.38		
BZ2	7/1/2022	12,000	8.875%	12,114.38	24,114.38	36,228.76	
	1/1/2023			11,581.88	11,581.88		
BZ2	7/1/2023	13,000	8.875%	11,581.88	24,581.88	36,163.76	
	1/1/2024			11,005.00	11,005.00		
BZ2	7/1/2024	14,000	8.875%	11,005.00	25,005.00	36,010.00	
	1/1/2025			10,383.75	10,383.75		
BZ2	7/1/2025	15,000	8.875%	10,383.75	25,383.75	35,767.50	
	1/1/2026			9,718.13	9,718.13		
BZ2	7/1/2026	17,000	8.875%	9,718.13	26,718.13	36,436.26	
	1/1/2027			8,963.75	8,963.75		
BZ2	7/1/2027	18,000	8.875%	8,963.75	26,963.75	35,927.50	
	1/1/2028			8,165.00	8,165.00		
BZ2	7/1/2028	20,000	8.875%	8,165.00	28,165.00	36,330.00	
	1/1/2029			7,277.50	7,277.50		
BZ2	7/1/2029	22,000	8.875%	7,277.50	29,277.50	36,555.00	
	1/1/2030			6,301.25	6,301.25		
BZ2	7/1/2030	24,000	8.875%	6,301.25	30,301.25	36,602.50	
	1/1/2031			5,236.25	5,236.25		
BZ2	7/1/2031	26,000	8.875%	5,236.25	31,236.25	36,472.50	
	1/1/2032			4,082.50	4,082.50		
BZ2	7/1/2032	28,000	8.875%	4,082.50	32,082.50	36,165.00	
	1/1/2033			2,840.00	2,840.00		
BZ2	7/1/2033	31,000	8.875%	2,840.00	33,840.00	36,680.00	
	1/1/2034			1,464.38	1,464.38		
BZ2	7/1/2034	33,000	8.875%	1,464.38	34,464.38	35,928.76	
	TOTAL	\$ 356,000		\$ 534,322.40	\$ 890,322.40	\$ 890,322.40	

⁽¹⁾ Represents mandatory redemption requirement for term bond due July 1, 2034.

Information Return for Tax-Exempt Governmental Obligations

Under Internal Revenue Code section 149(e)
 See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority If Amended Return, check here

1 Issuer's name Festival Ranch Community Facilities District (Town of Buckeye, Arizona)	2 Issuer's employer identification number 35 2264191
3 Number and street (or P.O. box if mail is not delivered to street address) 530 E. Monroe Avenue	Room/suite A 4 Report number 3 01
5 City, town, or post office, state, and ZIP code Buckeye, Arizona 85326	6 Date of issue November 19, 2009
7 Name of issue Assessment District No. 6 Special Assessment Revenue Bonds, Series 2009	8 CUSIP number 315599 BZ2
9 Name and title of officer or legal representative whom the IRS may call for more information Gail Reese, Treasurer	10 Telephone number of officer or legal representative (623) 349-6108

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input checked="" type="checkbox"/> Other. Describe Public Infrastructure: Roads, Utilities, Drainage,	18 356,000
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	July 1, 2034	\$ 356,000	\$ 356,000	8.9 years	8.8717 %

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	356,000
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	45,680
25 Proceeds used for credit enhancement	25	0
26 Proceeds allocated to reasonably required reserve or replacement fund	26	35,600
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	81,280
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	274,720

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 <input type="checkbox"/> 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 <input checked="" type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

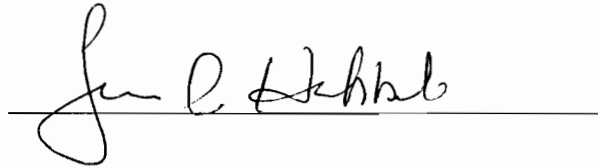
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here **Gail Reese, Treasurer**
 Signature of issuer's authorized representative Date **November 19, 2009** Type or print name and title

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT (TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2009

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Report of Bond and Security Issuance for the above-captioned financing, addressed to the Arizona Department of Revenue, OERA, 1600 West Monroe, 9th Floor, Phoenix, Arizona 85007, on December 31, 2009.



Part I Reporting Authority If Amended Return, check here

1 Issuer's name: Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
2 Issuer's employer identification number: 35 2264191
3 Number and street: 530 E. Monroe Avenue
4 Report number: 3 01
5 City, town, or post office, state, and ZIP code: Buckeye, Arizona 85326
6 Date of issue: November 19, 2009
7 Name of issue: Assessment District No. 6 Special Assessment Revenue Bonds, Series 2009
8 CUSIP number: 315599 BZ2
9 Name and title of officer or legal representative: Gail Reese, Treasurer
10 Telephone number of officer or legal representative: (623) 349-6108

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11 Education
12 Health and hospital
13 Transportation
14 Public safety
15 Environment (including sewage bonds)
16 Housing
17 Utilities
18 Other: Describe Public Infrastructure: Roads, Utilities, Drainage, 356,000
19 If obligations are TANs or RANs, 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.

Table with 5 columns: (a) Final maturity date, (b) Issue price, (c) Stated redemption price at maturity, (d) Weighted average maturity, (e) Yield. Row 21: July 1, 2034, \$356,000, \$356,000, 8.9 years, 8.8717%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

Table with 2 columns: Description, Amount. Rows 22-30: Proceeds used for accrued interest (0), Issue price of entire issue (356,000), Proceeds used for bond issuance costs (45,680), Proceeds used for credit enhancement (0), Proceeds allocated to reasonably required reserve or replacement fund (35,600), Proceeds used to currently refund prior issues (0), Proceeds used to advance refund prior issues (0), Total (81,280), Nonrefunding proceeds of the issue (274,720)

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
32 Enter the remaining weighted average maturity of the bonds to be advance refunded
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)
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units
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

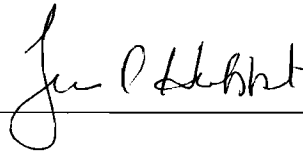
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here: Gail Reese, Treasurer, November 19, 2009. Signature of issuer's authorized representative: [Signature]

\$356,000
FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT (TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2009

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 financing addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on December 31, 2009.



*GUST
ROSENFELD*
ATTORNEYS SINCE 1921 P.L.C.

■ 201 E. WASHINGTON, SUITE 800 ■ PHOENIX, ARIZONA 85004-2327 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

SCOTT W. RUBY
602.257.7432
FAX: 602.340.1538
swruby@gustlaw.com

November 19, 2009

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

Re: Festival Ranch Community Facilities District (Town of Buckeye,
Arizona) Assessment District Nos. 6, Special Assessment Revenue
Bonds, Series 2009

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of \$356,000 aggregate principal amount of Assessment District No. 6, Special Assessment Revenue Bonds, Series 2009 (the "*Bonds*"), dated the date hereof, issued by Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") initiated under Resolution of Intention No. 04-09.

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 09-09, passed and adopted by the District Board on November 3, 2009 (the "*Resolution*"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District, and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid obligation payable by the District from the Bond Fund provided for that purpose.

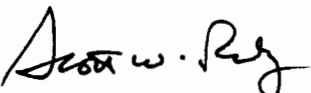
4. The Bonds are payable at the office of the Trustee, Wells Fargo Bank, N.A.. The Bonds are payable solely from the funds pledged pursuant to the Indenture and from payments of the unpaid assessments upon the real property within the boundaries of the District assessed for the improvement which have been validly levied, which assessments may be subject to reduction to the extent the improvement is not completed and the land assessed does not receive benefits commensurate with the amount assessed.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations and is not taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and the Indenture and to collection of assessments may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By 
Scott W. Ruby
Bond Counsel

BERENS, KOZUB & KLOBERDANZ, PLC

Attorneys at Law

7047 E. Greenway Parkway, Suite 140 · Scottsdale, Arizona 85254
Telephone (480) 624-2777 · Facsimile (480) 607-2215 · e-mail: mberens@bkl-az.com

Matthew R. Berens, Esq.

November 19, 2009

Via Hand Delivery

Stone & Youngberg LLC
2555 E. Camelback Road, Suite 280
Phoenix, AZ 85016

Via Hand Delivery

District Board
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
530 E. Monroe Avenue
Buckeye, AZ 85326

Re: \$356,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
Assessment District No. 6 Special Assessment Revenue Bonds, Series 2009 (the "Bonds")

Ladies and Gentlemen:

We have acted as counsel to Pulte Home Corporation, a corporation organized and existing pursuant to the laws of the State of Michigan and doing business in the State of Arizona (the "Owner"), particularly in connection with the transactions provided for by the documents referred to herein and in connection with the issuance and sale of the Bonds. Any capitalized terms used in and not defined in this letter will have the meanings assigned to them in the Indenture of Trust and Security Agreement dated as of November 19, 2009 from Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") to Wells Fargo Bank, N.A.

Examination. As such counsel, we have made such examinations and inquiries as we have deemed necessary as a basis for this opinion, including examination of the forms of the following documents:

1. The following documents pertaining to the transaction:
 - a. The Continuing Disclosure Undertaking from the Owner (the "Undertaking").
 - d. Dissemination Agency Agreement dated of even date herewith between the Owner and the Underwriter (the "Agency Agreement").
 - e. Waiver Agreement (the "Waiver Agreement").
 - f. Owner Indemnity Letter of even date (together with the Undertaking, the Agency Agreement and the Waiver Agreement, collectively, as the "Transaction Documents").

2. The following organizational documents pertaining to Owner (collectively, the "Organizational Documents"):

- a. Articles of Incorporation of the Owner, a Michigan corporation, as amended.
- b. Bylaws of the Owner, as amended.
- c. Certificate of Good Standing of the Owner, dated November 16, 2009, issued by the Corporation Division of the Michigan Department of Labor and Economic Growth.
- d. Certificate of Good Standing of the Owner, dated November 13, 2009, issued by the Arizona Corporation Commission.

We have further an Officer's Certificate of Mike Brilz, Vice President of Real Estate Development of the Owner, executed on November 19, 2009 (the "Officer's Certificate"). We have also examined such certificates of public officials, certificates of representatives of the Owner and such other documents as we have deemed relevant and necessary as a basis for the opinions set forth below. We have relied upon certificates of public officials and of the Owner with respect to the accuracy of material or factual matters contained in such certificates, which were not independently established.

Assumptions. In rendering this opinion, we have assumed that:

1. (a) Each of the other parties to the Transaction Documents (the "Other Parties") is duly formed and validly existing; (b) the execution, delivery and performance of the applicable Transaction Documents by each of the Other Parties has been duly authorized by all corporate or limited liability company action required of such Other Party; (c) each of the Other Parties has obtained all necessary governmental consents, authorizations, approvals, permits or certificates that are required as a condition to the execution and delivery of the Transaction Documents by such Other Party and to the consummation of the transactions contemplated thereby; (d) the Transaction Documents constitutes legal, valid, binding and enforceable obligations of each of the Other Parties under federal law, the laws of the State of Arizona, and the laws of any other applicable jurisdiction; (e) except for the Transaction Documents, there are no other documents or agreements between any of the Other Parties and others that would expand or otherwise modify the obligations of the parties under the Transaction Documents; (f) each of the Other Parties has the power and authority under applicable laws and regulations to enter into and perform the transactions as described in the Transaction Documents and has complied in all material respects with all applicable laws and regulations with respect thereto; and (g) each of the Other Parties will at all times during the term of the Transaction Documents act in good faith and only in a manner that under the circumstances is commercially reasonable and in accordance with applicable law.

2. The Transaction Documents accurately and completely describes and contains the parties' mutual intent, understanding and business purposes, and there are no understandings among the Other Parties or the Owner that are inconsistent with the content of the Transaction Documents, and there are no facts or events (such as fraud or duress) that have occurred in connection with the execution, acknowledgment and delivery of the Transaction Documents that would impair its enforceability.

3. No fraud, misrepresentation, unilateral mistake or concealment has occurred in connection with the Transaction Documents or any aspect of the transactions governed by the Transaction Documents.

4. The applicable Transaction Documents, immediately after delivery, will be properly filed or recorded in the appropriate governmental offices, and all necessary continuation statements will be timely filed, and all fees, charges, and taxes due and owing as of this date have been paid.

5. The parties' representations and warranties contained in the Transaction Documents are truthful and accurate.

6. All reports and other documents prepared by third party consultants relating to the transactions contemplated by the Transaction Documents or any of the property within the District are truthful and accurate.

7. Each of the Transaction Documents required to be executed, ratified, notarized, filed, recorded or indexed to be effective (and any UCC-1 or other financing statements required to perfect same) have been or will be timely and properly executed, ratified, notarized, filed, recorded or indexed in the appropriate governmental offices and the recipient will timely file any and all necessary continuation statements.

8. No interest, fees or other charges will be collected with respect to the transactions that are not clearly specified in the Transaction Documents or that are not permitted by applicable law.

9. At the time any of the Other Parties seeks to enforce its rights under the Transaction Documents, such Other Party will not be in breach thereof, those documents will still be in force, and no applicable statute of limitations will have expired.

10. Each of the Other Parties will diligently and timely pursue its rights and remedies under the Transaction Documents.

11. All consents, approvals, licenses or authorizations by, and all notifications of an filings with, any court, governmental body or other person required to be obtained or made in connection with the Transaction Documents and the transactions contemplated thereby have been so obtained or made.

12. The Owner holds the requisite title and rights to any real or personal property involved in the transactions contemplated by the Transaction Documents or otherwise purported to be owned by the owner.

13. We have assumed without investigation the completeness, genuineness and authenticity of any document submitted to us as an original, the conformity to the original of any document submitted to us as a copy, the authenticity of the original of such latter documents, the conformity to the executed document of any document submitted to us as the form to be executed, the genuineness of all signatures, and the legal competency and capacity of natural persons to execute and deliver all applicable documents and carry out such individual's obligations under the Transaction Documents. We have assumed without investigation that any certificate, representation (oral or otherwise), telegram, telex, telecopy, email or other documents on which we have relied, whether or not given or dated earlier than the date hereof, is authentic and remains accurate insofar as relevant to this opinion from such earlier date through and including the date hereof, and we are not aware of any facts inconsistent with this assumption.

Other Limitations. The opinions expressed in this letter are subject to the following qualifications, limitations and exceptions:

1. Our opinions are limited by the internal laws of the State of Arizona (notwithstanding Arizona choice-of-law rules) and the State of Michigan as to corporate authority and corporate existence. Accordingly, we express no opinion as to the possible impact upon the matters of the laws, orders or judgments of any jurisdiction other than the local laws of the State of Arizona (notwithstanding Arizona choice-of-law rules) and, as limited, the State of Michigan.

2. Whenever we indicate that our opinion is based on "our knowledge," or words of similar import, such opinion is based solely on the current actual knowledge of the firm's attorneys who have devoted substantive attention to matters related to the Transaction Documents. We have not made any independent investigation, verification, or review of any matters whatsoever except as specifically set forth herein, and we are relying solely on such specifically stated investigation or review.

3. We express no opinion concerning the legal validity and sufficiency of the acts of any of the Other Parties.

4. The opinions herein are based upon and limited to the laws and facts in effect on the date hereof, and we assume no obligation to update, revise or supplement the opinion should any law be changed by any legislative action, judicial decision, administrative process, or otherwise.

5. Our opinion is limited to the matters set forth herein and to the date hereof. No opinion may be inferred or implied beyond the matters expressly stated herein. Our opinion is applicable only to the addressee of this opinion and will not be applicable to any other person.

6. The enforceability of the Transaction Documents is subject to:

a. Bankruptcy, insolvency, fraudulent transfer, fraudulent conveyance, reorganization, arrangement, receivership, conservatorship, moratorium and other similar state and federal laws or court decisions now or hereafter affecting the enforcement of creditors' and property rights generally.

b. The general principles of equity.

c. The qualification that certain waivers, procedures, remedies, indemnities, consents to jurisdiction and other provisions of the Transaction Documents (excluding all waivers and indemnities contained in the Indemnity letter) may be unenforceable under or limited by the laws of the State of Arizona; provided, however that such possible unenforceability or limitations will not render the Transaction Documents (including, but not limited to, the Waiver Agreement and the Indemnity Letter) invalid as a whole or substantially prevent the practical realization of the principal benefits intended by the Transaction Documents (except for the economic consequences of procedural or other delay).

7. We express no opinion as to matters of title, priority, or perfection of liens or priority or perfection of security interests except as specifically set forth herein.

8. Our engagement did not extend to, and we render no opinion about, any federal or state securities laws, rules or regulations, zoning matters, or applicable building codes or ordinances, or the effect of such matters, if any, on the opinions expressed herein, including, without limitation, the compliance of the Transaction Documents or the offer and sale of the Bonds with any securities laws or regulations.

Based on and subject to the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, we are of the opinion that:

1. Owner has been duly incorporated and is validly existing under the laws of the State of Michigan. The Owner is qualified to do business as a foreign corporation under the laws of the State of Arizona.

2. Owner has the requisite corporate power and authority to perform all obligations on its part under the terms of the Owner Documents.

3. Execution, delivery and performance by Owner of the Owner Documents has been duly authorized by all necessary corporate action on the part of Owner.

4. The Owner Documents have been duly executed and delivered on behalf of Owner.

5. The Owner Documents constitute the legal, valid and binding obligation of Owner and are enforceable against Owner in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally and subject to general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity.

6. The execution and delivery by Owner of the Owner Documents, and the performance of Owner's obligations thereunder, do not violate any provisions of Owner's articles of incorporation or bylaws.

7. The execution and delivery by the Owner of the Transaction Documents and the consummation of the transactions contemplated by the Transaction Documents, to our knowledge, (i) will not cause a material breach or default under any agreement or other instrument to which the Owner is a party or by which it or its properties are bound that are material to the business operations of the Owner, or (ii) will not violate any applicable law, rule or regulation affecting the Owner which, in any of the above cases, would materially and adversely affect the business, properties, assets, liabilities or condition (financial or otherwise) of the Owner.

8. To our knowledge, Owner has obtained all material consents, approvals, authorizations and other actions by, and filings with, all federal, state, and local governmental authorities required to: (a) execute and deliver the Transaction Documents and consummate the transactions contemplated by the Transaction Documents that are applicable to the Owner; (b) carry out its business as such business is currently being conducted related to the Transaction Documents, except for such consents, approvals, authorizations and other actions or filings that the Owner would expect to obtain in the ordinary course of its business provided that no

opinion is hereby expressed as to the compliance of the offer and sale of the Bonds with any securities law or regulation or any consents, approvals, authorizations or other actions or filings by the Town or the District.

9. To our knowledge, the Owner is not in violation of any provision of, or in default under, the Organizational Documents or any agreement or other instrument, violation of or default under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Owner.

10. To our knowledge, there are no legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to which the Owner is a party or of which any property of the Owner is subject, except as described in the Official Statement, which, if determined adversely to the Owner would individually or in the aggregate: (a) have a material adverse effect on the financial condition or results of operations of the Owner and its affiliates considered as a whole; (b) materially and adversely affect the validity or the enforceability of the Transaction Documents; (c) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Transaction Documents; or (d) materially and adversely affect the transactions contemplated by the Official Statement to be engaged by the Owner.

We are furnishing this letter of opinion to you solely for your benefit and it may be relied on by you only for the purpose contemplated by the transactions under the Transaction Documents. Our opinion is not to be reproduced or filed publicly, or used or relied on, or quoted or delivered to by any other person or entity without, in each instance, our prior written consent, nor may it be used, quoted, delivered, circulated or otherwise referred to for any other purpose.

Respectfully submitted,

BERENS, KOZUB & KLOBERDANZ, PLC

*Berens Kozub, Kloberdanz
PLC*

FEASIBILITY REPORT

**FOR THE ISSUANCE OF
\$356,000 PRINCIPAL AMOUNT**

OF

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

**SPECIAL ASSESSMENT DISTRICT NO. 6
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009**

August 18, 2009

TABLE OF CONTENTS

	<u>SECTION</u>
Introduction; Purpose of Feasibility Report and General Description of District	ONE
Description, Estimate of Cost and Timetable for Completion of Public Infrastructure.....	TWO
Map of the District and Map of Assessment District No. 6.....	THREE
Plan of Finance and Preliminary Debt Service Schedule (Table One).....	FOUR
<u>APPENDIX</u>	
Summary of ScottNiebling Valuation Group, LLC MAI Appraisal	A
Legal Description of the Festival Ranch Community Facilities District Assessment District No. 6	B

SECTION ONE

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

INTRODUCTION

This Feasibility Report (the "Report") has been prepared for presentation to the Board of Directors of the Festival Ranch Community Facilities District (Buckeye, Arizona) (the "District") in connection with the proposed issuance by the District of its Assessment District No. 6, Special Assessment Revenue Bonds, Series 2009 (the "Bonds") in an aggregate principal amount not to exceed \$356,000 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 and an estimate of cost and timetable to acquire the Public Infrastructure [Section Two]; (ii) a map showing, in general, the location of the Public Infrastructure and area to be benefited by the Public Infrastructure [Section Three]; (iii) and a plan for financing the Public Infrastructure [Section Four].

This Report has been prepared for the consideration of the District 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, employees of Pulte Home Corporation, a real estate appraiser, placement agent, bond counsel, engineers, staff of the Town of Buckeye, Arizona (the "Town") and other persons and experts have been consulted as deemed appropriate.

GENERAL DESCRIPTION OF DISTRICT

Formation of the District was approved by the Town on April 19, 2005 upon the request of all of the landowners within the District. The District consists of approximately 4,015 acres within the approximately 10,354 acre master-planned community called Festival Ranch (the "Project"). The Project is located along the Sun Valley Parkway generally between 259th Avenue and the 291st Avenue alignments. Single-family residential units are planned for approximately 3,190 acres within the Project. As of June 1, 2009, Pulte Home Corporation has closed 1,085 residential homes at Sun City Festival (age restricted) and 292 homes at Festival Foothills (non-age restricted), for a total of 1,377 residential homes.

In addition to residential development, several community amenities are planned for construction within the District, including two golf courses and recreation centers. Currently, one 18 hole golf course is completed along with a 15,000 square foot golf clubhouse, a 30,000 square foot recreation center, a softball complex and a community park. There is a convenience store and gas station to serve the commercial needs of the community.

The real property comprising the Assessment District No. 6 consists of 178 residential lots on approximately 43.47 acres.

The total District acreage and Assessment District No. 6 acreage can be categorized as follows:

<u>Total Project</u>	<u>Approximate District Acres</u>	<u>Approximate Assessment District No. 6 Acres</u>
Single Family Residential Units	3,190	43.47
2 Golf Courses	600	
Commercial	150	
Recreation Centers	75	
Total	<u>4,015</u>	<u>43.47</u>

The District was created to finance the construction or acquisition of public infrastructure within the District, including to finance the construction or acquisition of the Public Infrastructure. See Section Two for a description of the Public Infrastructure. Legal descriptions of the District and Assessment District No. 6 are included in Appendix B. Maps of the District and Assessment District No. 6 are included in Section Three. The acquisition of the Public Infrastructure as defined in this Report is consistent with the Town of Buckeye's approved General Plan for the Project.

Pulte Home Corporation currently owns all of the property located within Assessment District No. 6.

SECTION TWO
DESCRIPTION, ESTIMATE OF COST AND TIMETABLE
FOR COMPLETION OF PUBLIC INFRASTRUCTURE

DESCRIPTION OF PUBLIC INFRASTRUCTURE

The Public Infrastructure, which has been publicly bid pursuant to state statutes, to be financed by the Bonds of the District, with the balance to be funded by Pulte Home Corporation consists of the following. It is expected that the Public Infrastructure listed below will be acquired from Pulte Home Corporation with estimated cost and construction timing as noted.

**SUN CITY FESTIVAL
ASSESSMENT DISTRICT NO. 6
DESCRIPTION OF PUBLIC INFRASTRUCTURE**

<u>Parcel</u>	<u>No. of Lots</u>	<u>Est. Street Improvements</u>	<u>Street Names</u>	<u>Linear Feet</u>	<u>Estimated Date of Completion</u>
J1	178	\$819,321 (a)	Tina Lane, 261 st Ave, 261 st Lane, Vista North Dr., Melinda Lane, 263 rd Lane, 263 rd Dr., 262 nd Lane, Via Del Sol Dr., Louise Dr.	7,205	February 2010 (b)
	<u>178</u>	<u>\$819,321</u>		<u>7,205</u>	

(a) Includes concrete work which started on Monday, July 13th.

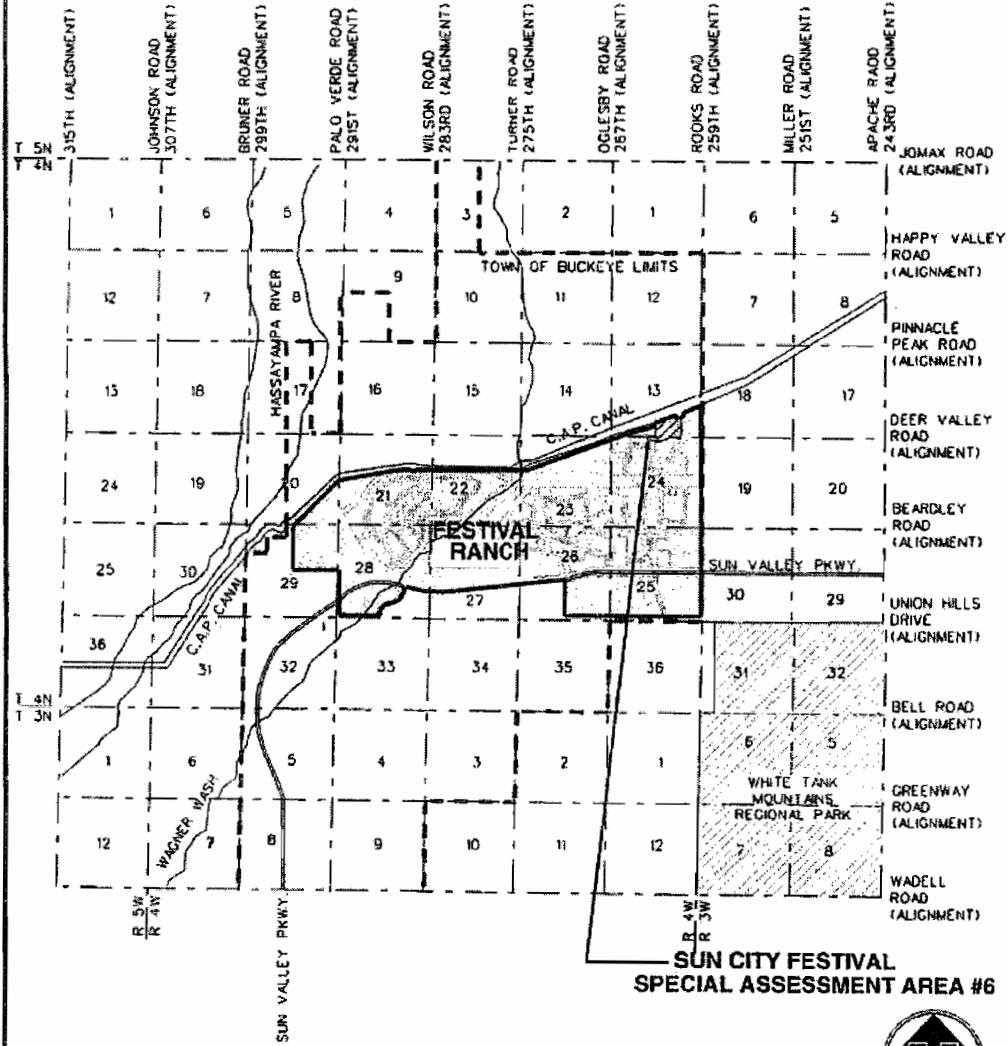
(b) The subdivision on Parcel J1 is being built in 3 phases with the last phase expected to be completed in or around February, 2010.

Listed below is an estimated draw schedule of the proceeds of the Bonds for the acquisition of the Public Infrastructure.

<u>Public Infrastructure Project</u>	<u>Estimated Acquisition Price</u>	<u>Difference between Contract Price and Acquisition Price Paid by Pulte</u>	<u>Completion Date</u>	<u>Funds Draw Date</u>
1. J1 - Tina Lane, 261 st Ave, 261 st Lane, Vista North Dr., Melinda Lane, 263 rd Lane, 263 rd Dr., 262 nd Lane, Via Del Sol Dr., Louise Dr.	\$356,000	\$463,321	Feb. 2010	August 2010
Total	<u>\$356,000</u>	<u>\$463,321</u>		

SECTION THREE
MAP OF THE DISTRICT AND MAP OF ASSESSMENT
DISTRICT NO. 6

SUN CITY FESTIVAL SPECIAL ASSESSMENT AREA #6 BUCKEYE, ARIZONA



**SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #6**

VICINITY MAP



SCALE : NONE

APR 03 11:45 AM '03
 10:50:03
 K:\03\102031\102031.dwg VCD\03\04 9:27

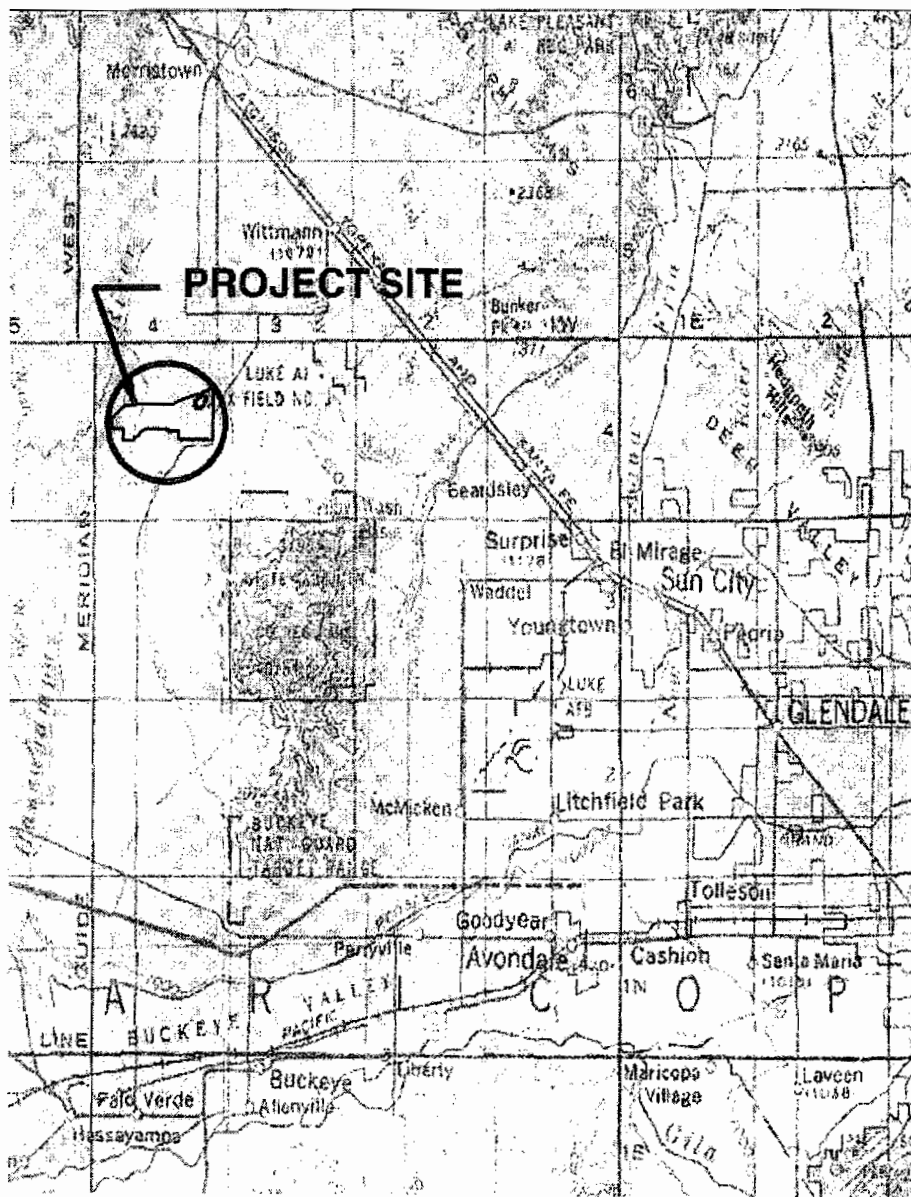


4500 NORTH 12TH STREET
 PHOENIX, ARIZONA 85018
 TELEPHONE (602) 264-5831

COE & VAN LOO
 PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO. 0400317
 FIGURE 2

SUN CITY FESTIVAL SPECIAL ASSESSMENT AREA #6 BUCKEYE, ARIZONA



SCALE - NONE

LOCATION MAP

DATE: 13 MAY 2006
 08:51:46
 C:\P19\10317\plans\loc_assessment.dgn

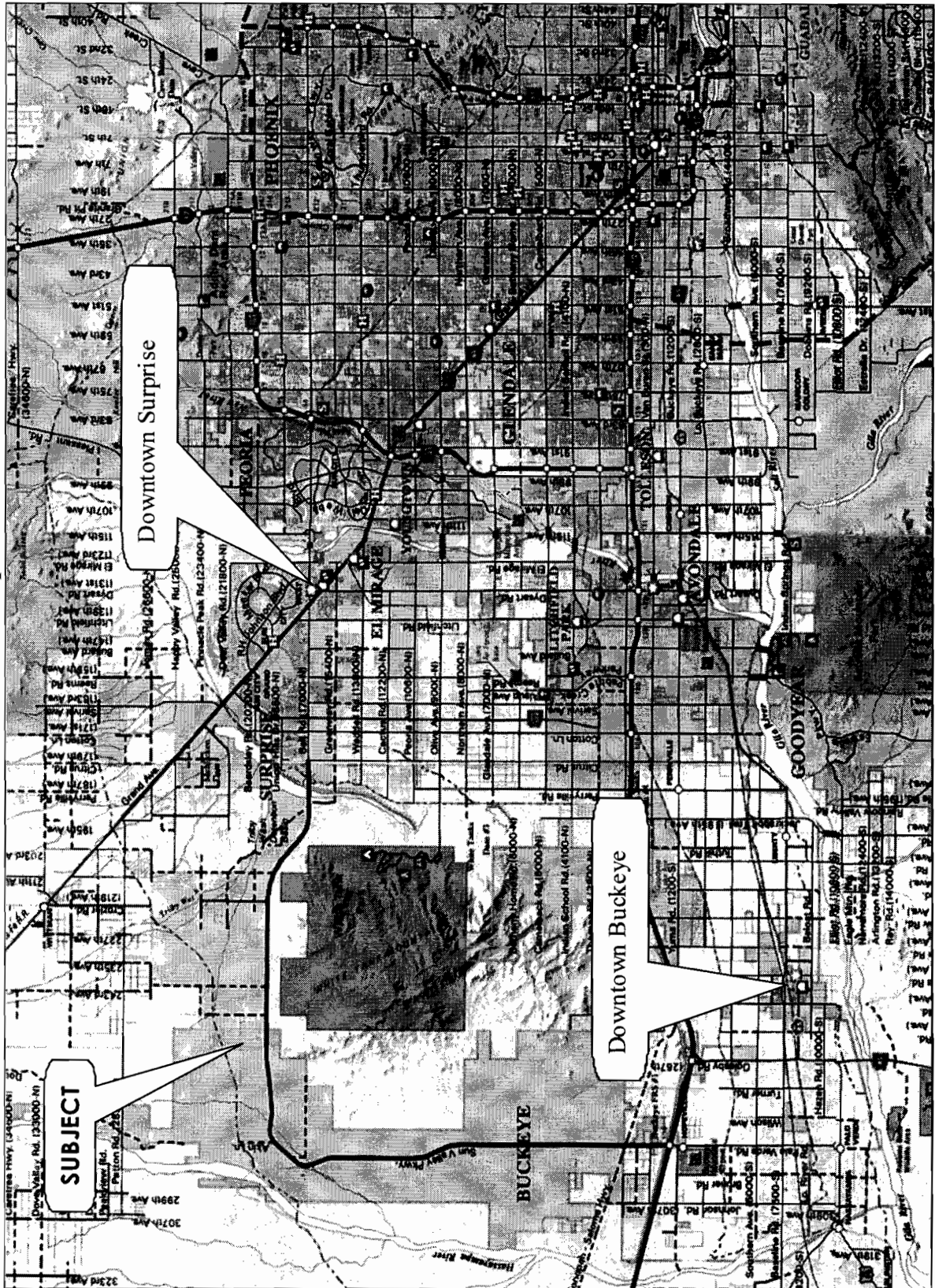


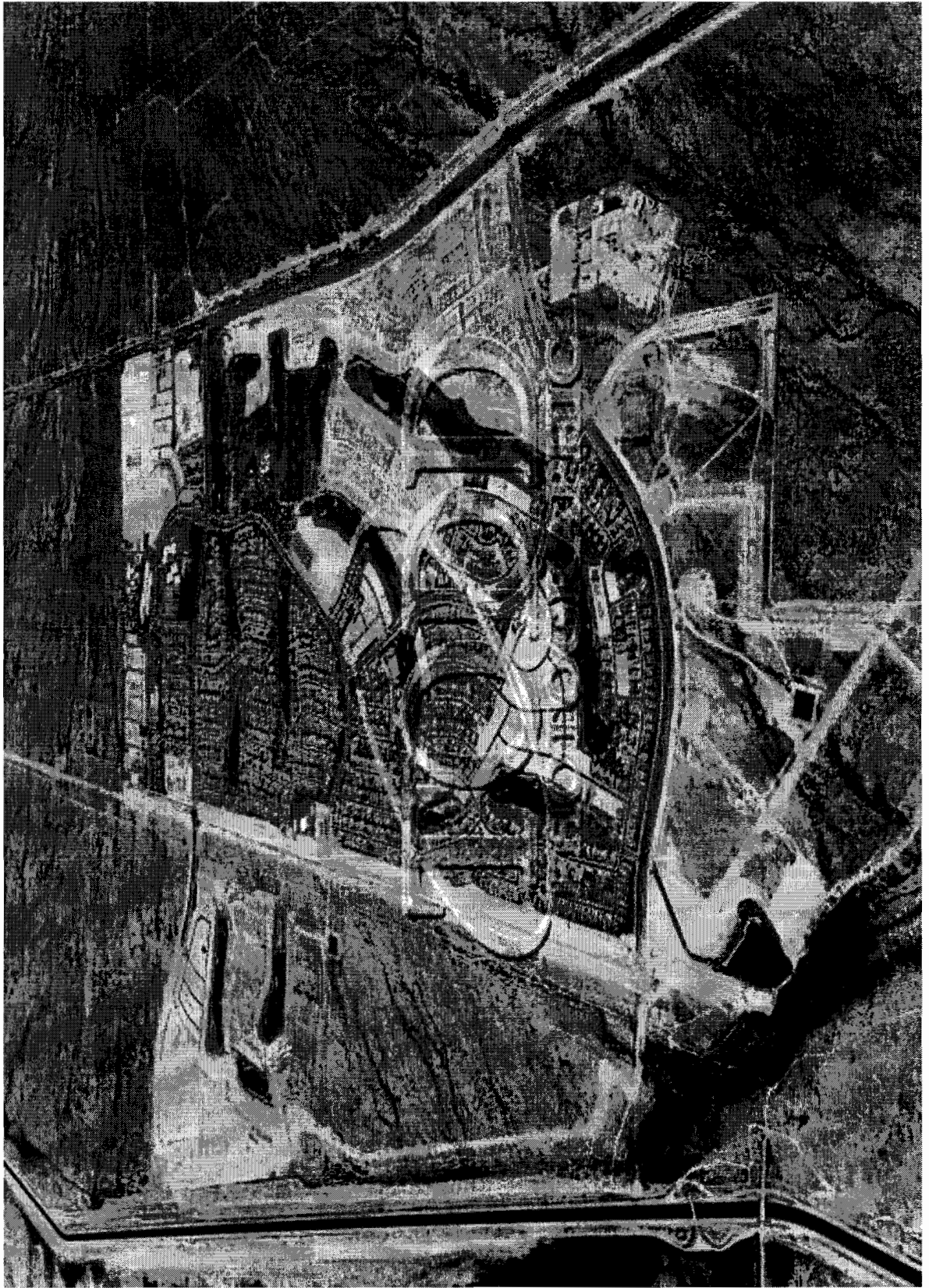
4556 NORTH 12TH STREET
 PHOENIX, ARIZONA 85014
 TELEPHONE (602) 264-6831

COE & VAN LOO
 PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO. 0400317
 FIGURE 1

Location Map





**SECTION FOUR
PLAN OF FINANCE AND PRELIMINARY DEBT SERVICE
SCHEDULE (TABLE ONE)**

PLAN OF FINANCE

Below is a financing plan that describes the process for financing a portion of the Public Infrastructure benefiting the property within Assessment District No. 6. This Plan of Finance is subject to modification to accommodate market conditions at the time of the actual placement 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 April 19, 2005.

The District has issued three previous special assessment revenue bond transactions for Assessment District No. 1 (Series 2005), Assessment District No. 2 and 3 (Series 2007) and Assessment District No. 4 and 5 (Series 2007).

(ii) Proposed Debt Issuance:

The estimated debt service schedule for the Bonds is attached in this section as Table One. For efficiency and cost saving purposes, it is anticipated that the bonds will be privately placed in September 2009. The Bonds will be unrated and will have transfer restrictions which are consistent with prior issuances of the District.

The bonds are expected to have an aggregate value to lien of approximately 20 to 1 (See summary of Appraisal in Appendix A).

(iii) Sources and Uses of Funds:

The estimated sources and uses of funds associated with the sale of the Bonds (exclusive of accrued interest and original issue discount or premium, if any), is as follows:

<u>Sources of Funds:</u>	
Principal Amount of Bonds	<u>\$356,000</u>
<u>Uses of Funds:</u>	
Cost of Public Infrastructure	\$274,720
Costs of Placement	35,000
Placement Agent Fee	10,680
Debt Service Reserve Fund	<u>35,600</u>
Total Use of Funds	<u>\$356,000</u>

(iv) Use of Proceeds:

The proceeds of the Bonds will be applied by the District to finance all or a portion of the Public Infrastructure listed in Section Two of this Report.

(v) Per Lot Assessment Amount.

The per lot assessment amount is expected to be no more than \$2,000. Pulte Home Corporation currently expects that at the time of sale of the home to a buyer, this amount will be assumed by the home buyer with the assessment payments made over time. Pulte Home Corporation expects home closings in the first phase of the J1 development in or around September 2009.

(vi) Home owner's Obligation:

The \$2,000 per home assessment results in an annual assessment payment of approximately \$223 per home, or \$18.58 per month.

(vii) Disclosure of Assessment Payments:

A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes and assessments to be paid by a home owner in Arizona Department of Real Estate Subdivision Public Report (the "Public Report"). Each home buyer must be supplied a Public Report and, prior to any home sale, the home buyer must acknowledge by signature that they have read and accepted the Public Report.

In addition, Pulte Home Corporation will require the home buyer to sign an additional form that highlights and discloses the additional assessment payments as a result of the District financing.

(viii) Operation and Maintenance Estimated Revenues and Expenditures:

All infrastructure financed by the District will be dedicated to the Town. The obligations pertaining to the operation and maintenance of the Public Infrastructure have been negotiated between the Town, the District and Pulte Home Corporation and are set forth in the various development agreements among the parties. The costs associated with the operation and maintenance of the Public Infrastructure, as well as the administrative costs of the District will be provided for from several sources of funds, including the levy of the \$0.30 per \$100 of secondary assessed valuation maintenance & operation tax in the District and developer contributions.

Pursuant to the Development Agreement, the master Home owner's Association ("HOA") is responsible for the operation and maintenance costs of landscaping for the roadways, trails, and open space within the District. All home owners are required to participate in the HOA. Monthly fees for the HOA are anticipated to be approximately \$85 per home owner.

Pursuant to the Festival Ranch Development Agreement, Pulte Home Corporation is required to maintain and repair all infrastructure comprised of streets, parkways and alleys and all appurtenances thereto at its expense for a period of two years from the date the Town accepts the infrastructure. Such maintenance shall consist of all maintenance and repair actions reasonably required by customary engineering industry standards for

each item of infrastructure. During this two year period, Pulte Home Corporation estimates \$.27 per foot cost for such items as street sweeping. Using \$2.28 per foot cost for maintenance (per the Town), parcel J1's annual cost approximates \$16,418.

TABLE ONE:

\$356,000
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment District No. 6
Special Assessment Revenue Bonds, Series 2009

Estimated Debt Service Schedule

<u>Date</u>	<u>Principal</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>
7/1/2010		\$28,183	\$28,183
7/1/2011	\$4,000	35,600	39,600
7/1/2012	5,000	35,200	40,200
7/1/2013	5,000	34,700	39,700
7/1/2014	5,000	34,200	39,200
7/1/2015	6,000	33,700	39,700
7/1/2016	7,000	33,100	40,100
7/1/2017	7,000	32,400	39,400
7/1/2018	8,000	31,700	39,700
7/1/2019	9,000	30,900	39,900
7/1/2020	10,000	30,000	40,000
7/1/2021	10,000	29,000	39,000
7/1/2022	11,000	28,000	39,000
7/1/2023	13,000	26,900	39,900
7/1/2024	14,000	25,600	39,600
7/1/2025	15,000	24,200	39,200
7/1/2026	17,000	22,700	39,700
7/1/2027	18,000	21,000	39,000
7/1/2028	20,000	19,200	39,200
7/1/2029	22,000	17,200	39,200
7/1/2030	24,000	15,000	39,000
7/1/2031	27,000	12,600	39,600
7/1/2032	30,000	9,900	39,900
7/1/2033	33,000	6,900	39,900
7/1/2034	36,000	3,600	39,600
Total	\$356,000	\$621,483	\$977,483

(1) Interest is estimated at 10.00%. Subject to change based on market conditions.
 Assumes a September 16, 2009 closing with a first interest payment date, July 1, 2010.

APPENDIX A
SUMMARY OF SCOTTNIEBLING VALUATION GROUP, LLC
MAI APPRAISAL

DRAFT

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Project Name:	Sun City Festival Parcel J1												
Location:	Approximately 1 mile north of the northwest corner of Canyon Springs Boulevard and Beardsley Parkway in Buckeye, Arizona												
Property Description:	A 178 lot single family subdivision within which lot sizes vary from 46 feet to 80 feet wide												
Purpose of the Analysis:	The "as is" market value of the partially completed 178 lot subdivision.												
Property Ownership:	Pulte Homes Corporation, 15111 North Pima Road, Suite 100, Scottsdale, Arizona												
Intended Use(s) of Appraisal:	To be used in connection with the sale of \$356,000, Festival Ranch Community Facilities District (Town of Buckeye, Arizona), Special Assessment District No. 6 (Parcel J1), Special Assessment Revenue Bonds, Series 2009.												
Date of Report:	July 9, 2009												
Date of Valuation:	June 29, 2009												
Property Rights Appraised:	Fee Simple Interest												
Property Size:	Gross Area: 43.475 acres Net Area: 39.709 acres												
Lox Mix:	<table><thead><tr><th><u>Lot Width</u></th><th><u>No. of Lots</u></th></tr></thead><tbody><tr><td>46'</td><td>104</td></tr><tr><td>60'</td><td>22</td></tr><tr><td>70'</td><td>50</td></tr><tr><td><u>80'</u></td><td><u>2</u></td></tr><tr><td>Total</td><td>178</td></tr></tbody></table>	<u>Lot Width</u>	<u>No. of Lots</u>	46'	104	60'	22	70'	50	<u>80'</u>	<u>2</u>	Total	178
<u>Lot Width</u>	<u>No. of Lots</u>												
46'	104												
60'	22												
70'	50												
<u>80'</u>	<u>2</u>												
Total	178												
Assessor's Tax Parcel Nos.:	510-55-660 through 510-55-837												
Zoning:	Town of Buckeye PR – Planned Residential												
Flood Zone:	Flood Zone X; flood insurance not required												
Highest and Best Use:	Development as a 178 lot single family subdivision												

APPENDIX B

**LEGAL DESCRIPTION OF THE FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT AND ASSESSMENT
DISTRICT NO. 6**

July 1, 2009

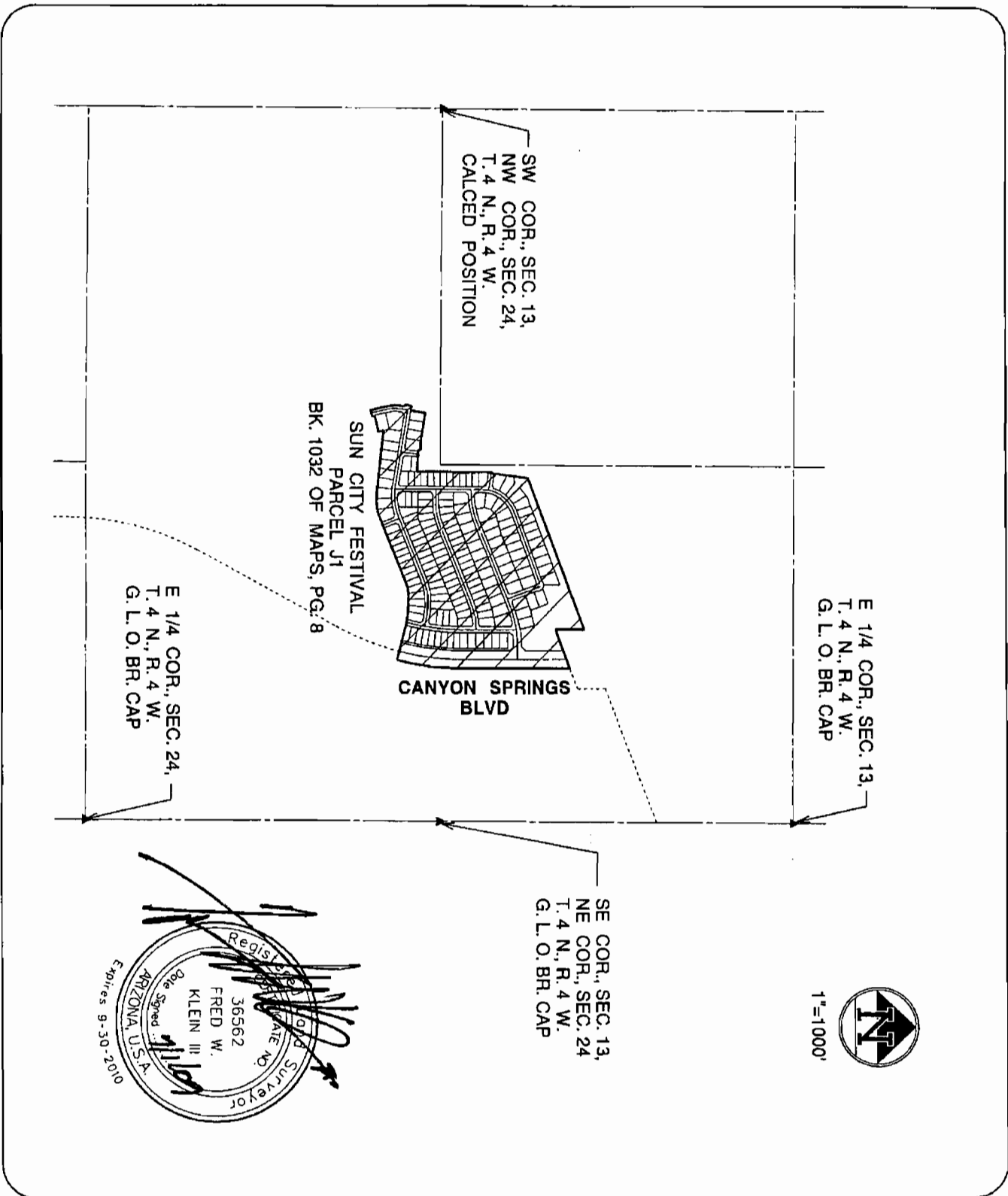
LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #6

Lots 1 through 178, inclusive, of Sun City Festival Parcel J1, recorded in Book 1032 of Maps, Page 8, Records of Maricopa County, Arizona.



Expires: 9/30/ 2010

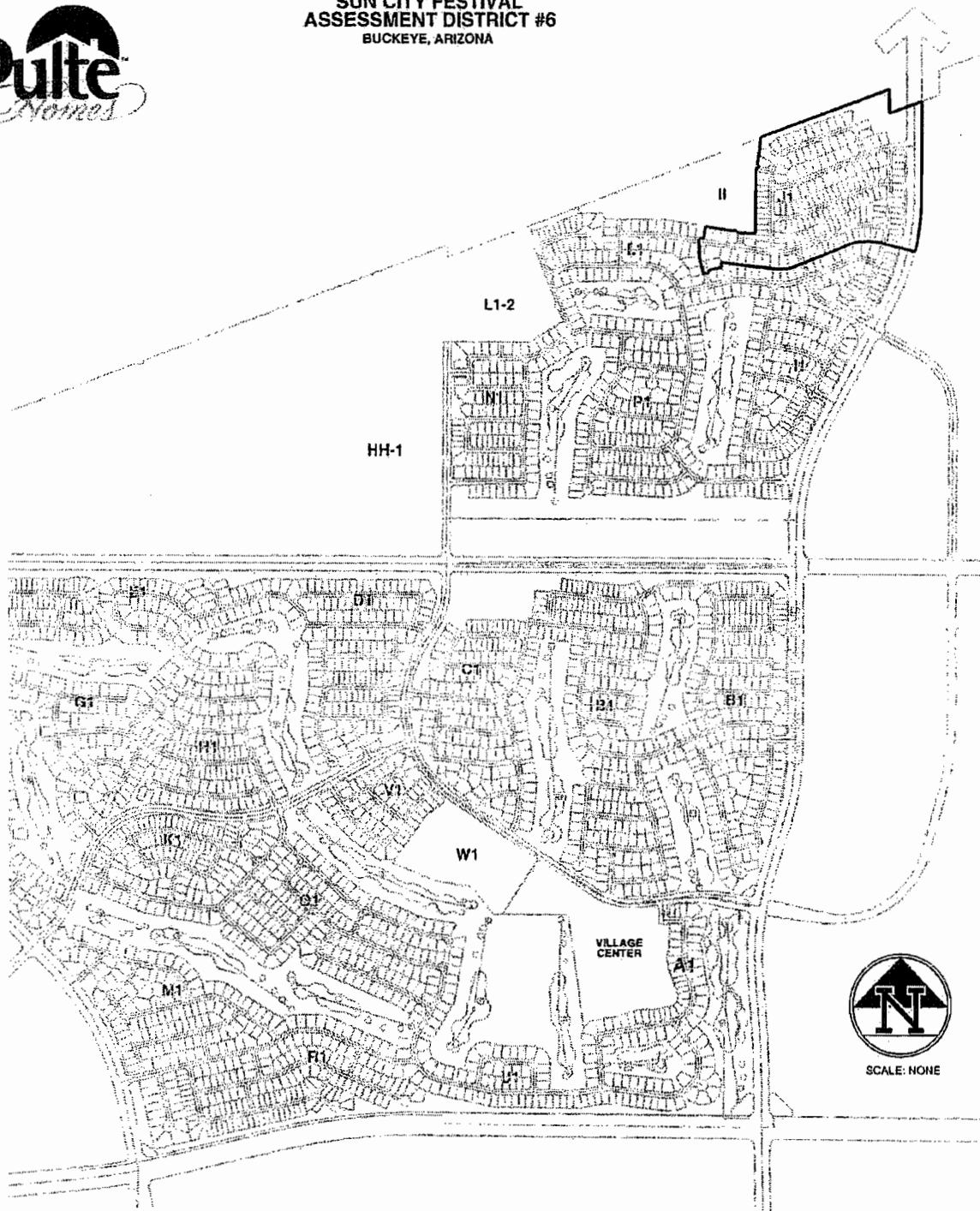




<p>EXHIBIT</p> <p>N:680001\LAND\EHSA6.DGN</p> <p>4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831</p>	<p>SUN CITY FESTIVAL SPECIAL ASSESSMENT AREA #6</p>	<p>JOB NO 680001</p>
<p>COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE</p>		<p>SHEET 1 OF 1</p>



SUN CITY FESTIVAL
ASSESSMENT DISTRICT #6
BUCKEYE, ARIZONA



SCALE: NONE

SUN CITY FESTIVAL

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

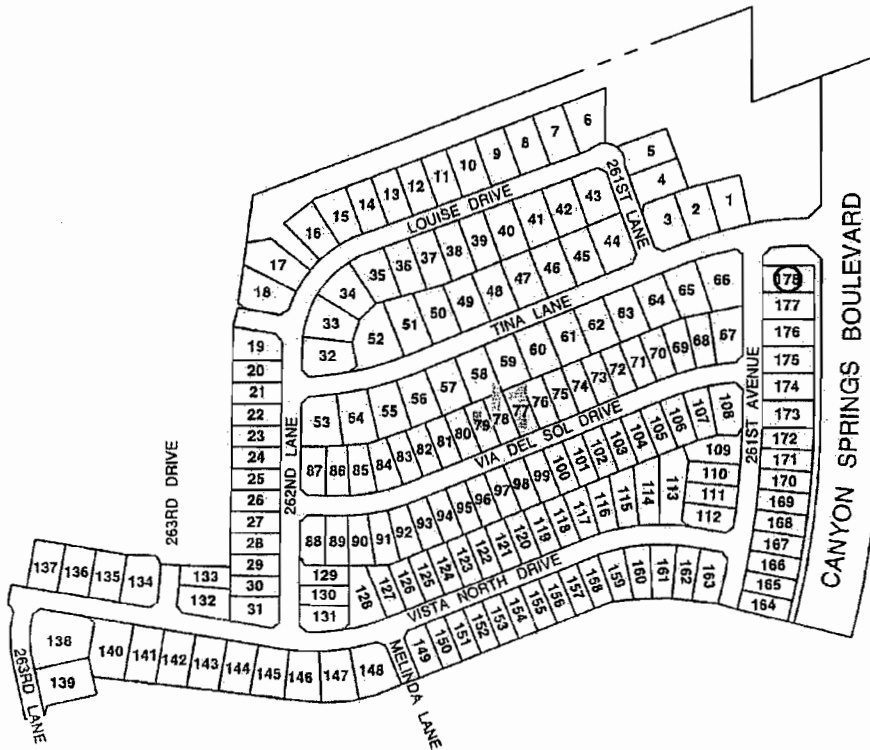
4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

JOB NO.
0100317

FIGURE
3

SUN CITY FESTIVAL

BUCKEYE, ARIZONA



SCALE: NONE



4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

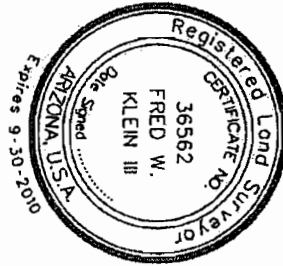
COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO. 0100317
FIGURE 4

ADMM
13 MAY 2009
09 20:17
C:\P\0100317\WORKING\MSL.DWG

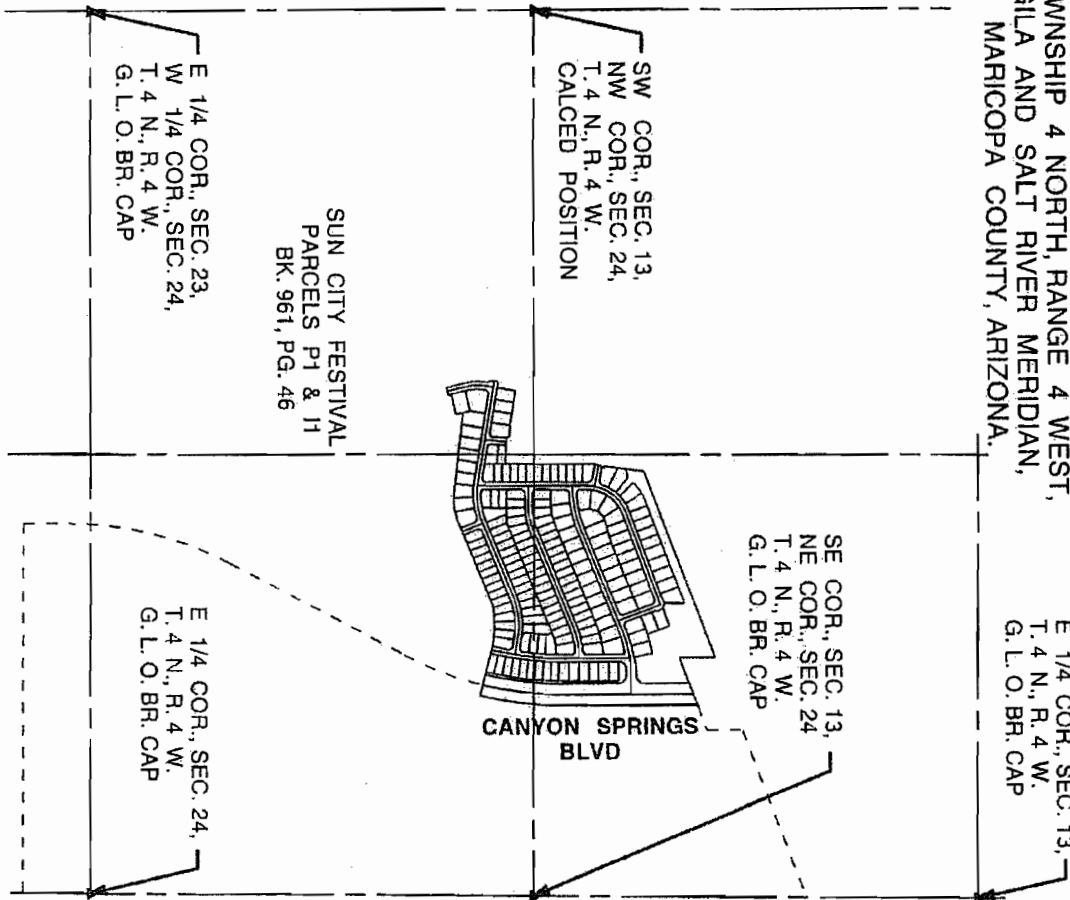


N.T.S.



SUN CITY FESTIVAL PARCEL J1
SPECIAL ASSESSMENT AREA #6

LOCATED IN THE SOUTHEAST QUARTER OF SECTION 13,
AND THE NORTH HALF OF SECTION 24
TOWNSHIP 4 NORTH, RANGE 4 WEST,
GILA AND SALT RIVER MERIDIAN,
MARICOPA COUNTY, ARIZONA.



LEGAL DESCRIPTION

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL PARCEL J1
SPECIAL ASSESSMENT AREA #6

LOTS 1 THROUGH 178, INCLUSIVE,
OF SUN CITY FESTIVAL PARCEL J1
RECORDED IN BOOK _____ OF MAPS,
PAGE _____, RECORDS OF MARICOPA
COUNTY, AZ.

EXHIBIT	SUN CITY FESTIVAL SPECIAL ASSESSMENT AREA #6	JOB NO 0100317
N:0100317J1VEHSA6.DGN 4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

THE ARIZONA REPUBLIC

STATE OF ARIZONA }
COUNTY OF MARICOPA } SS.

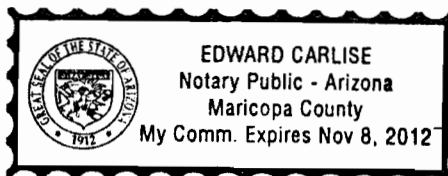
Mark Gilmore, being first duly sworn, upon oath deposes and says: That he is a legal advertising representative of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

The Arizona Republic
Zone 5

July 24, 2009.



Sworn to before me this
24TH day of
July A.D. 2009





Notary Public

NOTICE OF PUBLIC HEARING TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT, (TOWN OF BUCKEYE, ARIZONA):
NOTICE IS HEREBY GIVEN that the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) will meet on August 18, 2009, commencing immediately following the Town Council meeting which begins at 6:00 p.m., in the Town Council Chambers, 100 N. Apache Road, Buckeye, Arizona 85326, to conduct a public hearing on, and to consider and review a feasibility report relative to a proposed project to be financed by the issuance of special assessment bonds of the District. A copy of the feasibility report may be reviewed at the office of the District Clerk, 530 East Monroe Avenue, Buckeye, Arizona 85326.
Published: July 24, 2009

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

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

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

**OCTOBER 20, 2009
AGENDA**

**Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
Immediately following the 6:00 p.m. Regular Council Meeting**

1. Call to Order/Roll Call

Board Action: None.

2. Approval of Meeting Minutes for the following Community Facilities Districts: *APPROVED*

Anthem Sun Valley Community Facilities District Meeting Minutes – July 21, 2009
Elianto Community Facilities District Meeting Minutes – July 21, 2009
Festival Ranch Community Facilities District Meeting Minutes – September 15, 2009
Mirielle Community Facilities District Meeting Minutes – July 21, 2009
Sundance Community Facilities District Meeting Minutes – July 21, 2009
Tartesso West Community Facilities District Meeting Minutes - July 21, 2009
Trillium Community Facilities District Meeting Minutes – July 21, 2009
Verrado District 1 Community Facilities District Meeting Minutes – July 21, 2009
Verrado Western Overlay Community Facilities District Meeting Minutes – July 21, 2009
Watson Road Community Facilities District Meeting Minutes – July 21, 2009
Westpark Community Facilities District Meeting Minutes – July 21, 2009

3. Approval/Ratify Expenditures *APPROVED*

Anthem Sun Valley Community Facilities District - *None*
Elianto Community Facilities District
Festival Ranch Community Facilities District
Mirielle Community Facilities District - *None*
Sundance Community Facilities District
Tartesso West Community Facilities District
Trillium Community Facilities District - *None*
Verrado District 1 Community Facilities District
Verrado Western Overlay Community Facilities District
Watson Road Community Facilities District
Westpark Community Facilities District

4. Reconsider Resolution No. 04-09 Festival Ranch Community Facilities District (from the September 15, 2009 Board Meeting) *APPROVED*

Board to adopt a motion to reconsider the Board's action of September 15, 2009 pertaining to the tie vote for Resolution No. 04-09.

5. Resolution No. 04-09 Festival Ranch Community Facilities District *APPROVED*

Board to adopt Resolution No. 04-09, a resolution of the Board of Directors of the Festival Ranch Community Facilities District, Town of Buckeye, Arizona, approving the feasibility report relating to the acquisition construction and financing of certain improvements benefitting the district; declaring its intention to acquire and/or report; forming a special assessment district; determining that special assessment revenue bonds will be issued to finance the costs and expenses thereof and declaring the improvements to be of more than local or ordinary public benefit and that the costs of said improvements will be assessed upon the assessment district; providing that the proposed improvements will be performed and district assessment revenue bonds issued under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all Amendments thereto.

6. Resolution No. 05-09 Festival Ranch Community Facilities District *APPROVED*

Board to adopt Resolution No. 05-09, a resolution of the Board of Directors of the Festival Ranch Community Facilities District, Town of Buckeye, Arizona, ordering the public infrastructure projects performed as described in Resolution No. 04-09.

7. Resolution No. 08-09 Festival Ranch Community Facilities District *APPROVED*

Board to approve Resolution No. 08-09, a resolution of the Board of Directors of the Festival Ranch Community Facilities District, Town of Buckeye, Arizona, approving the levying of an assessment and assessment diagram for the Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

8. Consent to Assignment and Assumption of Elianto Community Facility District Development Agreement

LAY ON THE TABLE

Board to approve the Consent for Assignment and Assumption of Development, Financing Participation and Intergovernmental Agreement No. 1 for the Elianto Community Facility District, from Elianto, LLC as Assignor, to Arizona Elianto Return, LLC, the Assignee.

9. Citizen Input / Appearances from the Floor

Board Action: None.

10. Adjournment

Board Action: Motion to adjourn.

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

MINUTES

OCTOBER 20, 2009

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
6:43 p.m.

1. Call to Order/Roll Call

Chairman Meck called the meeting to order at 6:43 p.m.

Members Present: Chairman Meck, Vice Chairperson May, Board Member Rioux, Board Member Garza, Board Member Doster, Board Member McAchran, and Board Member Hardesty.

Members Absent: None.

Departments Present: District Interim Manager Stephen Cleveland, Assistant District Manager Jeanine Guy, District Attorney Scott Ruby, District Clerk Lucinda Aja, District Deputy Clerk Deborah Harrell, District Fire Chief Bob Costello, District Water Resources Director Damon Dequenne, District Public Works Director Scott Lowe, District Finance Director Gail Reese, and District Engineer Woody Scoutten.

2. Approval of Meeting Minutes

A motion was made by Vice Chairperson May and seconded by Board Member Rioux to approve the minutes of July 21, 2009 and September 15, 2009 for the following Community Facilities Districts:

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

3. Approval/Ratify Expenditures

A motion was made by Vice Chairperson May and seconded by Board Member Hardesty to approve the expenditures for the following Community Facilities Districts:

- Anthem Sun Valley Community Facilities District - *None*
 - Elianto Community Facilities District
 - Festival Ranch Community Facilities District
 - Mirielle Community Facilities District - *None*
 - Sundance Community Facilities District
 - Tartesso West Community Facilities District
 - Trillium Community Facilities District - *None*
 - Verrado District 1 Community Facilities District
 - Verrado Western Overlay Community Facilities District
 - Watson Road Community Facilities District
 - Westpark Community Facilities District
- Motion passed unanimously.

4. Reconsider Resolution No. 04-09 Festival Ranch Community Facilities District (from the September 15, 2009 Board Meeting)

A motion was made by Board Member Hardesty and seconded by Board Member McAchran to reconsider Resolution No. 04-09. Chairman Meck, Vice Chairperson May, Board Member Garza, Board Member Doster, Board Member McAchran, and Board Member Hardesty voted aye, Board Member Rioux voted nay. Motion carried.

5. Resolution No. 04-09 Festival Ranch Community Facilities District

Vice Chairperson May stated the reason she voted nay last time was because the developers lobbied against the proposed impact fee increase. A motion was made by Board Member Hardesty and seconded by Board Member McAchran to approve Resolution No. 04-09 approving the feasibility report relating to the acquisition construction and financing of certain improvements benefitting the district; declaring its intention to acquire and/or report; forming a special assessment district; determining that special assessment revenue bonds will be issued to finance the costs and expenses thereof and declaring the improvements to be of more than local or ordinary public benefit and that the costs of said improvements will be assessed upon the assessment district; providing that the proposed improvements will be performed and district assessment revenue bonds issued under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all Amendments thereto. Chairman Meck, Vice Chairperson May, Board Member Garza, Board Member Doster, Board Member McAchran, and Board Member Hardesty voted aye. Board Member Rioux voted nay. Motion carried.

6. Resolution No. 05-09 Festival Ranch Community Facilities District

A motion was made by Board Member Doster and seconded by Board Member Hardesty to approve Resolution No. 05-09, ordering the public infrastructure projects performed as described in Resolution No. 04-09. Chairman Meck, Vice Chairperson May, Board Member Garza, Board Member Doster, Board Member McAchran, and Board Member Hardesty voted aye. Board Member Rioux voted nay. Motion carried.

7. Resolution No. 08-09 Festival Ranch Community Facilities District

A motion was made by Board Member Hardesty and seconded by Board Member McAchran to approve Resolution No. 08-09, approving the levying of an assessment and assessment diagram for the Festival Ranch Community Facilities District Town of Buckeye, Arizona. Chairman Meck, Vice Chairperson May, Board Member Garza, Board Member Doster, Board Member McAchran, and Board Member Hardesty voted aye. Board Member Rioux voted nay. Motion carried.

8. Consent to Assignment and Assumption of Elianto Community Facility District Development Agreement

A motion was made by Board Member Hardesty and seconded by Vice Chairperson May to lay on the table the Consent for Assignment and Assumption of Development, Financing Participation and Intergovernmental Agreement No. 1 for the Elianto Community Facility District, from Elianto, LLC as Assignor, to Arizona Elianto Return, LLC, the Assignee. Motion passed unanimously.

9. Citizen Input / Appearances from the Floor

None.

10. Adjournment

There being no further business to come before the Board, a motion was made by Board Member Hardesty and seconded by Vice Chairperson May to adjourn the meeting at 6:50 p.m. Motion passed unanimously.

Jackie A. Meck, Chairman

ATTEST:

Lucinda J. Aja, District Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Meeting of the Festival Ranch Community Facilities District held by the Board on the 20th day of October, 2009. I further certify that a quorum was present.

Lucinda J. Aja, District Clerk

RESOLUTION NO. 04-09

RESOLUTION OF THE BOARD OF DIRECTORS OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION, CONSTRUCTION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITTING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND/OR CONSTRUCT CERTAIN IMPROVEMENTS DESCRIBED IN THE FEASIBILITY REPORT; FORMING A SPECIAL ASSESSMENT DISTRICT; DETERMINING THAT SPECIAL ASSESSMENT REVENUE BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF AND DECLARING THE IMPROVEMENTS TO BE OF MORE THAN LOCAL OR ORDINARY PUBLIC BENEFIT AND THAT THE COSTS OF SAID IMPROVEMENTS WILL BE ASSESSED UPON THE ASSESSMENT DISTRICT; PROVIDING THAT THE PROPOSED IMPROVEMENTS WILL BE PERFORMED AND DISTRICT SPECIAL ASSESSMENT REVENUE BONDS ISSUED UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.

WHEREAS, pursuant to Section 48-715, Arizona Revised Statutes ("A.R.S."), as amended, the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") has caused a report of the feasibility and benefits of the Project (as such term and all other initially capitalized terms are defined hereinafter) to be prepared, relating to certain public infrastructure provided for in the General Plan of the District and to be financed with the proceeds of the sale of special assessment revenue bonds of the District to be prepared (the "*Report*"), which Report includes, among other things, a description of certain public infrastructure to be acquired and constructed and all other information useful to understand the Project, an estimate of the cost to acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Project and a plan for financing the Project, a copy of which is on file with Clerk of the District; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) that:

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

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

"*Assessment District*" shall mean the real property contained within the boundaries described in Exhibit A attached hereto. For a more general description, reference is hereby made to the Assessment District Map attached to this resolution as Exhibit B, which map is on file with the Superintendent of Streets and the Clerk.

"*Assessment District Map*" shall mean the map showing the Assessment District and attached hereto as Exhibit B.

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

"*Bond Counsel*" shall mean Gust Rosenfeld P.L.C. and any successor thereto.

"*Bonds*" shall mean the District's Special Assessment Revenue Bonds, Series 2009.

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

"*Debt Service Reserve*" shall mean the debt service reserve fund funded with the proceeds from the sale of the Bonds, authorized pursuant to the Act.

"*Development Agreement*" shall mean the Development, Financing Participation and Intergovernmental Agreement No. 1 (Festival Ranch Community Facilities District) dated as of April 21, 2005, by and among the Town of Buckeye, Arizona, the District, 10,000 West, LLC and Pulte Home Corporation; recorded April 22, 2005 at docket number 2005-0523800 in the office of the Maricopa County Recorder.

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

"*District Engineer*" shall mean such engineer or firm of engineers as appointed by the District Manager.

"*Estimate*" shall mean the estimate of costs and expenses of the Projects described in the Report and this resolution, showing the estimated costs and expenses of acquisition and construction of the Project to be not less than \$960,169, together with estimated Incidental Expenses (\$81,280), a Debt Service Reserve Fund (\$35,600) for a total cost not to exceed \$1,041,449, all as described on Exhibit C.

"*Incidental Expenses*" shall mean compensation paid to the Superintendent of Streets, District Engineer, costs of printing, advertising, posting, the expenses of making, administrating and collecting the assessments, appraiser's fees, any discount on the Bonds, any paying agent's fees, all legal and financial fees, all expenses and costs incurred in establishing the District, the Assessment District and incurred in connection with the drafting of the proceedings and in connection with the sale of bonds, the funding of a debt service reserve fund and all capitalized interest, if any, on the bonds.

"Plans" shall mean the preliminary plans (including the conceptual plans), specifications and any other contract documents showing the location, type and character of the Project, filed with the Clerk prior to the adoption of this resolution or the resolution ordering the performance of the Project. The term "Plans" shall include all final plans, specifications and contract documents developed in connection with the design of the Project.

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

"Report" shall mean the Feasibility Report dated August 18, 2009 and on file with the Clerk, prior to the date and time hereof, discussing the matters required by A.R.S. Section 48-715, as amended, as such matters relate to the Project.

"Streets" or "streets to be improved" shall mean the Projects listed on Exhibit D hereto and located on the streets listed therein and such other streets and public rights-of-way as are hereafter shown on the final Plans.

"Superintendent of Streets" shall mean W.C. Scoutten, Inc. or such person or firm appointed as Superintendent of Streets by the District Manager.

"Waiver" shall mean the Festival Ranch Community Facilities District Waiver and Development Agreement Pertaining to Assessment District No. 6, dated October 20, 2009, by and between the District and Pulte Home Corporation, and certain lienholders, recorded October 21, 2009, at docket number 20090973664 in the office of the Maricopa County Recorder.

Section 2. Approval of the Feasibility Report. Published notice of the public hearing on the Report has been provided by the Clerk not less than ten (10) days in advance of the date of the public hearing on the Report and such publication is hereby ratified and approved. The Clerk has provided the Report and notice of public hearing on the Report to the Town of Buckeye, Arizona, not less than ten (10) days in advance of the date of the public hearing. Based on the review by the Board and the presentation of the Report at the public hearing on August 18, 2009, the Report is hereby adopted and approved in the form submitted to the Board.

Section 3. Resolution of Intent. This Board hereby identifies the public infrastructure of the Project, the areas benefited (all located within the District), the expected method of financing and the system of providing revenues to operate and maintain the Project, all as identified and provided for in the Report, for any and all purposes of the Act. This Board hereby declares its intent to proceed with the financing of the acquisition of the Project in substantially the manner presented in the Report and pursuant to the terms of the Development Agreement. Any portion of the costs of the Project not financed by the proceeds of the Bonds shall remain eligible to be financed through the sale of future bonds of the District.

Section 4. Declaration of Intention to Order the Project. The public interest and convenience require and it is the intention of the Board to order the Project to be acquired, constructed and performed as stated herein and contemplated by the Report and in conformance with the final Plans. All items of the Project shall be performed as prescribed by the final Plans and no assessment for any lot shall exceed its proportion of the Estimate.

Section 5. Determination of Need; Formation of Assessment District. The Assessment District is hereby formed, consisting of the property described on *Exhibit A* attached hereto. In the opinion of the Board, the Project is of more than local or ordinary public benefit, the Project principally benefits the land within the Assessment District, and the Board hereby orders that all amounts due or to become due with respect to financing the costs and expenses of the Project, together with all Incidental Expenses (the "Assessment"), shall be chargeable upon the respective lots, pieces and parcels of land within the Assessment District.

Section 6. Exclusion of Certain Property. Any public or private street or alley within the boundaries of the Assessment District is hereby omitted from the Assessment District. Any lot, the legal owner of which on this date is the United States, the state, a county, city, school district or any political subdivision or institution of the state or county, which is included within the Assessment District shall be omitted from the assessments hereafter made except as otherwise agreed between the District and such owner.

Section 7. Determination and Notice of Necessity to Issue Bonds. The Board finds that the public convenience requires that special assessment lien bonds, designated Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Special Assessment Revenue Bonds, Series 2009, shall be issued to finance the costs and expenses of the Project and Incidental Expenses. The Board hereby determines that the Bonds shall be issued in the name of the District payable, however, solely and only out of a special fund collectible from special assessments levied and assessed upon the lots, pieces and parcels of land within the Assessment District in not to exceed twenty-five (25) annual principal installments from the assessments of \$25.00 or over remaining unpaid as of the end of the cash collection period; however, if the special assessments are not collected or collection is delayed and consequently such special assessments are insufficient, then from the Cash Flow Stabilization Fund.

The Bonds shall be issued in fully registered form as to principal and interest in the principal amounts of \$25,000 or any integral multiples of \$1,000 in excess thereof. The Bonds shall mature on the first day of July in the years and in amounts to be set by the Board prior to their issuance; provided, however, the Bonds shall mature not later than July 1, 2034. Principal installments of each Assessment shall be due on the first day of July immediately preceding the maturity date of any Bonds, installments of interest shall be due on the first day of January and July.

The Bonds shall bear interest at rate or rates of not to exceed twelve percent (12%) per annum, payable on the first day of January and July of each year, commencing on such date as set forth in the resolution authorizing the Bonds. The Board reserves the right to call the Bonds for prior redemption, in whole or in part of such terms as may hereafter be established by this Board.

Section 8. Bond Anticipation Notes. The Board reserves the right to issue bond anticipation notes pursuant to § 48-618, Arizona Revised Statutes, as amended. The Board also reserves the right to retain any Bonds which may be issued and to sell the same for cash to pay the contractor the amounts due it in cash.

Section 9. Establishment of Grade. The grades and elevations for the Streets are hereby officially changed to correspond with the grades and elevations shown on the final Plans.

Section 10. Statutory Authority. The Project and all proceedings pertaining thereto shall be acquired, constructed and performed under the provisions of the Act.

Section 11. Delegation of Authority. The District Engineer and the Superintendent of Streets are hereby authorized to complete the Plans, specification and any contract documents.

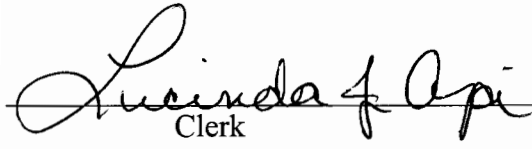
Section 12. Right to Reduce Scope of Work. If, because of pending or threatened litigation concerning any one or more parcels subject to the Assessment, the District and the winning bidder receive a written opinion of Bond Counsel stating that the Bonds cannot be issued against such parcel or parcels or the Assessment District is unable to obtain any right-of-way necessary for the acquisition or construction of the Project, the District may then cause the acquisition or construction contract to be modified to exclude from the applicable contract some or all of the Project which will benefit the parcel or parcels in question, or which was located in the right-of-way which was not obtained. The filing of a certificate and request that no Bonds be issued against any parcel pursuant to § 48-540 and § 48-597, Arizona Revised Statutes, as amended, may be deemed to be threatened litigation.

Section 13. Waiver and Assessment. The owners and lienholders of the property within the Assessment District have heretofore executed and delivered the District the Waiver wherein the parties thereto have (a) waived any and all requirements for notice and time for protests and objections relating to, among other things, the Project and the extent of the Assessment District; (b) agreed to accept an Assessment; and (c) waived certain procedural requirements. The Waiver is hereby accepted and approved and this Board is proceeding in reliance on the Waiver. The District Manager is hereby authorized to execute the Waiver on behalf of the District and the Clerk is authorized to record the Waiver with the Maricopa County Recorder.

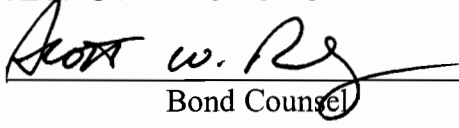
PASSED, ADOPTED AND APPROVED on October 20, 2009.


Chairman

ATTEST:


Clerk

APPROVED AS TO FORM:


Bond Counsel

- Attachments: EXHIBIT A - Legal description of Assessment District
EXHIBIT B - Map of District
EXHIBIT C - Estimated Costs
EXHIBIT D - List of Projects

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on October 20, 2009, and that a quorum was present thereat and that the vote thereon was 6 ayes and 1 nays; 0 did not vote or were absent.

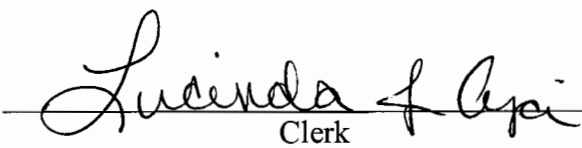

Clerk

EXHIBIT A

Legal Description of Assessment District

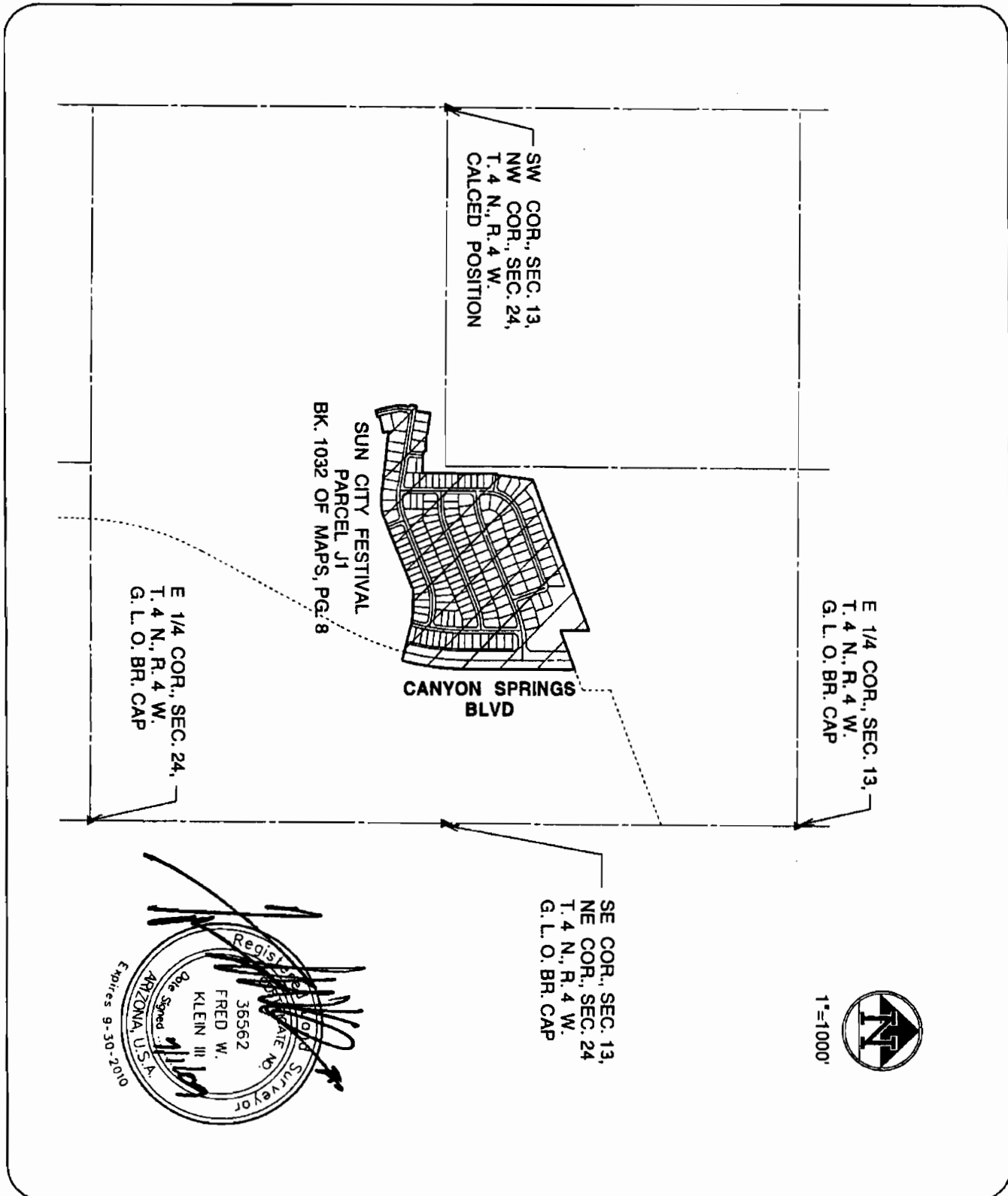
July 1, 2009

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #6

Lots 1 through 178, inclusive, of Sun City Festival Parcel J1, recorded in Book 1032 of Maps, Page 8, Records of Maricopa County, Arizona.



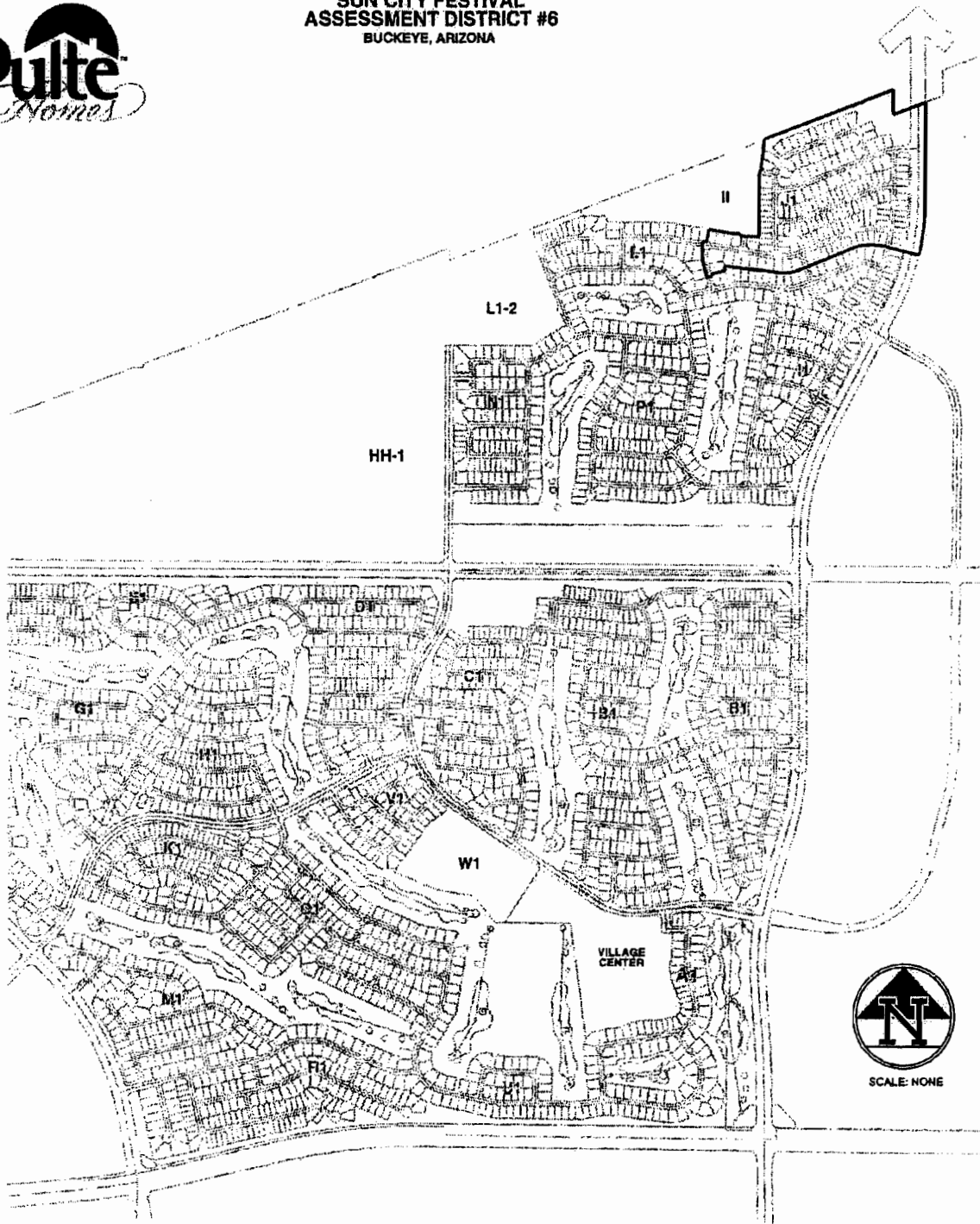
Expires: 9/30/ 2010



<p>EXHIBIT</p> <p>N:680001\LAND\EHSA6.DGN</p>	<p>SUN CITY FESTIVAL SPECIAL ASSESSMENT AREA #6</p>	<p>JOB NO 680001</p>
<p>4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831</p>	<p>COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE</p>	<p>SHEET 1 OF 1</p>



SUN CITY FESTIVAL
ASSESSMENT DISTRICT #6
BUCKEYE, ARIZONA



SUN CITY FESTIVAL

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

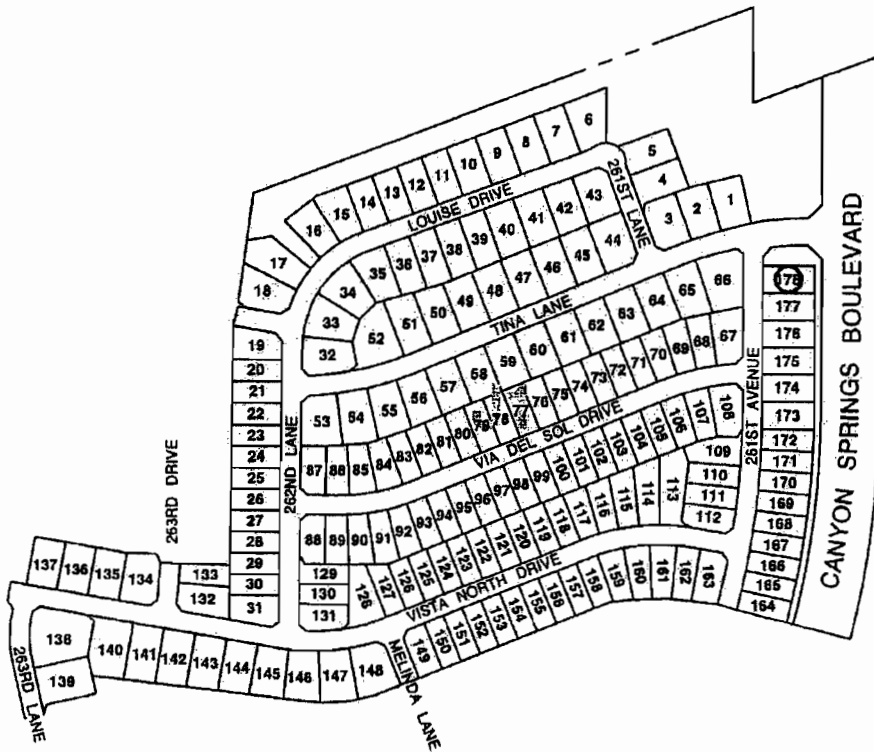
JOB NO.
0100317

FIGURE
3

Scale: 1" = 100'
DATE: 05 MAY 1998
DRAWN: [illegible]
CHECKED: [illegible]

SUN CITY FESTIVAL

BUCKEYE, ARIZONA



SCALE: NONE

April
13 MAY 2009
08 20:11
C:\PROJECTS\SUN CITY FESTIVAL\MAP.DWG



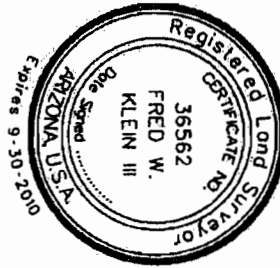
4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO. 0100317
FIGURE 4



N.T.S.

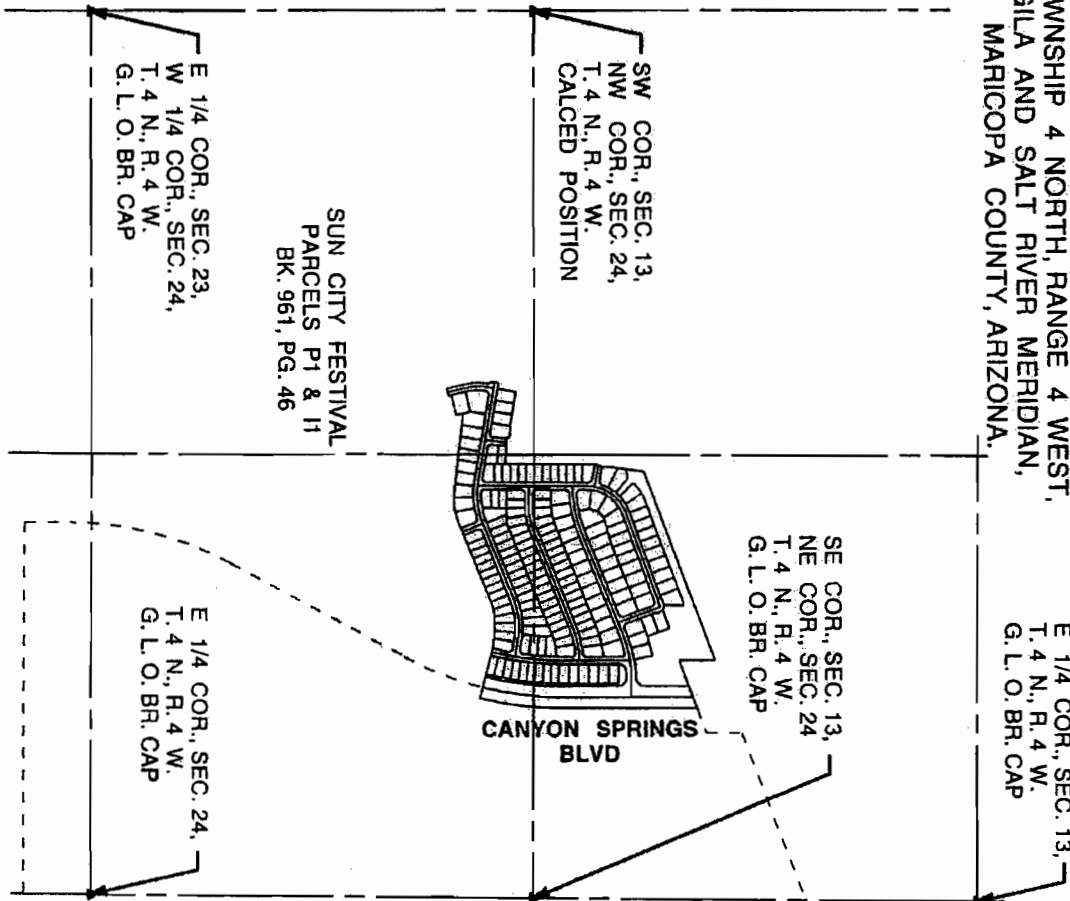


SUN CITY FESTIVAL PARCEL J1
SPECIAL ASSESSMENT AREA #6
LOCATED IN THE SOUTHEAST QUARTER OF SECTION 13,
AND THE NORTH HALF OF SECTION 24
TOWNSHIP 4 NORTH, RANGE 4 WEST,
GILA AND SALT RIVER MERIDIAN,
MARICOPA COUNTY, ARIZONA.

LEGAL DESCRIPTION

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL PARCEL J1
SPECIAL ASSESSMENT AREA #6

LOTS 1 THROUGH 178, INCLUSIVE,
OF SUN CITY FESTIVAL PARCEL J1
RECORDED IN BOOK _____ OF MAPS,
PAGE _____ RECORDS OF MARICOPA
COUNTY, AZ.



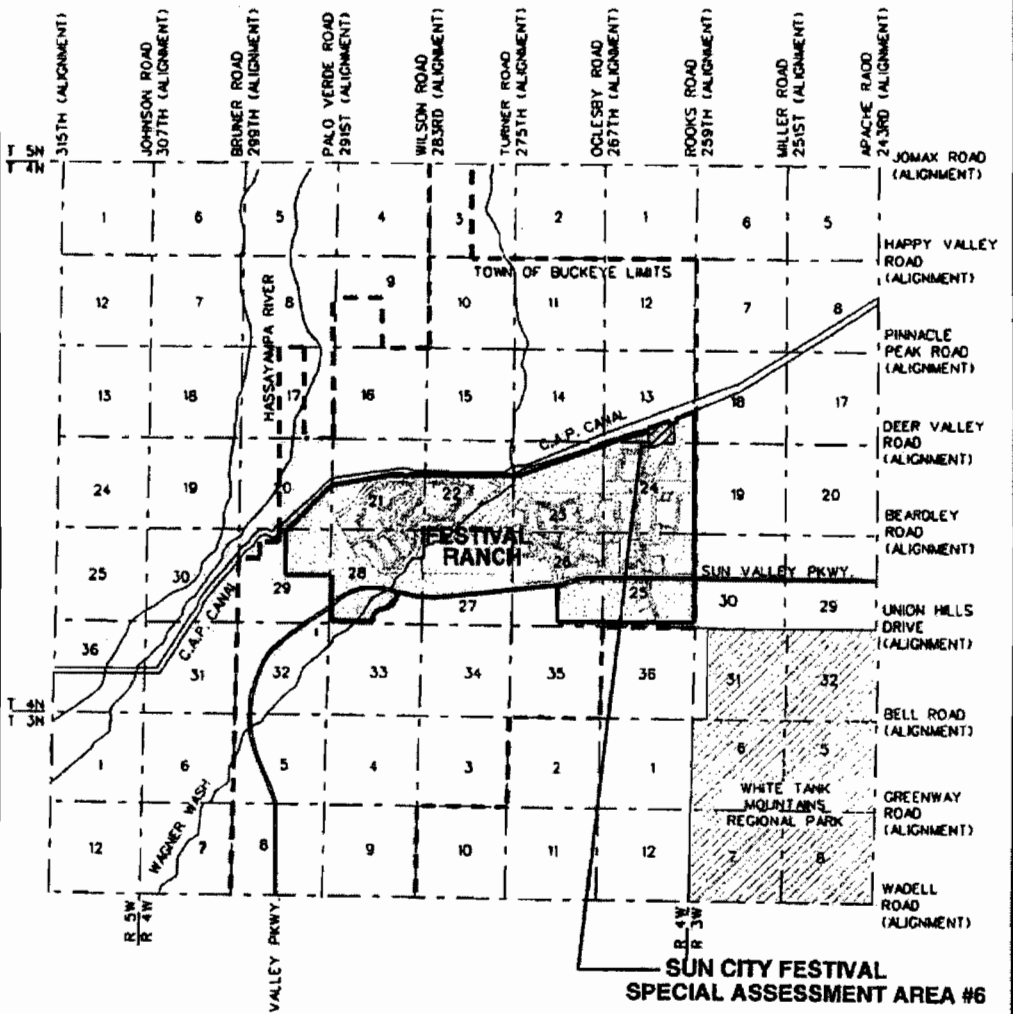
<p>EXHIBIT</p> <p>N:0100317J1NEHSAA6.DGN</p>	<p>SUN CITY FESTIVAL SPECIAL ASSESSMENT AREA #6</p>	<p>JOB NO 0100317</p>
<p>4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831</p>	<p>COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE</p>	<p>SHEET 1 OF 1</p>

EXHIBIT B

Map of the District

SUN CITY FESTIVAL SPECIAL ASSESSMENT AREA #6

BUCKEYE, ARIZONA



VICINITY MAP



SCALE : NONE

Project No. 10-000
 Date: 10/20/04
 4515 E. 10th Street, Phoenix, AZ 85048

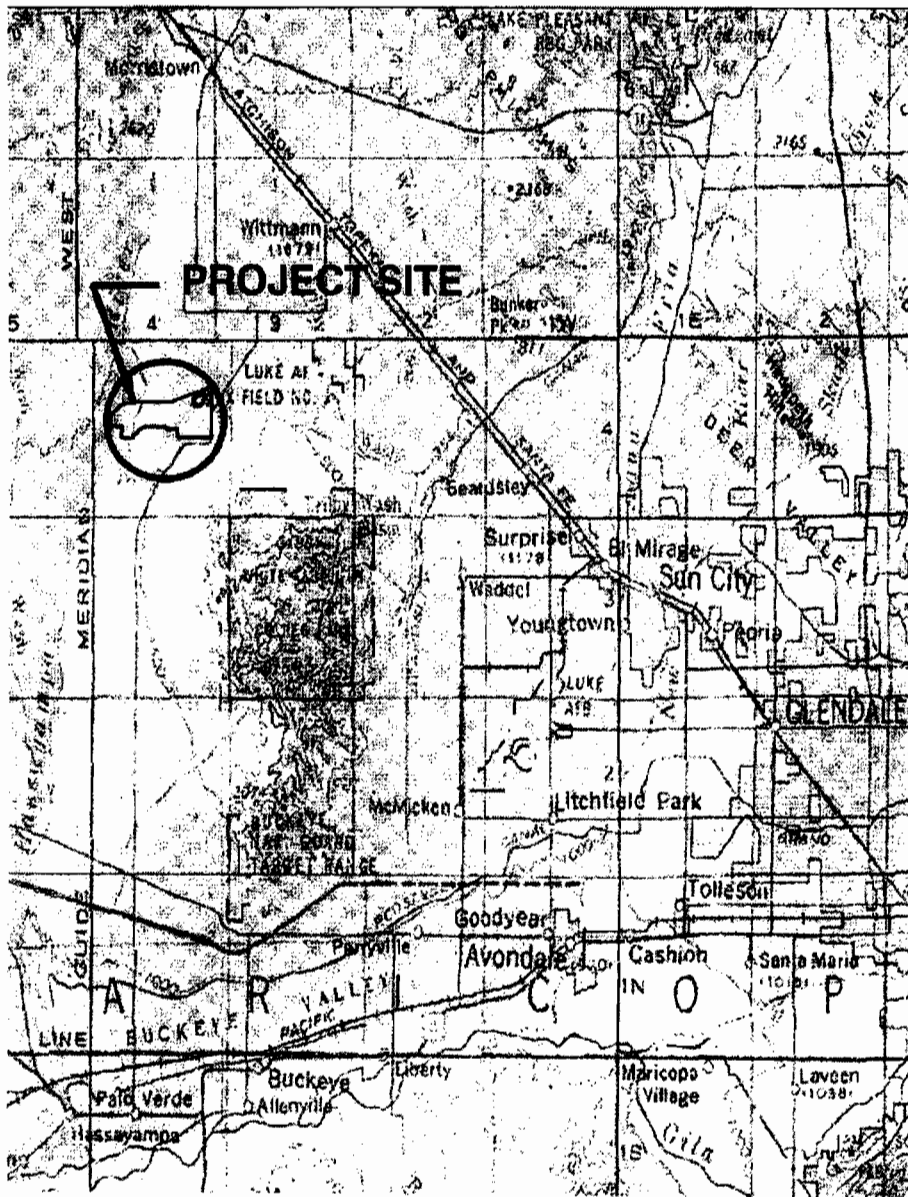


4550 NORTH 42ND STREET
 PHOENIX, ARIZONA 85018
 TELEPHONE: (602) 264-1831

COE & VAN LOO
 ENGINEERS, ARCHITECTS, LANDSCAPE ARCHITECTS & INTERIORS

JOB NO. 1000317
 FIGURE 2

SUN CITY FESTIVAL SPECIAL ASSESSMENT AREA #6 BUCKEYE, ARIZONA



SCALE : NONE

LOCATION MAP

Date: 12 MAY 1997
 08:50:44
 c:\p1\02177\p1\02177\p1\02177.dwg



4350 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 284-8831

COE & VAN LOO
REAL ESTATE CONSULTANTS, LANDSCAPE ARCHITECTS

JOB NO. 0100347
FIGURE 1

Location Map

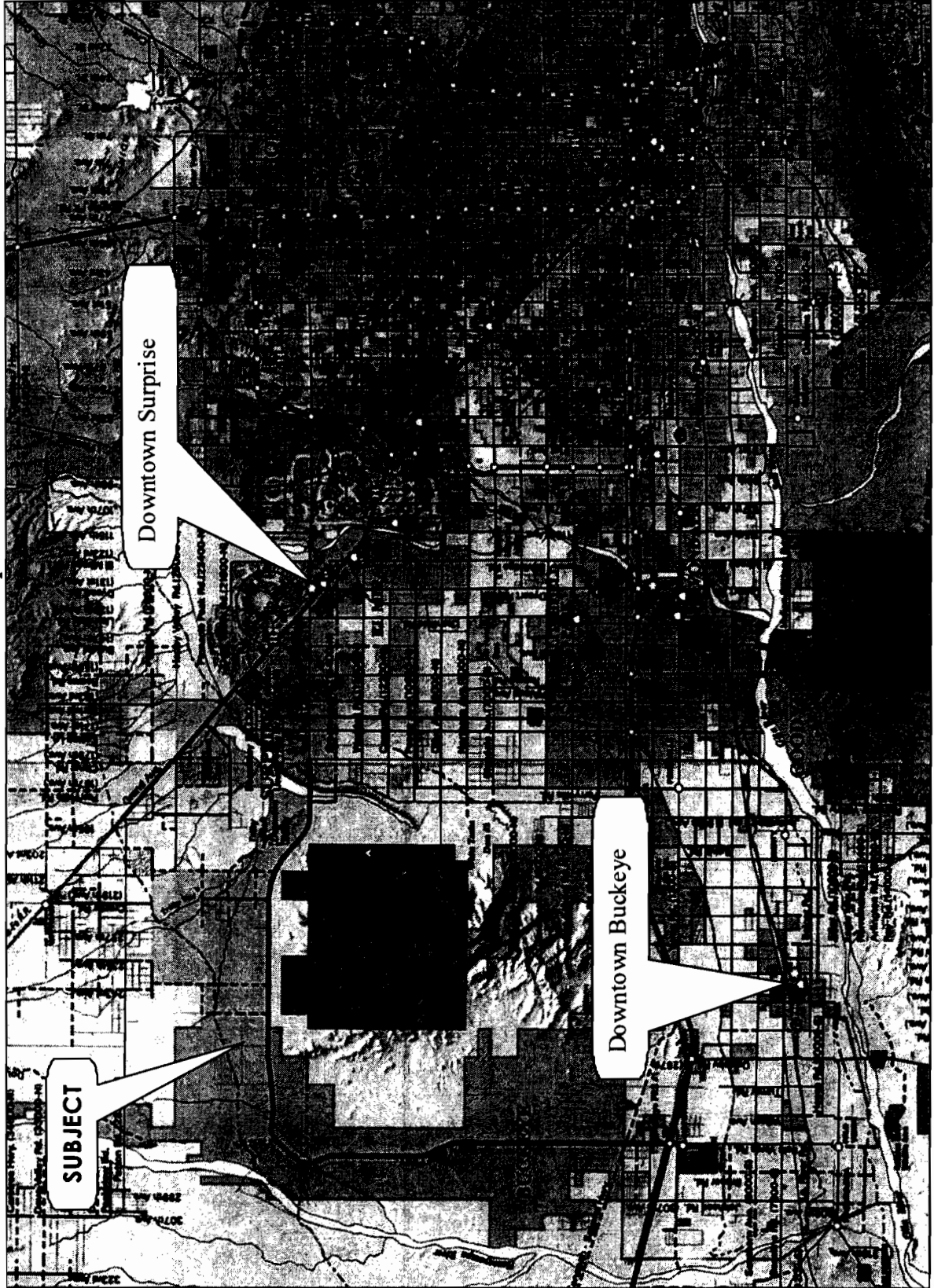


EXHIBIT C

ENGINEER'S ESTIMATED COSTS

DATE: 8-7-09

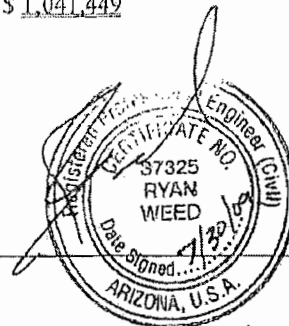
TO: Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)

Preliminary plans and specifications have been submitted for the improvement of the following streets located within Assessment District No. 6 in the Festival Ranch Community Facilities District (Town of Buckeye, Arizona). Streets to be improved include: Tina Lane, 261st Ave., 261st Lane, Vista North Drive, Melinda Lane, 263rd Lane, 263rd Drive, 262nd Lane, Via Del Sol Drive, Louise Drive. In compliance with the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments and supplements thereto, we hereby estimate the costs and expenses of said improvement to be as follows:

Construction and Acquisition		\$ 960,169
Incidental Expenses		
Costs of Placement	\$ 35,000	
Placement Agent Fee	\$ 10,680	
Reserve Fund	\$ 35,600	
Total Incidentals		\$ 81,280
TOTAL COSTS		\$ 1,041,449

Respectfully submitted,

By _____
Engineer



Expires: 3/31/11

ACCEPTED:

MSutt 8-7-09
Superintendent of Streets

EXHIBIT D

The Assessment District shall finance the construction, installation or acquisition of public infrastructure (as such term is defined in the Act) described in the Report, including particularly the acquisition, installation or construction by the District of the following:

Tina Lane, 261st Ave., 261st Lane, Vista North Dr., Melinda Lane, 263rd Lane, 263rd Dr., 262nd Lane, Via Del Sol Dr., Louise Dr.

RESOLUTION NO. 05-09

RESOLUTION OF THE BOARD OF DIRECTORS OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) ORDERING THE PUBLIC INFRASTRUCTURE PROJECTS PERFORMED AS DESCRIBED IN RESOLUTION NO. 04-09.

WHEREAS, on October 20, 2009, the Board of Directors (the "*Board*") of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) passed and adopted Resolution No. 04-09 (the "*Resolution of Intention*"), declaring its intention to acquire and/or construct the Projects (as defined in the Resolution of Intention), together with all appurtenances and adjuncts necessary; determining that the District's special assessment revenue bonds shall be issued to represent the costs and expenses thereof; declaring the Projects to be of more than local or ordinary public benefit; declaring that the costs and expenses thereof shall be assessed upon the Assessment District; and providing that the Projects shall be performed under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto; and

WHEREAS, the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement Pertaining to Assessment District No. 6, dated October 20, 2009 (the "*Waiver*") has been signed by all property owners in the Assessment District and any other persons having an interest in the property within the Assessment District, waiving, among other things, all requirements for notice and time for protests against the Projects and objections to the extent of the Assessment District; and

WHEREAS, the Board has thereby acquired jurisdiction to order the acquisition, construction and performance of the Projects;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) as follows:

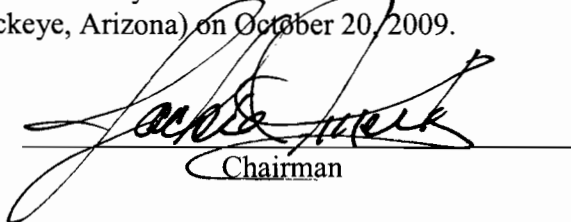
Section 1. Definitions. In this resolution, terms defined in the Resolution of Intention shall have the same meanings herein as therein.

Section 2. Ordering the Performance of the Projects. By virtue of the authority vested in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto, the Board hereby orders the acquisition, construction or performance of the Projects as described in the Resolution of Intention. The District Engineer shall cause to be prepared, if and where necessary, final Plans and contract documents for the Projects. When applicable, upon completion of the final Plans, the Superintendent of Streets shall invite sealed bids for construction of the Projects. The acquisition of any portion of the Projects may be performed upon the sale and delivery of the Bonds in an amount sufficient to pay the costs of acquisition.

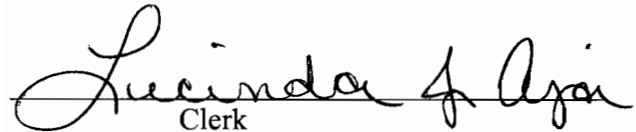
Section 3. Assessment and Collection. The District Engineer and Superintendent of Streets are hereby authorized and directed to prepare and record assessment against the real property contained within the Assessment District. The assessment shall be allocated among the parcels and lots within the Assessment District as shown on the Assessment Diagram, in

the manner established by the District Engineer. The treasurer of the District is hereby directed to make demand on the owners of the real property assessed for advance cash payment of the amount assessed.

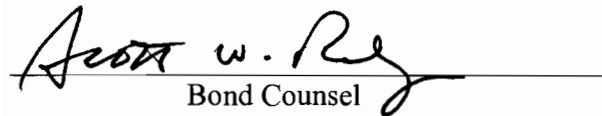
PASSED, ADOPTED AND APPROVED by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) on October 20, 2009.


Chairman

ATTEST:


Clerk

APPROVED AS TO FORM:


Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing Resolution No. 05-09 was duly passed by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on October 20, 2009, and that a quorum was present thereat and that the vote thereon was 6 ayes and 1 nays. 0 did not vote or were absent.


Clerk

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

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
WAIVER AND DEVELOPMENT AGREEMENT
PERTAINING TO ASSESSMENT DISTRICT NO. 6**

This Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement Pertaining to Assessment District No. 6, dated October 20, 2009 (the "*Agreement*") by and among Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), and the undersigned owners of the land within the District (or holders of options to purchase land within the District) (collectively referred to as "*Interested Parties*").

WHEREAS, the Town of Buckeye, Arizona, an Arizona municipal corporation (the "Town") and the Pulte Home Corporation, a Michigan corporation ("Pulte") as an Interested Party are parties to that certain Development Agreement dated October 4, 2000, as amended (the "Development Agreement") in connection with that project on the land subject thereto known as "Festival" (the "Project"); and

WHEREAS, pursuant to the Development, Financing, Participation and Intergovernmental Agreement No. 1 for Festival Ranch Community Facilities District (Buckeye, Arizona) dated as of April 21, 2005 and recorded April 22, 2005 at Document No. 2005-0523800 in the Official Records of Maricopa County Records (the "District Agreement"), the Interested Parties intend to request the District to form assessment district number 6 (the "*Assessment District*") comprised of the property described and shown on *Exhibit A* attached hereto (the "*Property*") for the purpose of providing certain public infrastructure purposes (as defined in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Act*")) such public infrastructure purposes to be located on or off the Property; and

WHEREAS, the Interested Parties and all persons hereafter taking an interest in the Property shall be bound by the terms, waivers and agreements set forth in this Agreement and bound by the Assessments (as defined hereafter) recorded against the Property; and

WHEREAS, the proposed public infrastructure purposes to be provided by the Assessment District shall consist of:

A. Acquisition, installation and/or construction of the public infrastructure (as such term is defined in the Act) described on Exhibit B attached hereto and all incidental improvements related thereto;

B. All engineering, legal, financial and incidental costs and expenses incurred in completing the acquisition, installation and construction of the public infrastructure (as such term is defined in the Act) described in paragraph A above and the costs and expenses incurred in connection with the levy of the assessment and issuance and sale of the Assessment District bonds;

C. Capitalized interest on such Assessment District bonds, if any, for a period not to exceed the aggregate time for completion of all construction of and acquisition of the public infrastructure listed above, plus six months thereafter; and

D. A debt service reserve fund created for such Assessment District bonds.

Collectively, the construction and acquisition of such public infrastructure, described in paragraphs A through D above and the costs and expenses thereof shall hereinafter be referred to as the "*Work*".

WHEREAS, persons having only a lienholder's interest or other security interest in the Property ("*Lienholders*") as shown on the Consent and Agreement attached hereto consent to these terms and provisions of this Agreement and the recording thereof and the Assessments against the Property; and

NOW, THEREFORE, the Interested Parties and Lienholders hereto agree as follows:

1. **Development Agreement and Agreement Allocating Assessments**. This Agreement is a "development agreement" within the meaning of Arizona Revised Statutes Section 9-500.05 and the written agreement allocating the assessments is authorized pursuant to Arizona Revised Statutes Section 48-721, as amended.

2. **Reliance on Agreement**. This Agreement does not create a binding commitment on the part of the District to actually form the Assessment District, or, if formed, of the District or Assessment District to sell or deliver such Assessment District bonds, construct, install or acquire any or all of the Work, or if it does construct, install or acquire any of the Work, to construct, install or acquire it pursuant to any existing proposals. However, the District, and, if formed, the Assessment District, in going forward with the Work, is doing so in reliance upon this Agreement to have the Property included within the Assessment District and assessed for the costs thereof.

3. Review and Approval of the Boundaries, Scope of Work and Assessment.

(i) The Interested Parties have reviewed or have had the opportunity and right to review the boundaries of the Assessment District, the assessment diagram, the preliminary plans and specifications detailing the Work and the engineer's estimate of the costs of the Work (the "*Engineer's Estimate*"). The parties agree the costs of the Work shall be spread among the parcels comprising the Property within the Assessment District utilizing a methodology determined by the Assessment District engineer based on the expected benefit to the residential lots and commercial parcels to be developed on the Property. The Interested Parties agree that the Engineer's Estimate of the costs of Work is, and will not exceed, \$1,041,449.

(ii) This Agreement shall be construed to be an express consent by the Interested Parties, Lienholders and all future owners of any portion of the Property that: (a) the District may form the Assessment District in accordance with the provisions hereof; (b) the District and the Assessment District may incur costs and expenses necessary to complete or acquire the Work; (c) the District or the Assessment District may levy and collect an assessment on the Property sufficient to pay all costs and expenses of the Work (including Work benefitting the Property in the proposed Assessment District, which was constructed, installed or performed prior to the execution hereof) and the costs of levying the assessment and the issuance of the Assessment District bonds, but not in excess of the Engineer's Estimate (the "*Assessments*").

4. No Protest, Objection or Request for Hearings. The Interested Parties and Lienholders hereby agree to allow the formation of the Assessment District and to allow the Assessment District to take all steps necessary to levy, confirm and record Assessments against the Property and to issue such Assessment District bonds supported by the Assessments. The Interested Parties and Lienholders acknowledge and agree that pursuant to A.R.S. § 9-500.05 the provisions of A.R.S. § 32-2181 do not apply and that pursuant to this Agreement the parties waive their right to appear before the Board of Directors of the District on any hearing required at or prior to the confirmation of the Assessments and waive their right to: (a) protest and object to the extent of the Assessment District pursuant to A.R.S. § 48-579 and 580; (b) protest the award of contract pursuant to A.R.S. § 48-584 and (c) object to the Assessments pursuant to § 48-590.

5. Approval of Proceedings. The Interested Parties and Lienholders, with full knowledge of the provisions of Title 48, Chapter 4, Articles 2 and 6, of the Arizona Revised Statutes and their rights thereunder (or having obtained counsel to advise them of the provisions and their rights), expressly waive any and all irregularities, illegalities or deficiencies which may now or hereafter exist in the acts or proceedings resulting in the formation of the District, the Assessment District, the adoption of the resolution of intention and the resolution ordering the Work and the levying of the Assessments against the Property.

6. Waiver. The Interested Parties and Lienholders, with full knowledge of the provisions and their rights under the provisions of law hereafter referenced, expressly agree to waive the following:

(i) any defect in the proceedings and election establishing the District, as required by A.R.S. § 48-702 through § 48-708, inclusive, and agree that, to the extent of any defect, this Agreement shall constitute the petitions required by law to form and establish the District without conducting an election;

(ii) any and all notices and response time periods related to such notices provided by A.R.S. § 48-576 et seq., as amended, including but not limited to the following:

(a) mailing, posting and publication, as applicable, of any notice required in connection with: (A) the adoption of the resolution of intention, (B) the notice of proposed improvements, (C) the adoption of the resolution ordering the Work, (D) notice of passage of the resolution ordering the Work, (E) notice of award of contract and (F) any other steps necessary in connection with the Assessment District or the Work; and

(b) any and all notices pertaining to a hearing on the Assessments;

(iii) any and all objections and protests to the extent of the Assessment District;

(iv) any and all objections to the adoption by the District or the Assessment District of the plans and specifications, the Engineer's Estimate and the assessment diagram, all of which provide for and effectuate the completion of the Work;

(v) any and all protest rights against the Work and objections to the awarding of one or more acquisition or construction contracts for the Work;

(vi) any and all defenses they may now or subsequently have against the Assessments or the Assessment District bonds; and

(vii) all demands for cash payment of the Assessments.

7. **Work as More Than Local and Ordinary Benefit.** The Interested Parties and Lienholders agree that the Work is of more than local or ordinary public benefit and that the Work constitutes a public infrastructure purpose and that the Property which is subject to the Assessments receives a benefit from the Work in an amount not less than the Engineer's Estimate.

8. **Public Bidding.** The public bidding requirements set forth in A.R.S. § 48-581 and 584 have been or will be complied with by the District with respect to the Work.

9. **Performance of the Work.** The District or the Assessment District may immediately upon issuance of such Assessment District bonds, acquire, bid, construct and perform all or part of the Work.

10. **Acceptance of Assessment.** The Interested Parties and Lienholders agree to accept Assessments in an amount not greater than the Engineer's Estimate against all of the residential parcels of land located within the boundaries of the Property; and that such Assessments shall be collected and foreclosed in accordance with Arizona Revised Statutes § 48-601 *et seq.*, as amended and in accordance with any other documents executed and delivered in connection with the delivery of the Assessment Bonds.

11. **Recording and Validity of Assessments.** The Interested Parties and Lienholders consent to the recordation of the Assessments against the Property and agree upon such recording the Assessments shall constitute valid and enforceable liens against the respective parcels comprising the Property as shown and the amounts set forth in the Assessments.

12. **Assessments to go to Bond.** Except as any Interested Party otherwise notifies the Assessment District in writing prior to the recording of the Assessments of their intent to pay all or part of their Assessment in cash, Assessments will not be paid in cash. With respect to Assessments not paid in cash, the Interested Parties request that a certified list of unpaid Assessments be filed as soon as possible after the recording of the Assessments and that Assessment District bonds amortizing the payment of the Assessments over not less than fifteen (15) years be issued and sold as soon as possible.

13. **Acceptance of Partial Assessment.** The inability of the District or the Assessment District to assess all or any portion of the costs of the Work shall not reduce the obligation of the Interested Parties, so long as they own all or part of any parcel comprising the Property, to pay their proportionate share of the costs of the Work.

14. **Waiver of Collateral Document Provisions.** The Interested Parties and Lienholders expressly waive any and all provisions of any collateral security instruments relating to the Property which prohibit the formation of the Assessment District, completion of the Work and levying and recording of the Assessments against the Property.

15. **Dedication of Property Needed to Perform the Work.** The Interested Parties and Lienholders consent to the dedication, without cost, of the rights-of-way, easements and other property, as required by the District or Assessment District for construction of the Work. The Interested Parties and Lienholders agree to cooperate in effectuating any required dedication, including execution of any required document.

16. **Payment of Maintenance Costs.** The District or the Assessment District may levy a tax or assessment upon the Property, all as provided by law, to pay the operation and maintenance costs of the improvements.

17. **Indemnification Under Securities Act.** The Interested Parties, jointly and severally, hereby agree to indemnify and hold the District and the Town and each director, council member, officer, agent, legal counsel, independent contractor or employee thereof and each person, if any, who controls the District and the Town, its officers, employees and agents, within the meaning of the Securities Act of 1933, as amended (the "*Securities Act*") (collectively the

"*Indemnified Persons*") harmless for, from and against any and all losses, claims, damages or liabilities, including reasonable attorney's fees arising from any challenge to the formation, activities or administration of the District, or any losses, claims, damages or liabilities, including reasonable attorney's fees related to which any of the Indemnified Persons may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities, including attorney's fees (or actions in respect thereof) arise out of or are based upon any untrue statement or any alleged untrue statement or material fact set forth in any official statement applicable to the Assessment District's bonds or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect. This Section 17 shall survive the termination hereof.

18. General Indemnification of District and Directors. The Interested Parties, jointly and severally, hereby agree to indemnify the District and each director, officer, agent, legal counsel, employee, independent contractor, and the Town, its officers, employees, agents, independent contractors and council members (collectively, the "*Indemnified Parties*") and shall hold the Indemnified Parties harmless from, for and against any and all claims and reasonable costs incurred, including but not limited to reasonable attorneys' fees and other administrative or out of pocket costs actually and directly incurred by the Indemnified Parties in connection with or as the result of acts of the District or the District Board which are (i) within the scope of the District or District Board's authority under the Securities Act, or (ii) undertaken by the District or District Board in a properly advertised public meeting. This Section 18 shall survive the termination hereof.

19. Disclosure Document. The Interested Parties hereto agree that any potential purchaser of any real property subject hereto, including each potential purchaser of a residential lot within the District, shall receive a concise disclosure document that discloses the existence, the estimated payment amount and the payment terms of any portion of the Assessment applicable to the real property to be purchased. Each potential purchaser shall acknowledge in writing that the purchaser received and understood the concise disclosure document and has agreed to the terms, waivers and agreements contained in this Agreement. The District agrees to maintain records of the written acknowledgments. The provisions of this Agreement shall not apply to the sale of any real property which is not subject to the Assessment.

20. Encumbrance of the Property. The provisions, terms and restrictions of this Agreement shall run with and bind the Property as equitable servitudes and also as covenants running with the land.

21. Recording. This Agreement may be recorded in the office of the County Recorder of Maricopa County, Arizona.

22. Continuing Disclosure. So long as any Interested Party is the owner of a portion of the Property that is liable for 20% or more of the debt service on any Assessment District bonds, such Interested Party, solely with respect to their assessed property, will, if

requested by the District, provide any and all information needed to comply with the information reporting requirements contemplated by Rule 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934.

23. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Interested Parties hereto, their future grantees, respective heirs, successors and assigns. There shall be no third party beneficiaries of this Agreement, except that solely for the purposes of receiving the benefits of the provisions of sections 17 and 18 of this Agreement, the Interested Parties hereto agree that the Town is a third party beneficiary of the terms and provisions of Sections 17 and 18 of this Agreement.

24. Authority. The Interested Parties individually warrant, with respect to their own status only, that they have the requisite authority to bind the entity on whose behalf they are signing and, to the best of their knowledge, no other consents are required.

25. Counterparts. For convenience, this Agreement may be executed in one or more counterparts and each executed counterpart shall for all purposes be deemed an original and shall have the same force and effect as an original, but all of which together shall constitute in the aggregate but one and the same instrument. This Agreement will constitute the entire agreement between the parties, and supercedes all previous written or oral agreements or understandings regarding the subject matter of this Agreement.

26. Waiver by Interested Parties.

(i) Except as to certain payments or reimbursements applied for by Interested Party Pulte pursuant to the District Agreement, Interested Parties knowingly and voluntarily forever release and discharge the District and all of their past and present elected officials, officers, directors, agents, employees, successors, assigns, attorneys, and representatives from all legal and equitable claims, causes of action, debts, accounts and damages occurring and existing prior to the date of this Agreement whether known or unknown, asserted or unasserted, and of every nature and extent whatsoever, that the Interested Parties have against the District in connection with the Project arising from actions omissions, delays or other events that occurred prior to the date of this Agreement.

(ii) Except as to certain issues relating to the warranty provided in connection with certain public infrastructure under the Development Agreement and the repayment of, or payment of, certain impact fees by Interested Party Pulte, Interested Parties knowingly and voluntarily forever releases and discharges the Town and all of their past and present elected officials, officers, directors, agents, employees, successors, assigns, attorneys, and representatives from all legal and equitable claims, causes of action, debts, accounts and damages occurring prior to the date of this Agreement whether known or unknown, asserted or unasserted, and of every nature and extent whatsoever, that the Interested Parties have against the Town in connection with the Project arising from actions, omissions, delays or other events that occurred prior to the date of this Agreement.

(iii) None of the releases and discharges above are intended to, and do not negate or otherwise relieve the Town of any executory contractual obligations under existing contracts or of any obligations under any applicable statutes or ordinances.

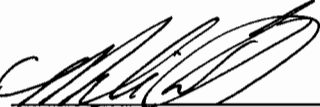
27. Failure to Sell Bonds. In the event the District fails or is otherwise unable to sell and/or deliver Assessment District bonds in an amount sufficient to allow the District to pay the amounts need to pay the costs of the Work and upon written request of the owner of the real property within the Assessment District, the District agrees to adopt proceedings that dissolves and terminates any Assessment District or assessment lien, established by the district, encumbering the Property.

28. Lienholders Consent. The Interested Parties represent that the only Lienholders are 10,000 West, L.L.C., an Arizona limited liability company and the Bank of Scotland, a banking organization established by an act of the Scottish Parliament.

[SIGNATURE PAGES TO FOLLOW]

OWNER:

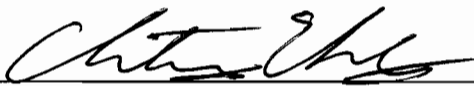
PULTE HOME CORPORATION, a
Michigan corporation

By 
MIKE BRILZ
Its: VP/ATTORNEY IN FACT

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 17TH day of AUGUST, 2009, by MIKE BRILZ the VP/ATTORNEY IN FACT of Pulte Home Corporation, a Michigan corporation, on behalf of the corporation.

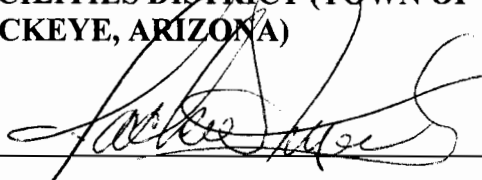
(Seal and Expiration Date)


Notary Public



ACCEPTED:

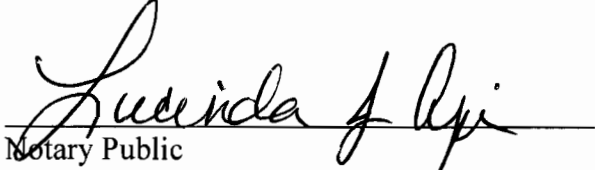
**FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT (TOWN OF
BUCKEYE, ARIZONA)**

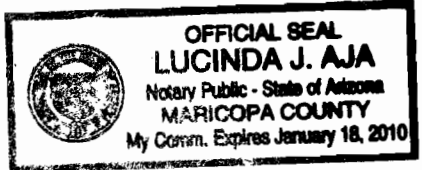
By 
Its: Chairman

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 20th day of October, 2009 by Jackie A. Meck the Chairman of Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

(Seal and Expiration Date)


Notary Public



LIENHOLDER

CONSENT AND AGREEMENT

Reference is made to that certain Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement, dated as of October 20, 2009, initially by and among the Festival Ranch Community Facilities District, and the Interested Parties (as defined therein), to which this Lienholder Consent and Agreement is attached (the "Agreement"). All capitalized terms used and not otherwise defined in this Lienholder Consent Agreement shall have the meanings set forth in the Agreement. The undersigned, as one of the Lienholders having an interest in real property within the Assessment District, hereby consents to the Agreement, acknowledges that the Agreement shall bind all the Property in which the undersigned has an interest within the District, and authorizes the recordation of the Agreement with respect to all such Property. In no event, however, shall anything in this Lienholder Consent and Agreement constitute a personal assumption by the undersigned of the obligations of any party under the Agreement.

DATED: August 18, 2009

LIENHOLDER:

10,000 WEST, L.L.C., an Arizona limited liability company

By: Festival Holding, Inc., a Delaware corporation
Its: Manger

By *Daniel D. Domingala*
Its *Vice President*

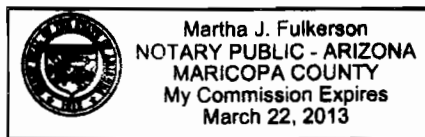
Date Aug. 18, 2009

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 18th day of AUG., 2009, by DANIEL D. DOMINGALA, JR., the VICE PRESIDENT of 10,000 West, L.L.C., an Arizona limited liability company.

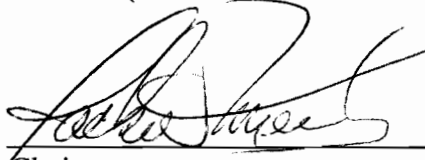
(Seal and Expiration Date)

Martha J. Fulkerson
Notary Public



ACCEPTED:

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

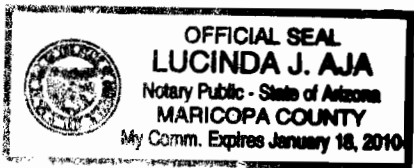
By 
Its Chairman
Date October 20, 2009

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 20th day of October, 2009, by Jackie A. Meek the Chairman of Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

(Seal and Expiration Date)


Notary Public



LIENHOLDER

CONSENT AND AGREEMENT

Reference is made to that certain Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement, Pertaining to Assessment District No. 6, dated as of October 20, 2009, initially by and among the Festival Ranch Community Facilities District, and the Interested Parties (as defined therein), to which this Lienholder Consent and Agreement is attached (the "Agreement"). All capitalized terms used and not otherwise defined in this Lienholder Consent Agreement shall have the meanings set forth in the Agreement. The undersigned, as one of the Lienholders having an interest in real property within the Assessment District, hereby consents to the Agreement, acknowledges that the Agreement shall bind all the Property in which the undersigned has an interest within the District, and authorizes the recordation of the Agreement with respect to all such Property. In no event, however, shall anything in this Lienholder Consent and Agreement constitute a personal assumption by the undersigned of the obligations of any party under the Agreement.

DATED: 10/7, 2009

LIENHOLDER:

BANK OF SCOTLAND, plc,
a Scottish public limited company.

By Susan E. Hay
Its Authorized Agent

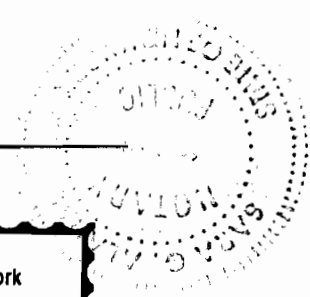
Date 9/30, 2009

State of New York)
) ss.
County of Queens)

The foregoing instrument was acknowledged before me this 30th day of September, 2009, by Susan E. Hay, the Authorized Agent of the Bank of Scotland, plc, a Scottish public limited company.

(Seal and Expiration Date)

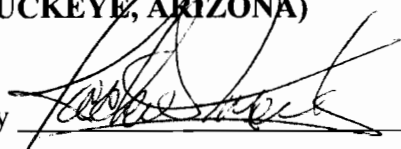
Sara G. Alaimo
-Notary Public



SARA G ALAIMO
Notary Public - State of New York
NO. 01AL6048299
Qualified in Queens County
My Commission Expires 9-25-2010

ACCEPTED:

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

By 
Its: Chairman

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 20th day of October, 2009 by Jackie A. Meek the Chairman of Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

(Seal and Expiration Date)

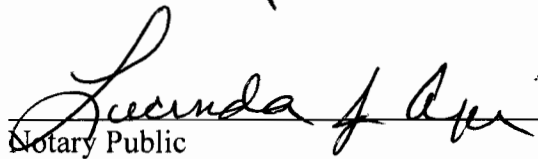

Notary Public



EXHIBIT A

LEGAL DESCRIPTION

July 1, 2009

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #6

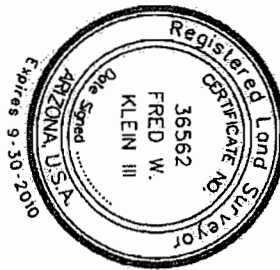
Lots 1 through 178, inclusive, of Sun City Festival Parcel J1, recorded in Book 1032 of Maps, Page 8, Records of Maricopa County, Arizona.



Expires: 9/30/ 2010

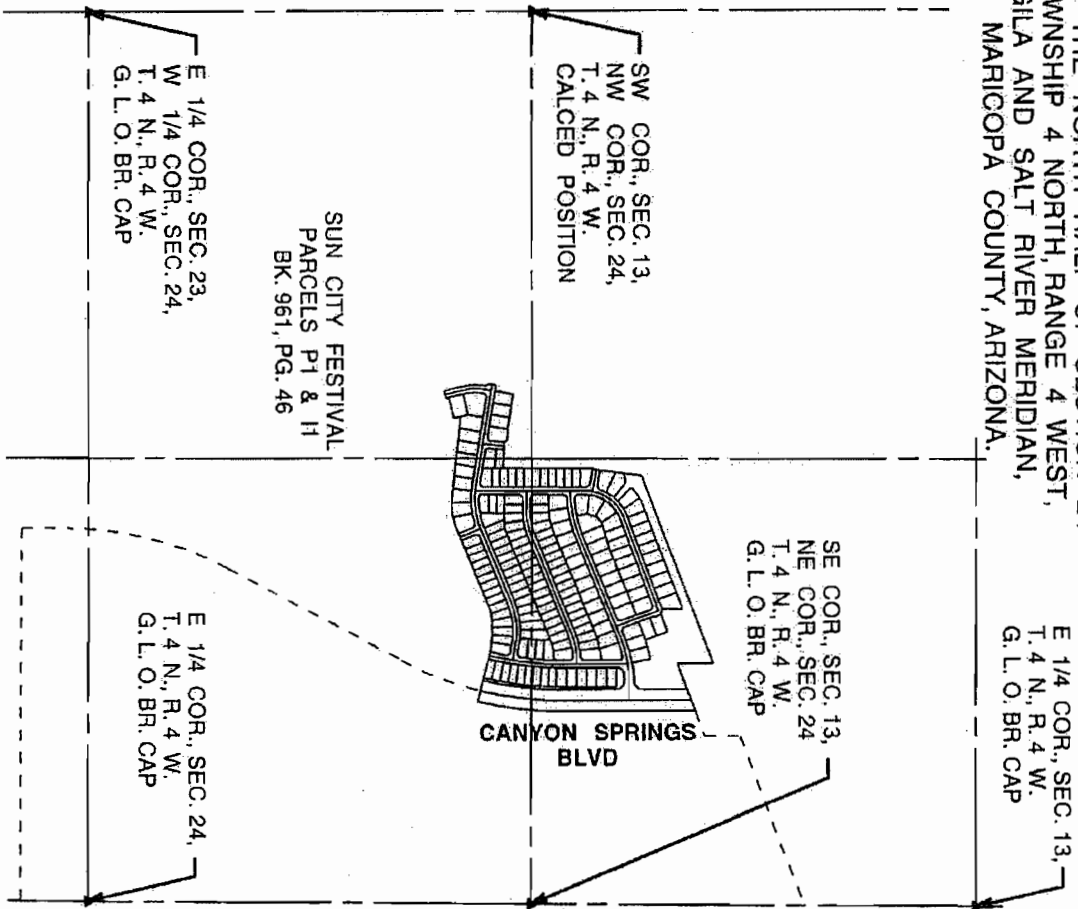


N.T.S.



SUN CITY FESTIVAL PARCEL J1
SPECIAL ASSESSMENT AREA #6

LOCATED IN THE SOUTHEAST QUARTER OF SECTION 13,
AND THE NORTH HALF OF SECTION 24
TOWNSHIP 4 NORTH, RANGE 4 WEST,
GILA AND SALT RIVER MERIDIAN,
MARICOPA COUNTY, ARIZONA.

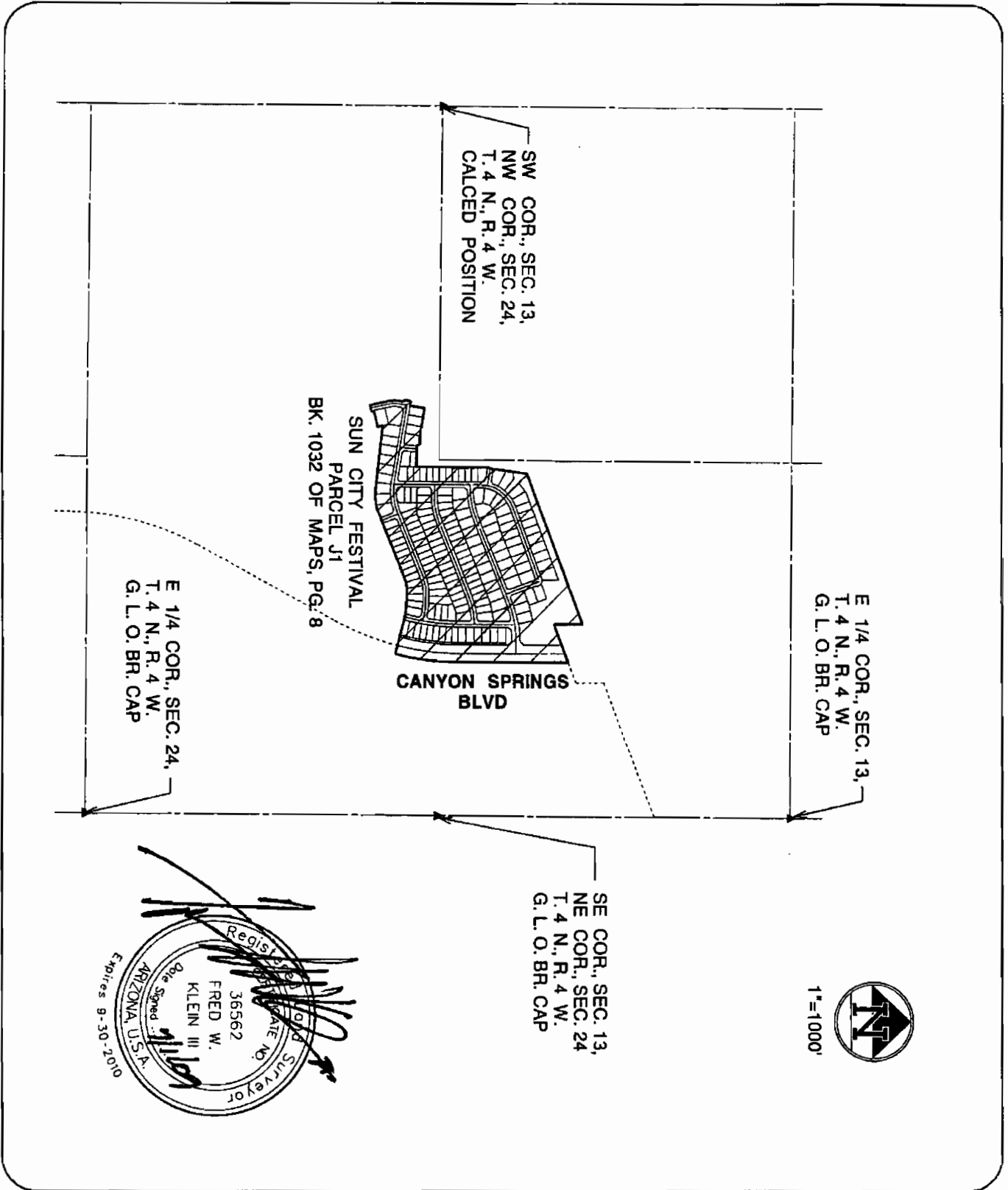


LEGAL DESCRIPTION

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL PARCEL J1
SPECIAL ASSESSMENT AREA #6

LOTS 1 THROUGH 178, INCLUSIVE,
OF SUN CITY FESTIVAL PARCEL J1
RECORDED IN BOOK _____ OF MAPS,
PAGE _____, RECORDS OF MARICOPA
COUNTY, AZ.

EXHIBIT	SUN CITY FESTIVAL SPECIAL ASSESSMENT AREA #6	JOB NO 0100317
N:0100317\J1\EHSA6.DGN 4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1



<p>EXHIBIT</p> <p>N:680001\LAND\EHSA6.DGN</p>	<p>SUN CITY FESTIVAL SPECIAL ASSESSMENT AREA #6</p>	<p>JOB NO 680001</p>
<p>4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831</p>	<p>COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE</p>	<p>SHEET 1 OF 1</p>

EXHIBIT B

PUBLIC INFRASTRUCTURE

“Public Infrastructure” means, for purposes of this Agreement, the following:

Parcel	No. of Lots	Street Improvements	Street Names	Linear Feet	Estimated Date of Completion
<u>Assessment District No. 4</u>					
J1	178	\$1,041,449	Tina Lane, 261 st Ave., 261 st Lane, Vista North Dr., Melinda Lane, 263 rd Lane, 263 rd Dr., 262 nd Lane, Via Del Sol Dr., Louise Dr.	7,205	February - 2010

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

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
WAIVER AND DEVELOPMENT AGREEMENT
PERTAINING TO THE TO BE FORMED ASSESSMENT DISTRICT NO. 6**

This Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement Pertaining to the proposed formation of Assessment District No. 6, is dated September 29, 2009 (the "*Agreement*") by and among Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), and the undersigned owners of Lot numbers 129 and 158 of Sun City Festival Parcel J1, recorded in Book 1032 of Maps, Page 8, Records of Maricopa County, Arizona and located within the District (or holders of options or contracts to purchase land within the District) (collectively referred to as "*Interested Parties*").

WHEREAS, the Town of Buckeye, Arizona, an Arizona municipal corporation (the "*Town*") and Pulte Home Corporation, a Michigan corporation ("*Pulte*") as an Interested Party are parties to that certain Development Agreement dated October 4, 2000, as amended, (the "*Development Agreement*") in connection with that project on the land subject thereto known as "Festival" (the "*Project*"); and

WHEREAS, pursuant to the Development, Financing Participation and Intergovernmental Agreement No. 1 for Festival Ranch Community Facilities District (Buckeye, Arizona) dated as of April 21, 2005 and recorded April 22, 2005 at Document No. 2005-0523800 in the Official Records of Maricopa County Records (the "*District Agreement*"), Pulte intends to request the District to form assessment district number 6 (the "*Assessment District*") comprised of Lots 1 through 178, inclusive of Sun City Festival Parcel J1, recorded in Book 1032 of Maps, Page 8, Records of Maricopa County, Arizona, as further described and depicted in Exhibit A attached hereto (the "*Property*") for the purpose of providing financing for certain public infrastructure purposes (as defined in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Act*")) such public infrastructure purposes to be located on or off the Property; and

WHEREAS, the Interested Parties and all persons hereafter taking an interest in the Property shall be bound by the terms, waivers and agreements set forth in this Agreement and bound by the Assessments (as defined hereafter) recorded against the Property; and

WHEREAS, the Interested Parties and all persons hereafter taking an interest in the Property shall be bound by the terms, waivers and agreements set forth in this Agreement and bound by the Assessments (as defined hereafter) recorded against the Property; and

WHEREAS, the proposed public infrastructure purposes to be provided by the Assessment District shall consist of:

A. Acquisition, installation and/or construction of the public infrastructure (as such term is defined in the Act) described on Exhibit B attached hereto and all incidental improvements related thereto;

B. All engineering, legal, financial and incidental costs and expenses incurred in completing the acquisition, installation and construction of the public infrastructure (as such term is defined in the Act) described in paragraph A above and the costs and expenses incurred in connection with the levy of the assessment and issuance and sale of the Assessment District bonds;

C. Capitalized interest on such Assessment District bonds, if any, for a period not to exceed the aggregate time for completion of all construction of and acquisition of the public infrastructure listed above, plus six months thereafter; and

D. A debt service reserve fund created for such Assessment District bonds.

Collectively, the construction and acquisition of such public infrastructure, described in paragraphs A through D above and the costs and expenses thereof shall hereinafter be referred to as the "*Work*"; and

NOW, THEREFORE, the Interested Parties hereto agree as follows:

1. Development Agreement and Agreement Allocating Assessments. This Agreement is a "development agreement" within the meaning of Arizona Revised Statutes Section 9-500.05 and the written agreement allocating the assessments is authorized pursuant to Arizona Revised Statutes Section 48-721, as amended.

2. Reliance on Agreement. This Agreement does not create a binding commitment on the part of the District to actually form the Assessment District, or, if formed, of the District or Assessment District to sell or deliver such Assessment District bonds, construct, install or acquire any or all of the Work, or if it does construct, install or acquire any of the Work, to construct, install or acquire it pursuant to any existing proposals. However, the District, and, if formed, the Assessment District, in going forward with the Work, is doing so in reliance upon this Agreement to have the Property included within the Assessment District and assessed for the costs thereof.

3. Review and Approval of the Boundaries, Scope of Work and Assessment.

(i) The Interested Parties have reviewed or have had the opportunity and right to review the boundaries of the Assessment District, the preliminary plans and specifications detailing the Work and the engineer's estimate of the costs of the Work (the "*Engineer's Estimate*"). The parties agree the costs of the Work shall be spread among the lots comprising the Property within the Assessment District on the basis of \$2,000 per lot. The Interested Parties agree that the Engineer's Estimate of the costs of the Work is \$1,041,449 provided, however only that portion of the Engineer's Estimate equal to \$2,000 times the total number of lots in the Assessment District shall be assessed to the lots in the Assessment District.

(ii) This Agreement shall be construed to be an express consent by the Interested Parties and all future owners of any portion of the Property that: (a) the District may form the Assessment District in accordance with the provisions hereof; (b) the District and the Assessment District may incur costs and expenses necessary to complete or acquire the Work; (c) the District or the Assessment District may levy and collect an assessment on the Property sufficient to pay all costs and expenses of the Work (including Work benefiting the Property in the proposed Assessment District, which was constructed, installed or performed prior to the execution hereof) and the costs of levying the assessment and the issuance of the Assessment District bonds, but not in excess of the Engineer's Estimate (the "*Assessments*").

4. No Protest, Objection or Request for Hearings. The Interested Parties hereby agree to allow the formation of the Assessment District and to allow the Assessment District to take all steps necessary to levy, confirm and record Assessments against the Property and to issue such Assessment District bonds supported by the Assessments. The Interested Parties acknowledge and agree that pursuant to A.R.S. § 9-500.05 the provisions of A.R.S. § 32-2181 do not apply and that pursuant to this Agreement the parties waive their right to appear before the Board of Directors of the District on any hearing required at or prior to the confirmation of the Assessments and waive their right to: (a) protest and object to the extent of the Assessment District pursuant to A.R.S. § 48-579 and 580; (b) protest the award of contract pursuant to A.R.S. § 48-584 and (c) object to the Assessments pursuant to § 48-590.

5. Approval of Proceedings. The Interested Parties, with full knowledge of the provisions of Title 48, Chapter 4, Articles 2 and 6, of the Arizona Revised Statutes and their rights thereunder (or having obtained counsel to advise them of the provisions and their rights), expressly waive any and all irregularities, illegalities or deficiencies which may now or hereafter exist in the acts or proceedings resulting in the formation of the District, the Assessment District, the adoption of the resolution of intention and the resolution ordering the Work and the levying of the Assessments against the Property.

6. Waiver. The Interested Parties, with full knowledge of the provisions and their rights under the provisions of law hereafter referenced, expressly agree to waive the following:

(i) any defect in the proceedings and election establishing the District, as required by A.R.S. § 48-702 through § 48-708, inclusive, and agree that, to the extent of any defect, this Agreement shall constitute the petitions required by law to form and establish the District without conducting an election;

(ii) any and all notices and response time periods related to such notices provided by A.R.S. § 48-576 et seq., as amended, including but not limited to the following:

(a) mailing, posting and publication, as applicable, of any notice required in connection with: (A) the adoption of the resolution of intention, (B) the notice of proposed improvements, (C) the adoption of the resolution ordering the Work, (D) notice of passage of the resolution ordering the Work, (E) notice of award of contract and (F) any other steps necessary in connection with the Assessment District or the Work; and

(b) any and all notices pertaining to a hearing on the Assessments;

(iii) any and all objections and protests to the extent of the Assessment District;

(iv) any and all objections to the adoption by the District or the Assessment District of the plans and specifications, the Engineer's Estimate and the assessment diagram, all of which provide for and effectuate the completion of the Work;

(v) any and all protest rights against the Work and objections to the awarding of one or more acquisition or construction contracts for the Work;

(vi) any and all defenses they may now or subsequently have against the Assessments or the Assessment District bonds; and

(vii) all demands for cash payment of the Assessments.

7. **Work as More Than Local and Ordinary Benefit.** The Interested Parties agree that the Work is of more than local or ordinary public benefit and that the Work constitutes a public infrastructure purpose and that the Property which is subject to the Assessments receives a benefit from the Work in an amount not less than the Engineer's Estimate.

8. **Public Bidding.** The public bidding requirements set forth in A.R.S. § 48-581 and 584 have been or will be complied with by the District with respect to the Work.

9. **Performance of the Work.** The District or the Assessment District may immediately upon issuance of such Assessment District bonds, acquire, bid, construct and perform all or part of the Work.

10. **Acceptance of Assessment.** The Interested Parties agree to accept Assessments in an amount not greater than the Engineer's Estimate against all of the residential

parcels of land located within the boundaries of the Property provided, no assess on any one lot shall exceed \$2,000; and that such Assessments shall be collected and foreclosed in accordance with Arizona Revised Statutes § 48-601 *et seq.*, as amended and in accordance with any other documents executed and delivered in connection with the delivery of the Assessment Bonds.

11. **Recording and Validity of Assessments.** The Interested Parties consent to the recordation of the Assessments against the Property and agree upon such recording the Assessments shall constitute valid and enforceable liens against the respective parcels comprising the Property as shown and the amounts set forth in the Assessments.

12. **Assessments to go to Bond.** Except as any Interested Party may pay their Assessment prior to the return of the warrant, Assessments will not be paid in cash. With respect to Assessments not paid in cash, the Interested Parties request that a certified list of unpaid Assessments be filed as soon as possible after the return of the warrant and that Assessment District bonds amortizing the payment of the Assessments over not less than fifteen (15) years be issued and sold as soon as possible.

13. **Acceptance of Partial Assessment.** The inability of the District or the Assessment District to assess all or any portion of the costs of the Work shall not reduce the obligation of the Interested Parties, so long as they own all or part of any lot comprising the Property, to pay their Assessment.

14. **Waiver of Collateral Document Provisions.** The Interested Parties expressly waive any and all provisions of any collateral security instruments relating to the Property which prohibit the formation of the Assessment District, completion of the Work and levying and recording of the Assessments against the Property.

15. **Payment of Maintenance Costs.** The District or the Assessment District may levy a tax or assessment upon the Property, all as provided by law, to pay the operation and maintenance costs of the improvements.

16. **Encumbrance of the Property.** The provisions, terms and restrictions of this Agreement shall run with and bind the Property as equitable servitudes and also as covenants running with the land.

17. **Recording.** This Agreement may be recorded in the office of the County Recorder of Maricopa County, Arizona.

18. **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon the Interested Parties hereto, their future grantees, respective heirs, successors and assigns. There shall be no third party beneficiaries of this Agreement.

19. **Authority.** The Interested Parties individually warrant, with respect to their own status only, that they have the requisite authority to bind the entity on whose behalf they are signing and, to the best of their knowledge, no other consents are required.

20. **Counterparts**. For convenience, this Agreement may be executed in one or more counterparts and each executed counterpart shall for all purposes be deemed an original and shall have the same force and effect as an original, but all of which together shall constitute in the aggregate but one and the same instrument. This Agreement will constitute the entire agreement between the parties, and supercedes all previous written or oral agreements or understandings regarding the subject matter of this Agreement.

21. **Failure to Sell Bonds**. In the event the District fails or is otherwise unable to sell and/or deliver Assessment District bonds in an amount sufficient to allow the District to pay the amounts need to pay the costs of the Work and upon written request of the owner of the real property within the Assessment District, the District agrees to adopt proceedings that dissolves and terminates any Assessment District or assessment lien, established by the district, encumbering the Property.

[SIGNATURE PAGES TO FOLLOW]

INTERESTED PARTIES:

By: K Foley
Printed Name: K. Foley
Date: Sept 29, 2009
Lot: 15818

By: Kevin Foley
Printed Name: KEVIN Foley
Date: Sept 29, 2009
Lot: 15818

Province of Manitoba
~~STATE OF ARIZONA~~)
City of Brandon) ss.
~~COUNTY OF MARICOPA~~)

The foregoing instrument was acknowledged before me this 29 day of Sept, 2009, by John Willard Burgess

(Seal and Expiration Date)

[Signature]
Notary Public

Province of Manitoba
~~STATE OF ARIZONA~~)
City of Brandon) ss.
~~COUNTY OF MARICOPA~~)

The foregoing instrument was acknowledged before me this 29 day of Sept, 2009, by Karen Walsh

(Seal and Expiration Date)

[Signature]
Notary Public

INTERESTED PARTIES:

By: Kathleen Eager

Printed Name: KATHLEEN EAGER

Date: 9-23-09

Lot: 12918

By: Edward H Eager

Printed Name: Edward H. EAGER

Date: 9/23/09

Lot: 12918

NEW JERSEY
STATE OF ~~ARIZONA~~)
) ss.
COUNTY OF ~~MARICOPA~~)
MIDDLESEX)

The foregoing instrument was acknowledged before me this 23rd day of September, 2009, by ANDREA CARLOUGH

(Seal and Expiration Date)

ANDREA CARLOUGH
I.D. # 2300426
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May 14, 2013

Andrea Carough
Notary Public

ACCEPTED:

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

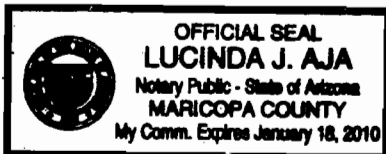
By _____

Its: Chairman

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 20th day of October, 2009 by Jackie A. Meek the Chairman of Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

(Seal and Expiration Date)



Lucinda J. Aja
Notary Public

EXHIBIT A

LEGAL DESCRIPTION

Lots 1 through 178, inclusive, of Sun City Festival Parcel J1, recorded in Book 1032 of Maps, Page 8, Records of Maricopa County, Arizona.

EXHIBIT B

PUBLIC INFRASTRUCTURE

“Public Infrastructure” means, for purposes of this Agreement, the following:

Parcel	No. of Lots	Street Improvements	Street Names	Linear Feet	Estimated Date of Completion
<u>Assessment District No. 4</u>					
J1	178	\$1,041,449	Tina Lane, 261 st Ave., 261 st Lane, Vista North Dr., Melinda Lane, 263 rd Lane, 263 rd Dr., 262 nd Lane, Via Del Sol Dr., Louise Dr.	7,205	February - 2010

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

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

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

OCTOBER 20, 2009
AGENDA

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
Immediately following the 6:00 p.m. Regular Council Meeting

1. Call to Order/Roll Call

Board Action: None.

2. Approval of Meeting Minutes for the following Community Facilities Districts: APPROVED

Anthem Sun Valley Community Facilities District Meeting Minutes – July 21, 2009
Elianto Community Facilities District Meeting Minutes – July 21, 2009
Festival Ranch Community Facilities District Meeting Minutes – September 15, 2009
Mirielle Community Facilities District Meeting Minutes – July 21, 2009
Sundance Community Facilities District Meeting Minutes – July 21, 2009
Tartesso West Community Facilities District Meeting Minutes - July 21, 2009
Trillium Community Facilities District Meeting Minutes – July 21, 2009
Verrado District 1 Community Facilities District Meeting Minutes – July 21, 2009
Verrado Western Overlay Community Facilities District Meeting Minutes – July 21, 2009
Watson Road Community Facilities District Meeting Minutes – July 21, 2009
Westpark Community Facilities District Meeting Minutes – July 21, 2009

3. Approval/Ratify Expenditures *APPROVED*

Anthem Sun Valley Community Facilities District - *None*
Elianto Community Facilities District
Festival Ranch Community Facilities District
Mirielle Community Facilities District - *None*
Sundance Community Facilities District
Tartesso West Community Facilities District
Trillium Community Facilities District - *None*
Verrado District 1 Community Facilities District
Verrado Western Overlay Community Facilities District
Watson Road Community Facilities District
Westpark Community Facilities District

4. Reconsider Resolution No. 04-09 Festival Ranch Community Facilities District (from the September 15, 2009 Board Meeting) *APPROVED*

Board to adopt a motion to reconsider the Board's action of September 15, 2009 pertaining to the tie vote for Resolution No. 04-09.

5. Resolution No. 04-09 Festival Ranch Community Facilities District *APPROVED*

Board to adopt Resolution No. 04-09, a resolution of the Board of Directors of the Festival Ranch Community Facilities District, Town of Buckeye, Arizona, approving the feasibility report relating to the acquisition construction and financing of certain improvements benefitting the district; declaring its intention to acquire and/or report; forming a special assessment district; determining that special assessment revenue bonds will be issued to finance the costs and expenses thereof and declaring the improvements to be of more than local or ordinary public benefit and that the costs of said improvements will be assessed upon the assessment district; providing that the proposed improvements will be performed and district assessment revenue bonds issued under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all Amendments thereto.

6. Resolution No. 05-09 Festival Ranch Community Facilities District *APPROVED*

Board to adopt Resolution No. 05-09, a resolution of the Board of Directors of the Festival Ranch Community Facilities District, Town of Buckeye, Arizona, ordering the public infrastructure projects performed as described in Resolution No. 04-09.

7. Resolution No. 08-09 Festival Ranch Community Facilities District *APPROVED*

Board to approve Resolution No. 08-09, a resolution of the Board of Directors of the Festival Ranch Community Facilities District, Town of Buckeye, Arizona, approving the levying of an assessment and assessment diagram for the Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

8. Consent to Assignment and Assumption of Elianto Community Facility District Development Agreement
LAY ON THE TABLE

Board to approve the Consent for Assignment and Assumption of Development, Financing Participation and Intergovernmental Agreement No. 1 for the Elianto Community Facility District, from Elianto, LLC as Assignor, to Arizona Elianto Return, LLC, the Assignee.

9. Citizen Input / Appearances from the Floor

Board Action: None.

10. Adjournment

Board Action: Motion to adjourn.

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

MINUTES

OCTOBER 20, 2009

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
6:43 p.m.

1. Call to Order/Roll Call

Chairman Meck called the meeting to order at 6:43 p.m.

Members Present: Chairman Meck, Vice Chairperson May, Board Member Rioux, Board Member Garza, Board Member Doster, Board Member McAchran, and Board Member Hardesty.

Members Absent: None.

Departments Present: District Interim Manager Stephen Cleveland, Assistant District Manager Jeanine Guy, District Attorney Scott Ruby, District Clerk Lucinda Aja, District Deputy Clerk Deborah Harrell, District Fire Chief Bob Costello, District Water Resources Director Damon Dequenne, District Public Works Director Scott Lowe, District Finance Director Gail Reese, and District Engineer Woody Scoutten.

2. Approval of Meeting Minutes

A motion was made by Vice Chairperson May and seconded by Board Member Rioux to approve the minutes of July 21, 2009 and September 15, 2009 for the following Community Facilities Districts:

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

3. Approval/Ratify Expenditures

A motion was made by Vice Chairperson May and seconded by Board Member Hardesty to approve the expenditures for the following Community Facilities Districts:

- Anthem Sun Valley Community Facilities District - *None*
 - Elianto Community Facilities District
 - Festival Ranch Community Facilities District
 - Mirielle Community Facilities District - *None*
 - Sundance Community Facilities District
 - Tartesso West Community Facilities District
 - Trillium Community Facilities District - *None*
 - Verrado District I Community Facilities District
 - Verrado Western Overlay Community Facilities District
 - Watson Road Community Facilities District
 - Westpark Community Facilities District
- Motion passed unanimously.

4. Reconsider Resolution No. 04-09 Festival Ranch Community Facilities District (from the September 15, 2009 Board Meeting)

A motion was made by Board Member Hardesty and seconded by Board Member McAchran to reconsider Resolution No. 04-09. Chairman Meck, Vice Chairperson May, Board Member Garza, Board Member Doster, Board Member McAchran, and Board Member Hardesty voted aye, Board Member Rioux voted nay. Motion carried.

5. Resolution No. 04-09 Festival Ranch Community Facilities District

Vice Chairperson May stated the reason she voted nay last time was because the developers lobbied against the proposed impact fee increase. A motion was made by Board Member Hardesty and seconded by Board Member McAchran to approve Resolution No. 04-09 approving the feasibility report relating to the acquisition construction and financing of certain improvements benefitting the district; declaring its intention to acquire and/or report; forming a special assessment district; determining that special assessment revenue bonds will be issued to finance the costs and expenses thereof and declaring the improvements to be of more than local or ordinary public benefit and that the costs of said improvements will be assessed upon the assessment district; providing that the proposed improvements will be performed and district assessment revenue bonds issued under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all Amendments thereto. Chairman Meck, Vice Chairperson May, Board Member Garza, Board Member Doster, Board Member McAchran, and Board Member Hardesty voted aye. Board Member Rioux voted nay. Motion carried.

6. Resolution No. 05-09 Festival Ranch Community Facilities District

A motion was made by Board Member Doster and seconded by Board Member Hardesty to approve Resolution No. 05-09, ordering the public infrastructure projects performed as described in Resolution No. 04-09. Chairman Meck, Vice Chairperson May, Board Member Garza, Board Member Doster, Board Member McAchran, and Board Member Hardesty voted aye. Board Member Rioux voted nay. Motion carried.

7. Resolution No. 08-09 Festival Ranch Community Facilities District

A motion was made by Board Member Hardesty and seconded by Board Member McAchran to approve Resolution No. 08-09, approving the levying of an assessment and assessment diagram for the Festival Ranch Community Facilities District Town of Buckeye, Arizona. Chairman Meck, Vice Chairperson May, Board Member Garza, Board Member Doster, Board Member McAchran, and Board Member Hardesty voted aye. Board Member Rioux voted nay. Motion carried.

8. Consent to Assignment and Assumption of Elianto Community Facility District Development Agreement

A motion was made by Board Member Hardesty and seconded by Vice Chairperson May to lay on the table the Consent for Assignment and Assumption of Development, Financing Participation and Intergovernmental Agreement No. 1 for the Elianto Community Facility District, from Elianto, LLC as Assignor, to Arizona Elianto Return, LLC, the Assignee. Motion passed unanimously.

9. Citizen Input / Appearances from the Floor

None.

10. Adjournment

There being no further business to come before the Board, a motion was made by Board Member Hardesty and seconded by Vice Chairperson May to adjourn the meeting at 6:50 p.m. Motion passed unanimously.

Jackie A. Meck, Chairman

ATTEST:

Lucinda J. Aja, District Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Meeting of the Festival Ranch Community Facilities District held by the Board on the 20th day of October, 2009. I further certify that a quorum was present.

Lucinda J. Aja, District Clerk

RESOLUTION NO. 08-09

RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) APPROVING THE LEVYING OF AN ASSESSMENT AND ASSESSMENT DIAGRAM FOR THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA).

WHEREAS, the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), initiated (i) the establishment of an assessment district number 6 within the boundaries of the District (the "*Assessment District*"); (ii) the acquisition and construction of certain public infrastructure improvements and purposes (the "*Projects*"), and (iii) the financing of said Projects and necessary Incidental Expenses (as defined in the Resolution of Intention) with the District's assessment revenue bonds, by the adoption of its Resolution No. 04-09 (the "*Resolution of Intention*") on October 20, 2009; and

WHEREAS, the District acquired jurisdiction to order the design, acquisition and construction of such Projects by the Board of Directors adoption of Resolution No. 05-05 (the "*Resolution Ordering the Work*"); and

WHEREAS, pursuant to a Waiver and Development Agreement, the owners of all of the real property within the Assessment District consented to: (i) the inclusion of all of the real property in the Assessment District, subject to later deletions of real property relating to undevelopable and publicly owned land and other modifications; and (ii) the levy of an assessment, as provided by law, in an amount not to exceed \$356,000 for the purpose of financing the Projects and Incidental Expenses; and

WHEREAS, the Assessment District Engineer (as defined in the Resolution of Intention) has caused to be prepared an estimate of all costs anticipated to be incurred in connection with the acquisition and construction of the Projects and the costs of certain Incidental Expenses related thereto;

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

Section 1. The estimate of costs and expenses for the Projects and Incidental Expenses is as set forth hereafter, and the Estimate (as defined in the Resolution of Intention) on file with the District is as follows:

<u>Project</u>	<u>Costs</u>
Construction and Acquisition Costs	\$274,720
TOTAL PROJECT COSTS	\$274,720
Total Incidental Costs	\$ 45,680
Reserve Fund	\$ 35,600
GRAND TOTAL	<u>\$356,000</u>

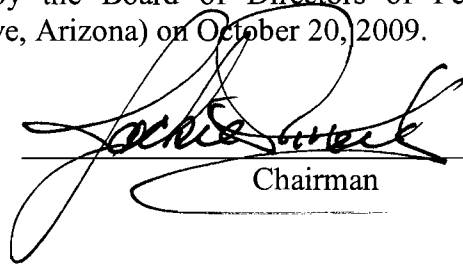
Section 2. The Assessment District Engineer, subject to the approval of the District Engineer, and the Superintendent of Streets are hereby directed to prepare and levy an assessment against the real property in the Assessment District for an amount not greater than the grand total of costs set forth in Section 1 hereof; provided; however, the amount of the assessment may be reduced as actual costs are established and substituted for the estimated costs. The Superintendent of Streets is hereby directed to record in its offices the assessment and record with the Maricopa County Recorder a Notice of Assessment.

Section 3. Those certain duplicate assessment diagrams of the area to be assessed, prepared by the Assessment District Engineer, as approved by the District Engineer, and heretofore filed with the Clerk of the District, are hereby approved and the Clerk is hereby directed to certify the fact of such approval on the face of each of such diagrams including the date hereof as the date of such approval and to deliver a copy of the diagrams to the Superintendent of Streets.

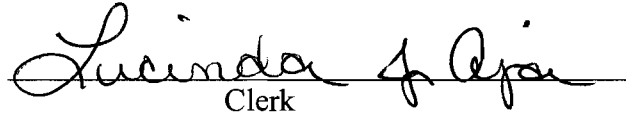
Section 4. The Treasurer of the District is hereby directed to make demand on the owners of the real property assessed for advance cash payment of the assessed amount, and with respect to any assessments that bonds are issued against, bill and collect each installment payment then due and owing.

Section 5. All acts of the Clerk, the Assessment District Engineer, the District Engineer, the Superintendent of Streets and any person acting for such officials in furtherance of this resolution are hereby ratified and confirmed.

PASSED AND ADOPTED by the Board of Directors of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) on October 20, 2009.

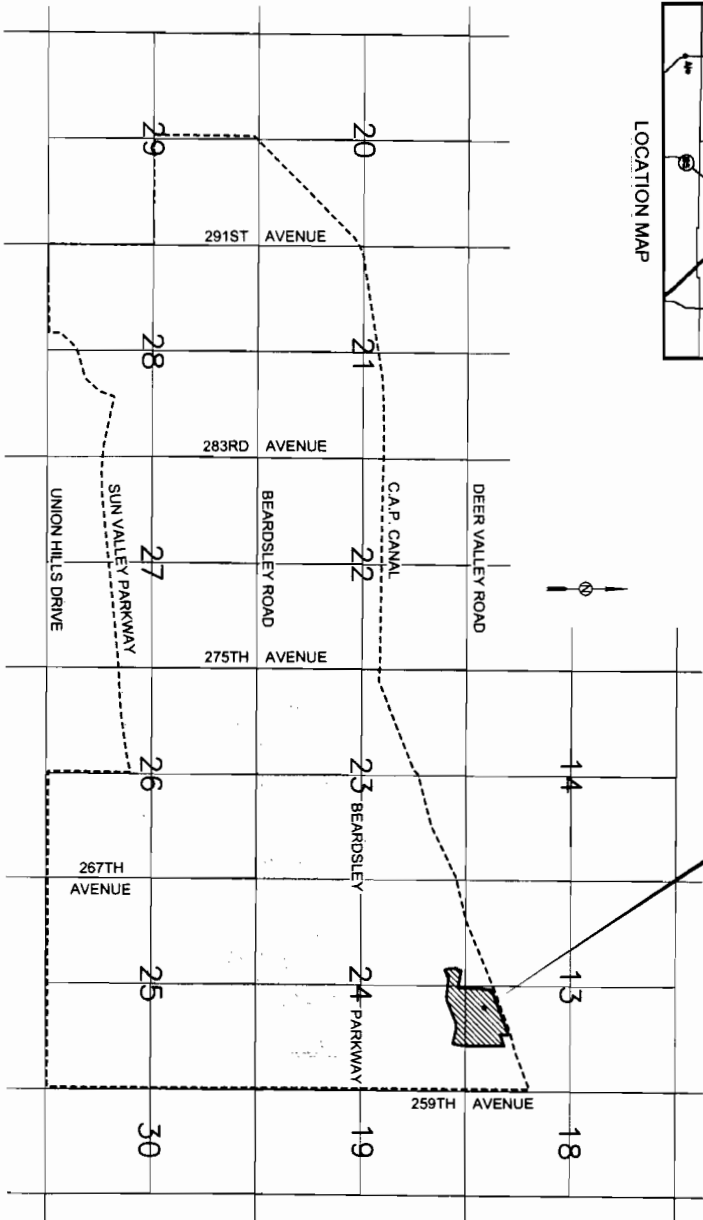
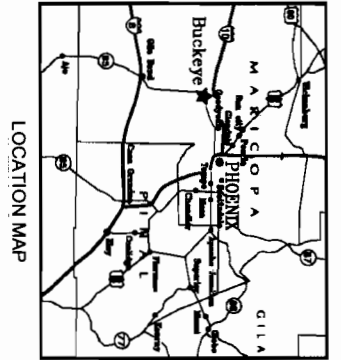

Chairman

ATTEST:


Clerk

APPROVED AS TO FORM


Bond Counsel



PARCEL J1
SPECIAL ASSESSMENT
AREA NO. 6
(SEE SHEET 2 OF 2)

(TOWN OF BUCKEYE, ARIZONA)
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT
SPECIAL ASSESSMENT AREA NO. 6

- LEGEND**
- FESTIVAL RANCH SPECIAL ASSESSMENT AREA (SAA) NO. 6
 - FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
 - LOT NO. ASSESSMENT MODIFICATION NO. ORIGINAL ASSESSMENT NO.

DISTRICT ENGINEER CERTIFICATION

I HEREBY CERTIFY THAT THE PARCEL BOUNDARIES SHOWN ARE DEPICED ON THIS PLAN WERE SUPPLIED BY CIVIL CONSULTING AND ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ENGINEER *W. Brant* DATE 11-3-09

APPROVED BY RESOLUTION NO. 09-09 AT A MEETING OF THE BOARD OF DIRECTORS OF THE SUN CITY FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT OF THE TOWN OF BUCKEYE, ARIZONA ON THE 3rd DAY OF NOVEMBER, 2009

DATE 11-3-09
 DAY OF NOVEMBER, 2009
 SIGNED THIS 3rd DAY OF NOVEMBER, 2009
 SUPERINTENDENT OF STREETS *W. Brant* DATE 11-3-09

EXHIBIT C

NOTE: IMPROVEMENTS CONSISTS OF PUBLIC INFRASTRUCTURE AS DEPICED IN THE FEASIBILITY REPORT DATED AUGUST 18, 2009, ON FILE WITH THE DISTRICT CLERK.

W.C. Scouter, Inc.
 Municipal Engineers and Planners
 1626 North Uchfield Road, Suite 310, Goodyear, AZ 85395
 Office (623) 547-4661 Fax (623) 547-4662

DATE: 9-9-09
 SHEET NO. **1 OF 2**



SAD NO. 6 ASSESSMENT TABLE

REV. #	PARCEL	ASSESSMENT NO.	LOTS	DATE
1	J1	J1-06-001 thru J1-06-178	178	Sep-09

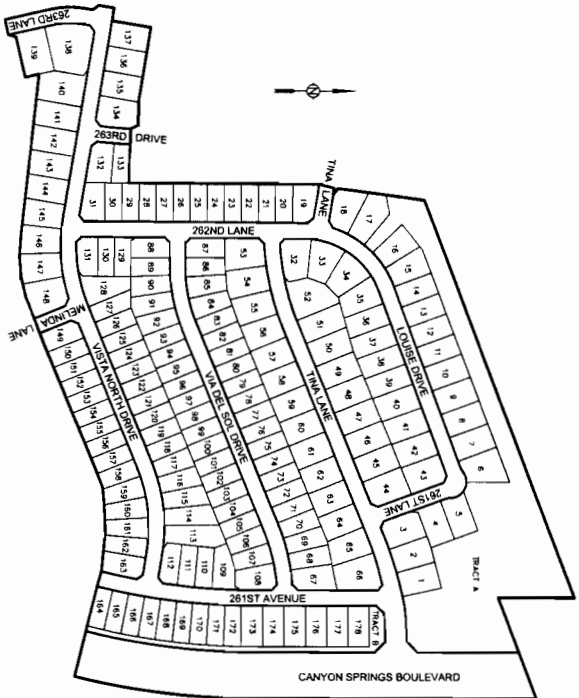
NOTE: LOT LAYOUT SHOWN ON SHEET 2.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

LOT NO.	ASMT. NO.	AREA (SQ)	ASSESSMENT
1	J1-06-001	8,144	\$2,000
2	J1-06-002	8,144	\$2,000
3	J1-06-003	8,145	\$2,000
4	J1-06-004	8,150	\$2,000
5	J1-06-005	8,155	\$2,000
6	J1-06-006	8,155	\$2,000
7	J1-06-007	8,055	\$2,000
8	J1-06-008	8,014	\$2,000
9	J1-06-009	8,115	\$2,000
10	J1-06-010	7,350	\$2,000
11	J1-06-011	6,744	\$2,000
12	J1-06-012	6,215	\$2,000
13	J1-06-013	6,215	\$2,000
14	J1-06-014	6,215	\$2,000
15	J1-06-015	7,792	\$2,000
16	J1-06-016	7,792	\$2,000
17	J1-06-017	8,914	\$2,000
18	J1-06-018	8,914	\$2,000
19	J1-06-019	7,082	\$2,000
20	J1-06-020	5,259	\$2,000
21	J1-06-021	5,259	\$2,000
22	J1-06-022	5,259	\$2,000
23	J1-06-023	5,259	\$2,000
24	J1-06-024	5,259	\$2,000
25	J1-06-025	5,259	\$2,000
26	J1-06-026	5,259	\$2,000
27	J1-06-027	5,259	\$2,000
28	J1-06-028	5,259	\$2,000
29	J1-06-029	5,259	\$2,000
30	J1-06-030	5,259	\$2,000
31	J1-06-031	7,038	\$2,000
32	J1-06-032	8,960	\$2,000
33	J1-06-033	8,960	\$2,000
34	J1-06-034	8,960	\$2,000
35	J1-06-035	8,112	\$2,000
36	J1-06-036	7,448	\$2,000
37	J1-06-037	7,448	\$2,000
38	J1-06-038	7,448	\$2,000
39	J1-06-039	7,448	\$2,000
40	J1-06-040	8,221	\$2,000
41	J1-06-041	8,221	\$2,000
42	J1-06-042	7,985	\$2,000
43	J1-06-043	8,801	\$2,000
44	J1-06-044	8,120	\$2,000
45	J1-06-045	8,112	\$2,000
46	J1-06-046	8,112	\$2,000
47	J1-06-047	8,106	\$2,000
48	J1-06-048	8,092	\$2,000
49	J1-06-049	8,368	\$2,000
50	J1-06-050	8,368	\$2,000
51	J1-06-051	8,928	\$2,000
52	J1-06-052	9,527	\$2,000
53	J1-06-053	9,527	\$2,000
54	J1-06-054	8,750	\$2,000
55	J1-06-055	8,418	\$2,000
56	J1-06-056	8,418	\$2,000
57	J1-06-057	7,920	\$2,000
58	J1-06-058	7,920	\$2,000
59	J1-06-059	7,920	\$2,000
60	J1-06-060	7,920	\$2,000
61	J1-06-061	7,920	\$2,000
62	J1-06-062	7,920	\$2,000
63	J1-06-063	7,920	\$2,000
64	J1-06-064	7,920	\$2,000
65	J1-06-065	8,599	\$2,000
66	J1-06-066	11,077	\$2,000
67	J1-06-067	7,851	\$2,000
68	J1-06-068	7,851	\$2,000
69	J1-06-069	7,851	\$2,000
70	J1-06-070	5,527	\$2,000
71	J1-06-071	5,192	\$2,000
72	J1-06-072	5,192	\$2,000
73	J1-06-073	5,192	\$2,000
74	J1-06-074	5,192	\$2,000
75	J1-06-075	5,192	\$2,000
76	J1-06-076	5,192	\$2,000
77	J1-06-077	5,192	\$2,000
78	J1-06-078	5,192	\$2,000
79	J1-06-079	5,192	\$2,000
80	J1-06-080	5,192	\$2,000
81	J1-06-081	5,192	\$2,000
82	J1-06-082	5,192	\$2,000
83	J1-06-083	5,192	\$2,000
84	J1-06-084	5,192	\$2,000
85	J1-06-085	5,560	\$2,000
86	J1-06-086	5,560	\$2,000
87	J1-06-087	6,157	\$2,000
88	J1-06-088	6,157	\$2,000
89	J1-06-089	5,557	\$2,000

LOT NO.	ASMT. NO.	AREA (SQ)	ASSESSMENT
91	J1-06-091	6,018	\$2,000
92	J1-06-092	5,722	\$2,000
93	J1-06-093	5,331	\$2,000
94	J1-06-094	5,331	\$2,000
95	J1-06-095	5,331	\$2,000
96	J1-06-096	5,331	\$2,000
97	J1-06-097	5,331	\$2,000
98	J1-06-098	5,331	\$2,000
99	J1-06-099	5,331	\$2,000
100	J1-06-100	5,331	\$2,000
101	J1-06-101	5,331	\$2,000
102	J1-06-102	5,331	\$2,000
103	J1-06-103	5,331	\$2,000
104	J1-06-104	5,331	\$2,000
105	J1-06-105	5,331	\$2,000
106	J1-06-106	5,331	\$2,000
107	J1-06-107	5,331	\$2,000
108	J1-06-108	5,331	\$2,000
109	J1-06-109	5,331	\$2,000
110	J1-06-110	5,331	\$2,000
111	J1-06-111	5,331	\$2,000
112	J1-06-112	5,331	\$2,000
113	J1-06-113	5,331	\$2,000
114	J1-06-114	5,331	\$2,000
115	J1-06-115	5,331	\$2,000
116	J1-06-116	5,331	\$2,000
117	J1-06-117	5,331	\$2,000
118	J1-06-118	5,331	\$2,000
119	J1-06-119	5,331	\$2,000
120	J1-06-120	5,331	\$2,000
121	J1-06-121	5,331	\$2,000
122	J1-06-122	5,331	\$2,000
123	J1-06-123	5,331	\$2,000
124	J1-06-124	5,331	\$2,000
125	J1-06-125	5,331	\$2,000
126	J1-06-126	5,331	\$2,000
127	J1-06-127	5,331	\$2,000
128	J1-06-128	5,331	\$2,000
129	J1-06-129	5,331	\$2,000
130	J1-06-130	5,331	\$2,000
131	J1-06-131	5,331	\$2,000
132	J1-06-132	5,331	\$2,000
133	J1-06-133	5,331	\$2,000
134	J1-06-134	5,331	\$2,000
135	J1-06-135	5,331	\$2,000
136	J1-06-136	5,331	\$2,000
137	J1-06-137	5,331	\$2,000
138	J1-06-138	5,331	\$2,000
139	J1-06-139	5,331	\$2,000
140	J1-06-140	5,331	\$2,000
141	J1-06-141	5,331	\$2,000
142	J1-06-142	5,331	\$2,000
143	J1-06-143	5,331	\$2,000
144	J1-06-144	5,331	\$2,000
145	J1-06-145	5,331	\$2,000
146	J1-06-146	5,331	\$2,000
147	J1-06-147	5,331	\$2,000
148	J1-06-148	5,331	\$2,000
149	J1-06-149	5,331	\$2,000
150	J1-06-150	5,331	\$2,000
151	J1-06-151	5,331	\$2,000
152	J1-06-152	5,331	\$2,000
153	J1-06-153	5,331	\$2,000
154	J1-06-154	5,331	\$2,000
155	J1-06-155	5,331	\$2,000
156	J1-06-156	5,331	\$2,000
157	J1-06-157	5,331	\$2,000
158	J1-06-158	5,331	\$2,000
159	J1-06-159	5,331	\$2,000
160	J1-06-160	5,331	\$2,000
161	J1-06-161	5,331	\$2,000
162	J1-06-162	5,331	\$2,000
163	J1-06-163	5,331	\$2,000
164	J1-06-164	5,331	\$2,000
165	J1-06-165	5,331	\$2,000
166	J1-06-166	5,331	\$2,000
167	J1-06-167	5,331	\$2,000
168	J1-06-168	5,331	\$2,000
169	J1-06-169	5,331	\$2,000
170	J1-06-170	5,331	\$2,000
171	J1-06-171	5,331	\$2,000
172	J1-06-172	5,331	\$2,000
173	J1-06-173	5,331	\$2,000
174	J1-06-174	5,331	\$2,000
175	J1-06-175	5,331	\$2,000
176	J1-06-176	5,331	\$2,000
177	J1-06-177	5,331	\$2,000
178	J1-06-178	5,331	\$2,000

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA 46
Lots 1 through 178, inclusive of Sun City Festival Parcel 11, recorded in Book 1033 of Maps, Page 8, Records of Maricopa County, Arizona.



(TOWN OF BUCKEYE, ARIZONA)
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT
SPECIAL ASSESSMENT AREA NO.6

ASSESSMENT NO.
J1-06-001 THRU J1-06-178
EXHIBIT C



NOTE: IMPROVEMENTS CONSIST OF PUBLIC INFRASTRUCTURE AS SHOWN IN THE FACILITY REPORT DATED AUGUST 18, 2008, ON FILE WITH THE DESIGN CLERK.
W.C. Scoutten, Inc.
Municipal Engineers and Planners
1676 North Litchfield Road, Suite 310, Goodyear, AZ 85395
Office: (623) 547-4681 Fax: (623) 547-4682

DATE: 9-4-09
SHEET NO. 2 OF 2

EXPIRES: 06/30/2010

WARRANT

By virtue hereof, I, Woodrow C. Scoutten of W.C. Scoutten, acting in its capacity of Superintendent of Streets of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), with respect to Assessment District No. 6 by virtue of the authority vested in W. C. Scoutten as said Superintendent of Streets, hereby authorize and empower the Treasurer of the District, his agents or assigns, to prepare and record in the office of the Superintendent of Streets a Treasurer's Return and Certificate of Unpaid Assessments without making a demand for cash payment of the assessments based upon the waiver by all the owners of assessed property within the District of their right to receive a demand for cash payment as set forth in the District's Waiver and Development Agreement. The District's Special Assessment Revenue Bonds, Series 2009 (the "*Bonds*") will be issued in the form and manner prescribed by Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and amendments and supplements thereto, to represent the cost and expenses of the work prescribed in the assessment, and notice is hereby given that the Bonds will be paid out of a special fund, collected in not to exceed fifteen (15) annual installments from the assessments of twenty-five dollars or more remaining unpaid at the date of the Bonds.

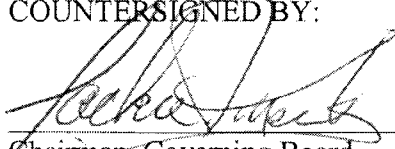
DATED: November 3, 2009

W.C. SCOUTTEN, as Superintendent of
Streets



Authorized Representative

COUNTERSIGNED BY:



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

ASSESSMENT

IN THE MATTER OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) PERTAINING TO THE ACQUISITION AND/OR CONSTRUCTION OF CERTAIN PUBLIC IMPROVEMENTS AND INFRASTRUCTURE WITHIN THE DISTRICT AND FINANCED BY THE ISSUANCE OF THE DISTRICT'S SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2009.

Pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and amendments and supplements thereto (the "*Act*") and pursuant to the Resolution of Intention No. 04-09, adopted by the Governing Board of the District on October 20, 2009 (the "*Resolution*"), W.C. Scoutten, Inc., acting in its capacity as Superintendent of Streets of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "*District*"), hereby assesses the costs of the public infrastructure purposes described hereafter, and apportions such costs as shown herein, upon the lots and parcels of land as described in the Resolution and this assessment and as shown on the Assessment Diagram and as described on *Exhibit A* (copies of which are attached hereto). The assessed costs shall be paid to the Treasurer of the District, its agents or assigns, to finance the acquisition and construction of public infrastructure (as such term is defined in the Act) described in the feasibility report, as amended, for this project (the "*Report*"), including, but not limited to, the acquisition of certain parcels of real property for public rights-of-way and easements, the reimbursement of the costs of constructing certain public infrastructure, the payment of costs related to the design of such improvements and the costs incurred in connection with the sale of the District's Special Assessment Revenue Bonds, Series 2009 (the "*Bonds*") described in the Resolution (collectively, the "*Projects*"), all of the above work or improvement to be done and financed in accordance with the Report on file in the offices of the Clerk and Superintendent of Streets.

The assessment of a portion of the costs of the Projects, the apportionment of said costs and the allocation of said costs to each lot, portion of lot, or parcel of land shown on the Assessment Diagram, is hereby assessed, apportioned and allocated pursuant to Sections 48-721(A) and 48-589, Arizona Revised Statutes, as amended, the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement (the "*Waiver Agreement*") by and among the District and all of the persons having an interest in the assessed parcels, and a supplemental agreement among the District and the owners of all of the assessed real property. The respective assessed amounts set forth below (which assessments shall bear interest at such rate necessary to pay the interest owing on the Bonds (as defined hereafter), and the costs of administering the collection of the assessments), do not exceed the benefits to be received and the assessed amounts are within the estimated costs and expenses of the Projects approved on October 20, 2009, by the Governing Body in Resolution No. 08-09, which resolution approved and authorized the levying of a total assessment in an amount not to exceed \$356,000. Opposite the description of each lot or parcel of land is set out the names of the owners of property as known and as shown on the most recently certified assessment roll for State and local taxes (the "*Owners*").

Pursuant to Section 48-721(A), Arizona Revised Statutes, as amended, this assessment is based on a portion of the actual costs of the Projects as known on the date hereof. The actual amount of any assessment is available from the Superintendent of Streets. In the Waiver Agreement, the Owners waived their rights to receive a demand for cash payment, consented to the recording of the assessment against the real property described in the Resolution and requested that all assessments go to bond. This assessment pertains to and will secure the payment of all the principal and interest of the Bonds.

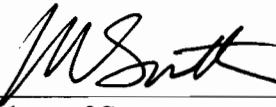
THE COST OF A PORTION OF THIS WORK ASSESSABLE AGAINST THE PARCELS TO BE BENEFITTED, IS \$356,000, AND IS MORE PARTICULARLY BROKEN DOWN AS FOLLOWS:

SUMMARY OF COSTS

Total Project Costs	\$274,720.00
Total Incidental Costs	<u>81,280.00</u>
GRAND TOTAL	\$356,000.00

DATED: October 21, 2009

RECORDED THIS 21st DAY OF OCTOBER, 2009, IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA).



Superintendent of Streets

I, Woodrow C. Scoutten, on behalf of the Superintendent of Streets of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona), do hereby certify that all charges stated are correct and that the computations and calculations of this Assessment are correct.



Superintendent of Streets

EXHIBIT A

Assessment Attachment

Owner: Pulte Home Corporation
15111 N. Pima Road
Suite 100
Scottsdale, Arizona 85260

Assessment Area No. 6

Assessment No.: 1

Parcel No. J-1

<u>Assessment Amount Per Lot*</u>	<u>Lot Numbers</u>	<u>Amount Paid Per Lot</u>	<u>Final Assessed Amount to go to Bond Per Lot</u>
\$2,000.00	1 - 178	\$-0-	\$2,000.00

Property Legal Description attached hereto as Exhibit A-1.

* Pursuant to the Waiver Agreement and other agreements entered into by the Owners, it was agreed prior to recording the assessment that no cash payment of the assessment would be made, therefore, the Final Assessment Amount to go to Bond reflects this parcel's proportionate share of costs related to the issuance of the special assessment revenue bonds.

(TOWN OF BUCKEYE, ARIZONA)
FESTIVAL RANCH
 COMMUNITY FACILITIES DISTRICT
 SPECIAL ASSESSMENT AREA NO. 6

LEGEND

-  FESTIVAL RANCH SPECIAL ASSESSMENT AREA (SAA) NO. 6
-  FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
-  LOT NO. ASSESSMENT MODIFICATION NO. ORIGINAL ASSESSMENT NO.

DISTRICT ENGINEER CERTIFICATION

I HEREBY CERTIFY THAT THE PARCEL BOUNDARIES SHOWN ARE DEPICTED ON THIS PLAN WERE SUPPLIED BY O&L CONSULTING AND ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ENGINEER _____ DATE _____
 APPROVED BY RESOLUTION NO. _____ AT A MEETING OF THE BOARD OF DIRECTORS OF THE SUN CITY FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT OF THE TOWN OF BUCKEYE, ARIZONA ON THE _____ DAY OF _____, 2009.
 DISTRICT CLERK _____ DATE _____
 SIGNED THIS _____ DAY OF _____, 2009.
 SUBMITTED: _____ SUPERINTENDENT OF STREETS _____ DATE _____

EXHIBIT C

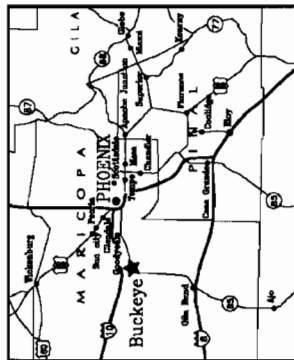
NOTE: IMPROVEMENTS CONSISTS OF PUBLIC INFRASTRUCTURE AS DEPICTED IN THE FEASIBILITY REPORT DATED AUGUST 18, 2009, ON FILE WITH THE DISTRICT CLERK.

W.C. Scoutten, Inc.
 Municipal Engineers and Planners
 1626 North Litchfield Road, Suite 310, Goodyear, AZ 85395
 Office (623) 547-4681 Fax (623) 547-4682

DATE: 9-9-09

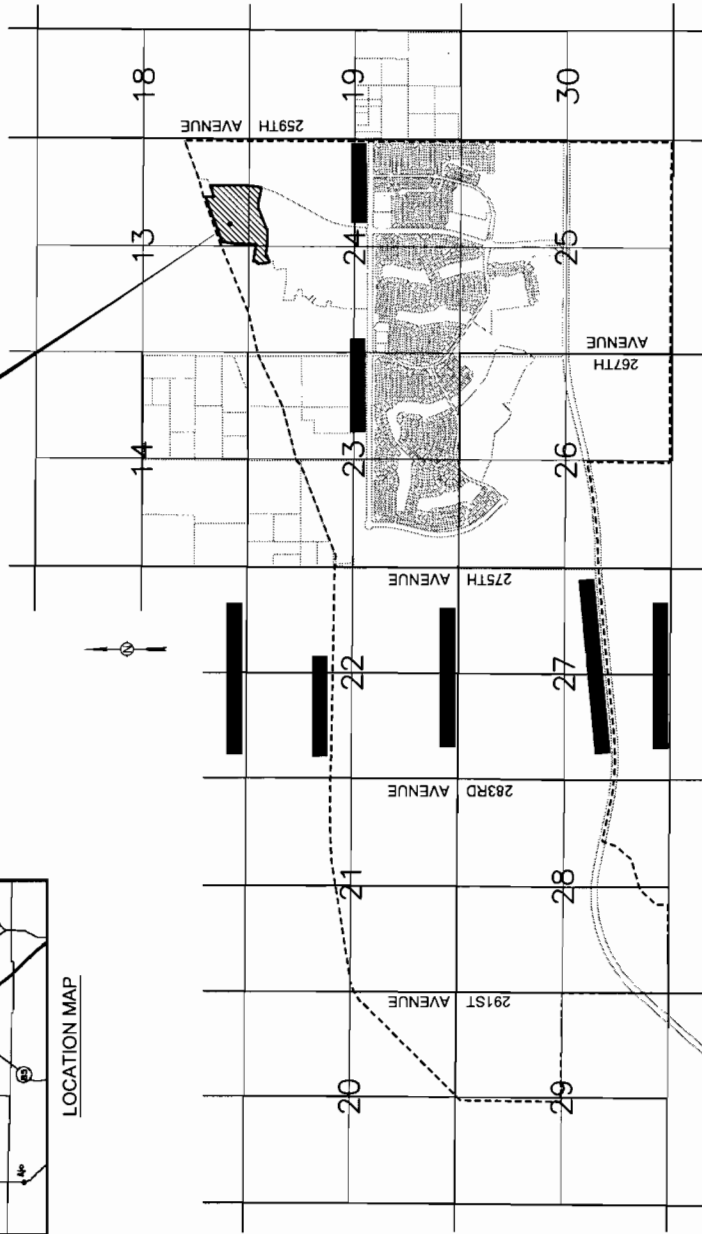
SHEET NO.

1 OF 2



LOCATION MAP

PARCEL J1
 SPECIAL ASSESSMENT
 AREA NO. 6
 (SEE SHEET 7 OF 7)



FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

SAD NO. 6 ASSESSMENT TABLE

REV. #	PARCEL	ASSESSMENT NO.	LOTS	DATE
1	J1	J1-06-001 thru J1-06-178	178	Sep-09

NOTE: LOT LAYOUT SHOWN ON SHEET 2.



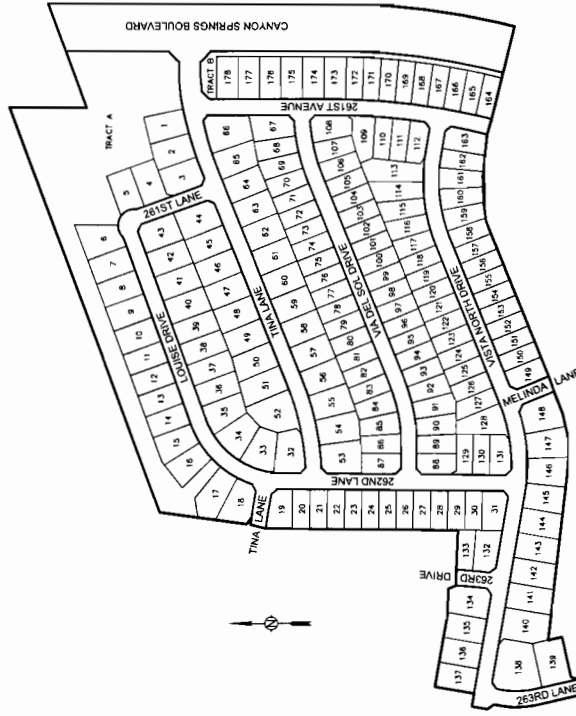
EXPIRES 06/30/2010

LEGAL DESCRIPTION FOR
SPECIAL ASSESSMENT AREA #6

Lots 1 through 178, inclusive, of Sun City Festival Parcel J1, recorded in Book 1013 of Maps, Page 8, Records of Maricopa County, Arizona.



LOT NO.	ASMT. NO.	AREA (SQ)	ASSESSMENT	LOT NO.	ASMT. NO.	AREA (SQ)	ASSESSMENT
1	J1-06-001	8,025	\$7,000	91	J1-06-090	5,745	\$5,000
2	J1-06-002	6,144	\$5,000	92	J1-06-091	6,018	\$5,000
3	J1-06-003	6,272	\$5,000	93	J1-06-092	5,722	\$5,000
4	J1-06-004	6,144	\$5,000	94	J1-06-093	5,811	\$5,000
5	J1-06-005	9,313	\$7,000	95	J1-06-094	5,181	\$5,000
6	J1-06-006	9,313	\$7,000	96	J1-06-095	5,181	\$5,000
7	J1-06-007	8,055	\$7,000	97	J1-06-096	5,181	\$5,000
8	J1-06-008	9,313	\$7,000	98	J1-06-097	5,181	\$5,000
9	J1-06-009	9,313	\$7,000	99	J1-06-098	5,181	\$5,000
10	J1-06-010	7,530	\$7,000	100	J1-06-099	5,181	\$5,000
11	J1-06-011	6,784	\$7,000	101	J1-06-100	5,181	\$5,000
12	J1-06-012	6,784	\$7,000	102	J1-06-101	5,181	\$5,000
13	J1-06-013	6,784	\$7,000	103	J1-06-102	5,181	\$5,000
14	J1-06-014	6,784	\$7,000	104	J1-06-103	5,181	\$5,000
15	J1-06-015	7,742	\$7,000	105	J1-06-104	5,181	\$5,000
16	J1-06-016	7,742	\$7,000	106	J1-06-105	5,181	\$5,000
17	J1-06-017	9,313	\$7,000	107	J1-06-106	5,181	\$5,000
18	J1-06-018	9,313	\$7,000	108	J1-06-107	5,181	\$5,000
19	J1-06-019	7,984	\$7,000	109	J1-06-108	5,181	\$5,000
20	J1-06-020	5,819	\$5,000	110	J1-06-109	5,181	\$5,000
21	J1-06-021	5,819	\$5,000	111	J1-06-110	5,554	\$5,000
22	J1-06-022	5,819	\$5,000	112	J1-06-111	5,554	\$5,000
23	J1-06-023	5,819	\$5,000	113	J1-06-112	5,681	\$5,000
24	J1-06-024	5,819	\$5,000	114	J1-06-113	9,662	\$7,000
25	J1-06-025	5,819	\$5,000	115	J1-06-114	6,517	\$5,000
26	J1-06-026	5,819	\$5,000	116	J1-06-115	6,517	\$5,000
27	J1-06-027	5,819	\$5,000	117	J1-06-116	5,900	\$5,000
28	J1-06-028	5,819	\$5,000	118	J1-06-117	5,900	\$5,000
29	J1-06-029	5,819	\$5,000	119	J1-06-118	5,170	\$5,000
30	J1-06-030	5,819	\$5,000	120	J1-06-119	5,170	\$5,000
31	J1-06-031	7,036	\$7,000	121	J1-06-120	5,170	\$5,000
32	J1-06-032	8,228	\$7,000	122	J1-06-121	5,170	\$5,000
33	J1-06-033	8,228	\$7,000	123	J1-06-122	5,170	\$5,000
34	J1-06-034	8,228	\$7,000	124	J1-06-123	5,170	\$5,000
35	J1-06-035	8,112	\$7,000	125	J1-06-124	5,170	\$5,000
36	J1-06-036	7,455	\$7,000	126	J1-06-125	5,005	\$5,000
37	J1-06-037	7,455	\$7,000	127	J1-06-126	5,005	\$5,000
38	J1-06-038	7,455	\$7,000	128	J1-06-127	5,005	\$5,000
39	J1-06-039	7,719	\$7,000	129	J1-06-128	5,005	\$5,000
40	J1-06-040	8,134	\$7,000	130	J1-06-129	5,005	\$5,000
41	J1-06-041	8,134	\$7,000	131	J1-06-130	6,318	\$7,000
42	J1-06-042	7,985	\$7,000	132	J1-06-131	7,253	\$7,000
43	J1-06-043	8,021	\$7,000	133	J1-06-132	5,311	\$5,000
44	J1-06-044	8,021	\$7,000	134	J1-06-133	5,311	\$5,000
45	J1-06-045	8,021	\$7,000	135	J1-06-134	7,700	\$7,000
46	J1-06-046	8,021	\$7,000	136	J1-06-135	7,700	\$7,000
47	J1-06-047	8,021	\$7,000	137	J1-06-136	10,725	\$7,000
48	J1-06-048	8,021	\$7,000	138	J1-06-137	10,725	\$7,000
49	J1-06-049	8,021	\$7,000	139	J1-06-138	11,093	\$7,000
50	J1-06-050	8,858	\$7,000	140	J1-06-139	8,607	\$7,000
51	J1-06-051	8,858	\$7,000	141	J1-06-140	8,607	\$7,000
52	J1-06-052	8,858	\$7,000	142	J1-06-141	8,607	\$7,000
53	J1-06-053	8,858	\$7,000	143	J1-06-142	8,160	\$7,000
54	J1-06-054	8,730	\$7,000	144	J1-06-143	8,160	\$7,000
55	J1-06-055	8,115	\$7,000	145	J1-06-144	8,115	\$7,000
56	J1-06-056	7,985	\$7,000	146	J1-06-145	8,115	\$7,000
57	J1-06-057	7,985	\$7,000	147	J1-06-146	8,115	\$7,000
58	J1-06-058	7,920	\$7,000	148	J1-06-147	8,895	\$7,000
59	J1-06-059	7,920	\$7,000	149	J1-06-148	9,196	\$7,000
60	J1-06-060	7,920	\$7,000	150	J1-06-149	5,060	\$5,000
61	J1-06-061	7,920	\$7,000	151	J1-06-150	5,060	\$5,000
62	J1-06-062	7,920	\$7,000	152	J1-06-151	5,060	\$5,000
63	J1-06-063	7,920	\$7,000	153	J1-06-152	5,060	\$5,000
64	J1-06-064	7,920	\$7,000	154	J1-06-153	5,060	\$5,000
65	J1-06-065	7,920	\$7,000	155	J1-06-154	5,060	\$5,000
66	J1-06-066	11,077	\$7,000	156	J1-06-155	5,060	\$5,000
67	J1-06-067	7,851	\$7,000	157	J1-06-156	5,060	\$5,000
68	J1-06-068	5,931	\$5,000	158	J1-06-157	5,060	\$5,000
69	J1-06-069	5,931	\$5,000	159	J1-06-158	5,975	\$7,000
70	J1-06-070	5,931	\$5,000	160	J1-06-159	5,975	\$7,000
71	J1-06-071	5,192	\$5,000	161	J1-06-160	6,219	\$7,000
72	J1-06-072	5,192	\$5,000	162	J1-06-161	6,219	\$7,000
73	J1-06-073	5,192	\$5,000	163	J1-06-162	6,219	\$7,000
74	J1-06-074	5,192	\$5,000	164	J1-06-163	7,160	\$7,000
75	J1-06-075	5,192	\$5,000	165	J1-06-164	5,400	\$5,000
76	J1-06-076	5,192	\$5,000	166	J1-06-165	5,400	\$5,000
77	J1-06-077	5,192	\$5,000	167	J1-06-166	5,400	\$5,000
78	J1-06-078	5,192	\$5,000	168	J1-06-167	5,400	\$5,000
79	J1-06-079	5,192	\$5,000	169	J1-06-168	5,400	\$5,000
80	J1-06-080	5,192	\$5,000	170	J1-06-169	5,400	\$5,000
81	J1-06-081	5,192	\$5,000	171	J1-06-170	5,400	\$5,000
82	J1-06-082	5,192	\$5,000	172	J1-06-171	5,400	\$5,000
83	J1-06-083	5,119	\$5,000	173	J1-06-172	5,400	\$5,000
84	J1-06-084	5,890	\$7,000	174	J1-06-173	7,015	\$7,000
85	J1-06-085	5,890	\$7,000	175	J1-06-174	6,900	\$7,000
86	J1-06-086	5,890	\$7,000	176	J1-06-175	6,900	\$7,000
87	J1-06-087	6,137	\$7,000	177	J1-06-176	6,900	\$7,000
88	J1-06-088	6,137	\$7,000	178	J1-06-177	6,900	\$7,000
89	J1-06-089	5,937	\$7,000				



(TOWN OF BUCKEYE, ARIZONA)
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT
SPECIAL ASSESSMENT AREA NO.6

ASSESSMENT NO.
J1-06-001 THRU J1-06-178

EXHIBIT C

NOTE: IMPROVEMENTS CONSISTS OF PUBLIC INFRASTRUCTURE AS DIRECTED IN THE FEASIBILITY REPORT DATED AUGUST 18, 2009, ON FILE WITH THE DISTRICT CLERK.



W.C. Scouter, Inc.
Municipal Engineers and Planners
1626 North Litchfield Road, Suite 310, Goodyear, AZ 85395
Office (623) 547-4661 Fax (623) 547-4662

DATE: 9-9-09

SHEET NO.

2 OF 2

EXPIRES 06/30/2010

TREASURER'S RETURN AND CERTIFICATE OF UNPAID ASSESSMENTS

TO: W.C. Scoutten, as Superintendent of Streets of
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona) Assessment District No. 6

Gail Reese, being duly sworn, says that she is the Finance Director of the Town of Buckeye, Arizona, and *ex officio* Treasurer of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), named in the annexed assessment, diagram, and warrant as the person empowered to collect the several assessments mentioned in such assessment; that said assessment for a portion of the total costs of certain work described therein was levied upon certain lots, portions of lots, or parcels of land, for the sum of THREE HUNDRED FIFTY SIX THOUSAND and 00/100 Dollars (\$356,000.00). Said assessments are payable to the Treasurer and were authorized and approved in Resolution No. 08-09 of the governing board of the District. The warrant on which this return is endorsed and the diagram hereto attached were recorded in the office of said Superintendent of Streets; that after said assessment, diagram and warrant were recorded, a duplicate of said diagram was filed with the District Clerk, the said assessment, diagram and warrant were delivered by the Superintendent of Streets to affiant as Treasurer; that, pursuant to the Waiver Agreement described in the assessment, the requirement to make demands for cash payment was waived by all the owners of all the assessed real property; and that the total of said assessments remains unpaid as described as follows:

A. Cash received	\$0.00
B. Amount remaining unpaid of less than \$25 per assessment	\$0.00
C. Amount remaining unpaid of more than \$25 per assessment	\$0.00
D. Total to bond	\$356,000.00

DATED: November 3, 2009

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

Treasurer

SUBSCRIBED AND SWORN to before me, a Notary Public, this 3rd day of
November, 2009.


Notary Public

My Commission expires:

01-18-2010

RETURN AND CERTIFICATE RECORDED ON November 3, 2009.

W.C. SCOUTTEN, as Superintendent of
Streets



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20091018372, 11/04/2009 10:43
00671800245A-2-1-1--
ELECTRONIC RECORDING

When recorded return to:

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

**NOTICE OF RECORDING OF ASSESSMENT
FOR THE
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 6
IN THE
OFFICE OF SUPERINTENDENT OF STREETS**

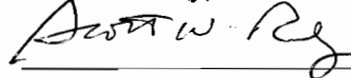
TO WHOM IT MAY CONCERN:

Please take notice that on October 21, 2009, the Superintendent of Streets of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District No. 6 recorded, in its office, the assessment pertaining to the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts 6 Special Assessment Revenue Bonds, Series 2009, which assessment encumbers and liens the real property described on Exhibit A hereto. Pursuant to Arizona Revised Statutes Section 48-721B, as amended, the assessment constitutes a first lien on the property assessed (described on Exhibit A hereto) subject only to general taxes and prior special assessments.

Information pertaining to the amount of the assessment, method of payment or prepayment and reallocation of the assessment may be addressed to the Superintendent of Streets, W. C. Scoutten, Inc. 1626 N. Litchfield Road, Suite 310, Goodyear, Arizona, Attention: Woodrow C. Scoutten or to Gust Rosenfeld P.L.C., 201 E. Washington Street, Phoenix, Arizona 85004-2327, Attention: Scott W. Ruby.

DATED: November 4, 2009

Scott W. Ruby, Town Attorney



Attachment:

Exhibit A: Legal Description of Assessed Property

Record in the Office of the Maricopa County Recorder

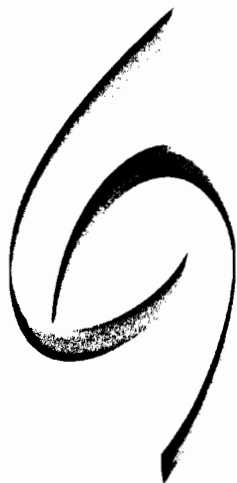
July 1, 2009

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #6

Lots 1 through 178, inclusive, of Sun City Festival Parcel J1, recorded in Book 1032 of Maps, Page 8, Records of Maricopa County, Arizona.



Expires: 9/30/ 2010



Scott Niebling VALUATION GROUP

SUMMARY APPRAISAL REPORT OF

A PARTIALLY DEVELOPED 178 LOT RESIDENTIAL SUBDIVISION

Parcel J1 Within Sun City Festival,
An Active Adult Master-Planned Community
In Buckeye, Arizona

DATE OF VALUATION

June 29, 2009

DATE OF REPORT

July 9, 2009

PREPARED FOR

Ms. Gail Reese
District Treasurer
Festival Ranch Community Facilities District
1101 East Ash Avenue
Buckeye, Arizona 85326

PREPARED BY

SCOTTNIEBLING VALUATION GROUP, LLC
3930 East Ray Road, Suite 180
Phoenix, Arizona 85044

SNVG File No. 9046S

© Copyright 2009



July 9, 2009

Ms. Gail Reese
District Treasurer
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
1101 East Ash Avenue
Buckeye, Arizona 85326

Subject: Summary Appraisal Of **A PARTIALLY DEVELOPED 178 LOT RESIDENTIAL SUBDIVISION** Identified as Parcel J1 Within Sun City Festival, An Active Adult Master-Planned Community In Buckeye, Arizona (SNVG File No. 9046S)

Dear Ms. Reese:

At your request, we have conducted the inspections, investigations and analysis necessary for the purpose of forming an opinion of the market value of the above captioned property in its "as is" condition as of June 29, 2009, the date of final inspection. As of the date of valuation, the 178 lot subdivision had been partially improved; i.e. streets were graded (unpaved), wet utilities (water and sewer) were in place and preliminary work had commenced on the installation of dry utilities (electric, telephone and cable). A final plat for the 178 lot subdivision has been approved by the town of Buckeye and recorded in the Maricopa County Recorder's office.

As noted, the value addressed in this appraisal is the "as is" market value of subject as of the valuation date; i.e. the value of the subject property in its condition as of the date of valuation. The subdivision value conclusion(s) reflect a "bulk value" basis, which is defined as the value of a property typically consisting of multiple parcels, as if sold to a single buyer. It is not the sum of the retail values.

The appraisal has been prepared at the request of Ms. Gail Reese, District Treasurer, 1101 East Ash Avenue, Buckeye, Arizona in behalf of the Festival Ranch Communities Facilities District, with the intent of complying with:

- ◆ The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- ◆ The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

Ms. Gail Reese
July 9, 2009
Page 2

The definition of market value used in this report is in conformance with the Uniform Standards of Professional Appraisal Practice, effective January 1, 2008 through December 31, 2009 and Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and is quoted as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The property rights addressed in this report represent the Fee Simple Estate, which is defined as follows:

"Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation."

This appraisal is presented in a Summary Report format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the USPAP. This report incorporates, to the fullest extent possible, the practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. Burke Hansen, LLC used all appropriate approaches to value. The value conclusion reflects all known information regarding the subject, market conditions and available data. This report also includes thorough descriptions of the subject and market for the property type.

It is our opinion that the unencumbered "As Is" Market Value of the fee simple interest of the subject property, on a cash basis, under market conditions prevailing as of June 19, 2009, which corresponds to the date of our final inspection was as follows:

"AS IS" MARKET VALUE
(178 partially completed residential lots)
SEVEN MILLION FIVE HUNDRED EIGHTY THOUSAND DOLLARS
(\$7,580,000)

Ms. Gail Reese
July 9, 2009
Page 3

The subject property is being appraised in connection with the Festival Ranch Community Facilities District Special Assessment No. 6. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the market value be deducted from the "as is" market value of the subject property. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. *The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; rather it reflects a special instruction from the client. This value is not market value.*

**"AS IS" MARKET VALUE
LESS 5% CFD ADMINISTRATIVE FEE**

**SEVEN MILLION TWO HUNDRED THOUSAND DOLLARS
(\$7,200,000)**

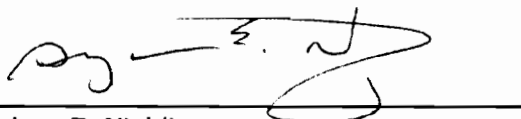
Disclosure of the contents of this appraisal report is governed by the By-laws and Regulations of the Appraisal Institute. Neither all, nor any part, of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm of ScottNiebling Valuation Group, LLC, nor any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, or any other public means of communication, without prior written consent and approval of the undersigned.

THIS LETTER MUST REMAIN ATTACHED TO THE ACCOMPANYING REPORT IN ORDER FOR THE VALUE OPINION SET FORTH TO BE CONSIDERED VALID.

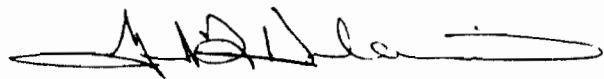
We thank you for this opportunity to be of service and look forward to your continued patronage in the future.

Respectfully submitted,

SCOTTNIEBLING VALUATION GROUP, LLC



Stephen E. Niebling
Certified General Real Estate Appraiser
(Arizona No. 30879)



Frank R. Kleinman, MAI
Certified General Real Estate Appraiser
(Arizona No. 30207)

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Project Name: Sun City Festival Parcel J1

Location: Approximately 1 mile north of the northwest corner of Canyon Springs Boulevard and Beardsley Parkway in Buckeye, Arizona

Property Description: A 178 lot single family subdivision within which lot sizes vary from 46 feet to 80 feet wide

Purpose of the Analysis: The "as is" market value of the partially completed 178 lot subdivision.

Property Ownership: Pulte Homes Corporation, 15111 North Pima Road, Suite 100, Scottsdale, Arizona

Intended Use(s) of Appraisal: To be used in connection with the sale of \$356,000, Festival Ranch Community Facilities District (Town of Buckeye, Arizona), Special Assessment District No. 6 (Parcel J1), Special Assessment Revenue Bonds, Series 2009.

Date of Report: July 9, 2009

Date of Valuation: June 29, 2009

Property Rights Appraised: Fee Simple Interest

Property Size: Gross Area: 43.475 acres
Net Area: 39.709 acres

Lox Mix:

<u>Lot Width</u>	<u>No. of Lots</u>
46'	104
60'	22
70'	50
<u>80'</u>	<u>2</u>
Total	178

Assessor's Tax Parcel Nos.: 510-55-660 through 510-55-837

Zoning: Town of Buckeye PR – Planned Residential

Flood Zone: Flood Zone X; flood insurance not required

Highest and Best Use: Development as a 178 lot single family subdivision

Hypothetical "As If Complete" Market Value:	\$8,400,000 (As if the 178 lots were in finished condition)
"As Is" Market Value:	\$7,580,000 (As partially completed)
"As Is" Market Value Less 5% CFD Admin. Fee:	\$7,200,000

TABLE OF CONTENTS

CERTIFICATION	1
GENERAL ASSUMPTIONS AND LIMITING CONDITIONS	2
EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS	6
EXTRAORDINARY ASSUMPTIONS.....	6
HYPOTHETICAL CONDITIONS.....	6
SPECIAL APPRAISAL INSTRUCTIONS.....	6
SCOPE OF WORK	7
INTRODUCTION and purpose of this appraisal	13
IDENTIFICATION OF THE SUBJECT PROPERTY.....	13
PURPOSE OF THIS APPRAISAL.....	13
LEGAL DESCRIPTION.....	13
INTENDED USER(S) AND USE(S) OF THE APPRAISAL.....	16
DATE OF REPORT.....	16
DATE OF VALUATION.....	16
INTEREST APPRAISED.....	16
VALUE DEFINITIONS.....	16
CURRENT OWNERSHIP/OWNERSHIP HISTORY.....	17
CURRENT SALES ACTIVITY.....	17
REGIONAL AND NEIGHBORHOOD ANALYSIS	18
REGIONAL OVERVIEW.....	18
NEIGHBORHOOD ANALYSIS.....	21
NEIGHBORHOOD BOUNDARIES.....	21
EXPANDED NEIGHBORHOOD DESCRIPTION.....	21
DESCRIPTION OF THE SUBJECT PROPERTY	25
TOPOGRAPHY.....	32
SOIL.....	32
UTILITIES.....	34
FLOODPLAIN AND DRAINAGE.....	34
ZONING.....	34
EASEMENTS AND RESTRICTIONS.....	34
ENVIRONMENTAL HAZARDS AND CONCERNS.....	35
ASSESSED VALUATION AND REAL ESTATE TAXES.....	35
SPECIAL ASSESSMENTS.....	35
SITE IMPROVEMENTS.....	37
RESIDENTIAL MARKET ANALYSIS	38
METROPOLITAN PHOENIX OVERVIEW.....	38
COMPETITIVE MARKET AREA.....	42
CONCLUDING REMARKS – RESIDENTIAL MARKET ANALYSIS.....	56
HIGHEST AND BEST USE	57
LEGALLY PERMISSIBLE.....	57
PHYSICALLY POSSIBLE.....	57
FINANCIALLY FEASIBLE.....	58
MAXIMALLY PRODUCTIVE.....	58
HIGHEST AND BEST USE CONCLUSION.....	59

VALUATION METHODOLOGY	60
VALUATION PROCESS	60
APPLICABLE VALUATION METHODOLOGY	61
INCOME CAPITALIZATION APPROACH	63
APPLICABLE METHODOLOGY	63
STATIC RESIDUAL MODEL	64
YIELD ANALYSIS	73
RECONCILIATION	77
HYPOTHETICAL "AS IF COMPLETE" MARKET VALUE.....	77
"AS IS" MARKET VALUE	78
EXPOSURE TIME ANALYSIS	80
 ADDENDUM	
ITEM A –APPRAISERS' QUALIFICATIONS	

CERTIFICATION

We certify to the best of our knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of The Appraisal Foundation, and with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

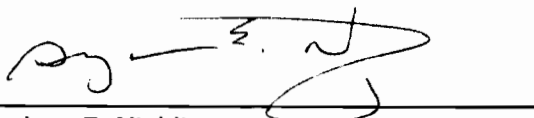
Stephen E. Niebling and Frank R. Kleinman have made a personal inspection of the property that is the subject of this report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

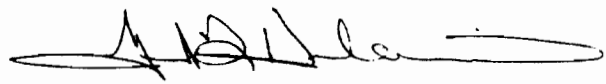
As of the date of this report, Frank R. Kleinman has not completed the requirements of the continuing education program of the Appraisal Institute.

Stephen E. Niebling and Frank R. Kleinman have the appropriate knowledge, education, and experience to complete this appraisal assignment in a competent manner.

No one provided significant professional assistance to the person(s) signing this report.



Stephen E. Niebling
Certified General Real Estate Appraiser
(Arizona No. 30879)



Frank R. Kleinman, MAI
Certified General Real Estate Appraiser
(Arizona No. 30207)

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated, and all improvements (if any) are assumed to lie within property boundaries.
2. The property is appraised assuming responsible ownership and competent management.
3. Information furnished by others, upon which all or portions of this appraisal are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors.
5. The property is appraised assuming it to be in full compliance with all applicable federal, state, and local zoning, use, occupancy, environmental and similar regulations and laws, unless otherwise stated. The typical due diligence expected of an appraiser was performed in this assignment, but a comprehensive examination of laws and regulations affecting the subject property was not undertaken.
6. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based, unless otherwise stated. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns regarding these items since the appraisers have not made a comprehensive examination of laws and regulations affecting the subject property.
7. The appraisers have made no survey of the property and no responsibility is assumed in connection with such matters. Maps, plats and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purposes, nor should they be removed from, reproduced, or used apart from this report.

Where site and improvement areas are shown, they represent the best information available.

8. Generally, no consideration has been given in this appraisal as to the value of any personal property located on the premises, or the cost of moving or relocating such personal property.
9. The allocation, if any, of the total valuation in this appraisal between land, buildings, and other classifications applies only under the stated program of utilization. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.
10. Neither ScottNiebling Valuation Group, LLC nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements therefor have been made a reasonable time in advance.
11. One (or more) of the signatories of this appraisal report is either a designated member or associate member of the Appraisal Institute. The Bylaws and Regulations of the Appraisal Institute require each designated and associate member to control the use and distribution of each appraisal report signed by such designated or associate member. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising, media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.
12. It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact our office.
13. Neither all, nor any part of the content of this report, or copy thereof (including conclusions as to value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected), shall be used for any purposes by anyone other than the intended users identified in the report, and no other parties shall have any right to use or rely upon this appraisal for any purpose without the previous written consent of the signatories of this appraisal report.
14. All opinions of value are based on the appraisers' analyses and conclusions as of the effective date of value. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or

circumstances affecting the property's market value that may take place subsequent to the effective date of value.

15. Client shall indemnify and hold ScottNiebling Valuation Group, LLC and its personnel from and against any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of ScottNiebling Valuation Group, LLC personnel involved but excluding consequential, special incidental or punitive damages) brought against, paid or incurred by ScottNiebling Valuation Group, LLC at any time and in any way arising out of a breach by client of its obligations under the agreement to perform this assignment.
16. The appraiser has personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report. However, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes can be assumed without provision of specific professional or governmental inspections. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report. If concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.
17. We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we are aware of any problems of this nature, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. No chemical or scientific tests were performed by the appraisers on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report. It is imperative for the client to retain the services of a qualified, independent engineer to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof.
18. The reader should note that the subject property may be subject to the requirements of the Americans With Disabilities ACT (ADA), a federal law codified at

42 USC Section 12101 et seq. Among other requirements of the ADA that could apply to this property, Title III of the ADA requires owners and tenants of "public accommodations" to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons by January 26, 1992 (the regulations under Title III of the ADA are codified at 28 CFR Part 36). The reader should note that the appraisers have not made a specific compliance survey and analysis of this property to determine if it is in conformity with the requirements of the ADA. Non-compliance could have a negative effect upon the value of the property.

19. Any prospective value opinion (if applicable) is considered to be an extraordinary assumption and will be predicated upon market conditions forecast to exist as of corresponding prospective date of value. As such, the appraiser cannot be held responsible for unforeseeable events that alter market conditions subsequent to the effective date of the appraisal.
20. In order to provide the conclusions and opinions articulated in this valuation report, the appraiser(s) must rely upon the full extent of the investigation and analysis derived for this assignment. Consequently, the use of this intellectual work is controlled through copyright, for all portions other than those that have referenced sources and/or credits. Use of any copyrighted portion of this report, by anyone who does not have written permission from a duly authorized agent of ScottNiebling Valuation Group, LLC will be construed to be "willfully" perpetrated. As an infringement, any such unauthorized use will be subject to statutory as well as punitive damages and attorney's fees, as are available to the copyright owner in court actions.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."¹

There are no extraordinary assumptions upon which the opinion of value is based.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "that which is contrary to what exists, but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis."²

In order to estimate the "as is" value of the subject property, an estimate of the hypothetical "as if complete" value is required. The "as if complete" value assumes that 178 lots are finished and ready for vertical development as of the date of valuation. Because construction of the 178 lots will not be completed until sometime in late 2009, the "as if complete" value reflects the incorporation of a hypothetical condition.

SPECIAL APPRAISAL INSTRUCTIONS

The subject property is being appraised as part of the Festival Ranch Communities Facilities District. As such, the client (Festival Ranch Communities Facilities District) requires an administrative fee of 5% of the estimated value of the subject property be deducted from the "as is" market value of the property. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the district. The fee is to cover administrative and sales cost. The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; it reflects a special instruction from the client.

¹ Uniform Standards of Professional Appraisal Practice, 2008-2009 Edition, Appraisal Standards Board of the Appraisal Foundation, January 1, 2008, pg. U-3.

² Ibid.

SCOPE OF WORK

The scope of work encompasses the necessary research and analysis in accordance with the intended use. This appraisal report is presented in a summary format, as defined by the 2008-2009 Edition of Uniform Standards of Professional Appraisal Practice. The report includes a description of the information utilized and the methodology used in reaching an estimate of value and the various factors affecting the valuation. In regard to the subject property the appraisal involved the following steps:

- Onsite inspection of the property and surrounding neighborhood was conducted on June 29, 2009.
- Information regarding Sun City Festival (land planning, entitlements and construction) was provided by Pulte Homes Inc., 15111 North Pima Road, Suite 100, Scottsdale, Arizona (developer). This data has been accepted as being correct and no effort has been made to confirm it with a second source.
- The Neighborhood section was based upon a physical inspection of the area as well as data from the town of Buckeye. The Regional and Market Analysis were compiled from a variety of sources as specifically cited.
- Additional data for the subject parcel were obtained from the town of Buckeye Planning and Zoning Department, Maricopa County Assessor's and Treasurer's offices and flood maps provided by the Federal Emergency Management Agency (FEMA).
- The general area surrounding the subject's neighborhood was also inspected for the purpose of identifying the market area boundaries within which comparable properties would most likely be located. A general study of the residential, commercial and industrial markets were also made to help determine and confirm the highest and best use of subject. General market data contained within this report have been gathered from a variety of public sources available in the subject marketplace including Hanley Wood Market Intelligence, Landscor Research, ABC Demographic Consultants, Inc., Belfiore Real Estate Consulting, CoStar Realty Information, Arizona State University and United States Department of Commerce.
- Several real estate brokers and developers were consulted and interviewed regarding general market data, comparable sales data, their opinions of investor return requirements, and current and future market expectations.
- CoStar Comps and County Assessor records were also searched to identify comparable raw land sales for valuation purposes (see Appraisal Methodology section of this report).
- The data generated from these investigations was then analyzed and reconciled using various valuation methodologies for the purposes of forming an opinion of "as is"

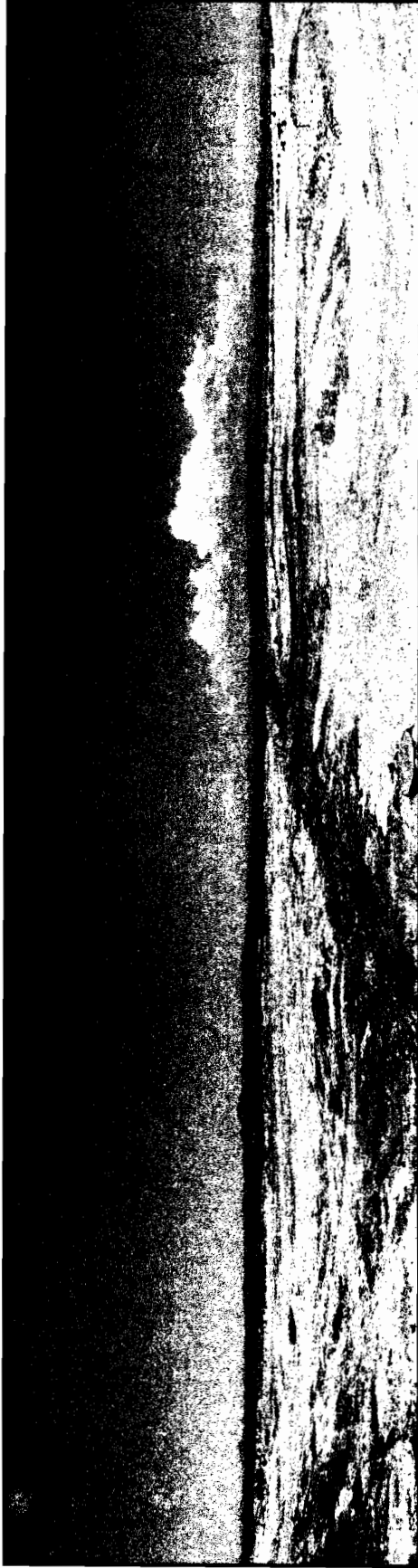
market value, assuming cash or equivalent financing terms. The final step involved the organization and drafting of the report. The reader's attention is invited to the introductory sections of each valuation analysis for specific details on the individual methodologies.

Any comparable sales utilized in the valuation of the subject property, as well as the subject property, have been inspected by Stephen E. Niebling and Frank Kleinman. No other person(s) provided significant professional assistance to the person(s) signing this report.

SUBJECT PHOTOGRAPHS
June 29, 2009



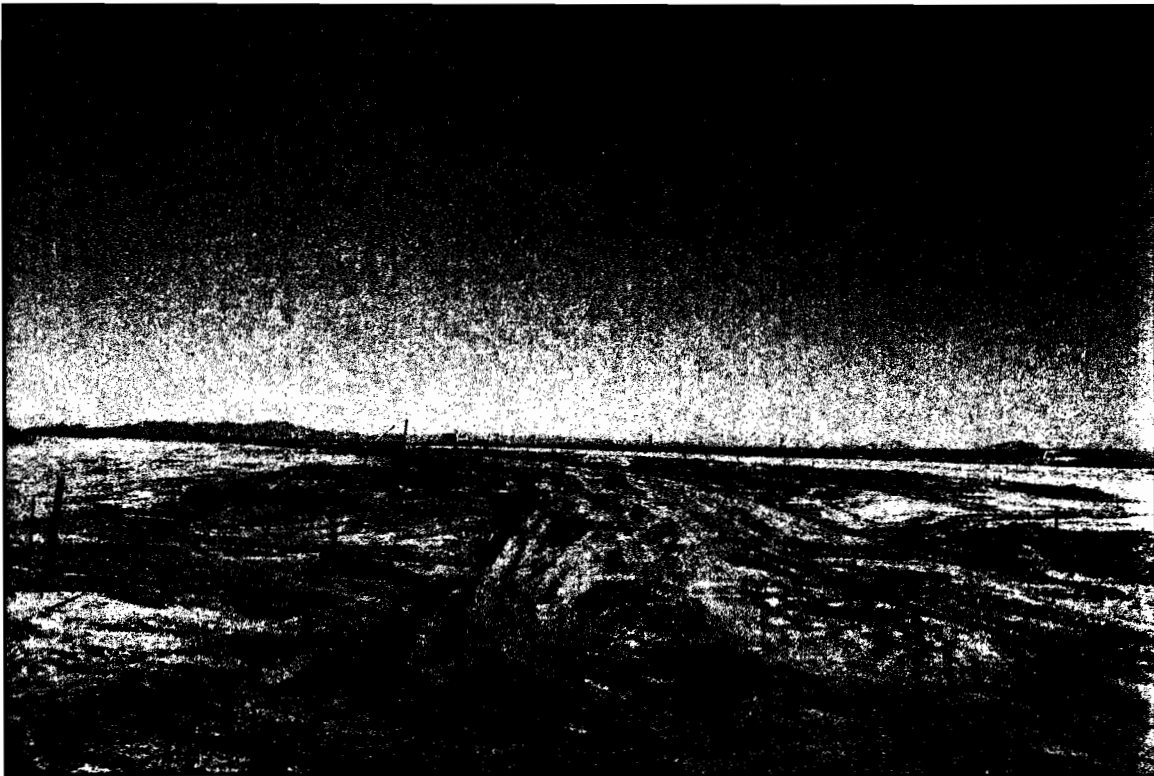
LOOKING NORTH ALONG 261ST AVENUE FROM SUBJECT SOUTHEAST CORNER



LOOKING NORTH ALONG 262ND AVENUE ALIGNMENT (DRY UTILITIES BEING INSTALLED)



LOOKING NORTH ALONG 262ND AVENUE



LOOKING WEST ALONG VISTA DRIVE ALIGNMENT

INTRODUCTION AND PURPOSE OF THIS APPRAISAL

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this summary appraisal is a 178 lot subdivision of partially completed residential lots known as Parcel J1 of Sun City Festival in Buckeye, Arizona. Sun City Festival is a multi-phase, 3,100 acre active adult community, most of which is north of Sun Valley Parkway between the Canyon Springs Boulevard and 291st Avenue. Parcel J1 is at the northeast corner of the Sun City Festival project. Its location within the Sun City Festival community is illustrated on the map on the following page.

PURPOSE OF THIS APPRAISAL

The purpose of this report is to estimate the "as is" market value of the partially completed 178 lot subdivision known as "Parcel J1" within the Sun City Festival project. The report has been prepared at the request of Ms. Gail Reese, District Treasurer, 1101 East Ash Avenue, Buckeye, Arizona in behalf of the Festival Ranch Community's Facilities District. The appraisal has been prepared with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of the Appraisal Institute.

LEGAL DESCRIPTION

The 178 lot subdivision is within the Southeast Quarter of Section 13 and the North half of Section 24, Township 4 North, Range 4 West of the Gila Salt River Base and Meridian in Maricopa County, Arizona. It is more specifically identified as:

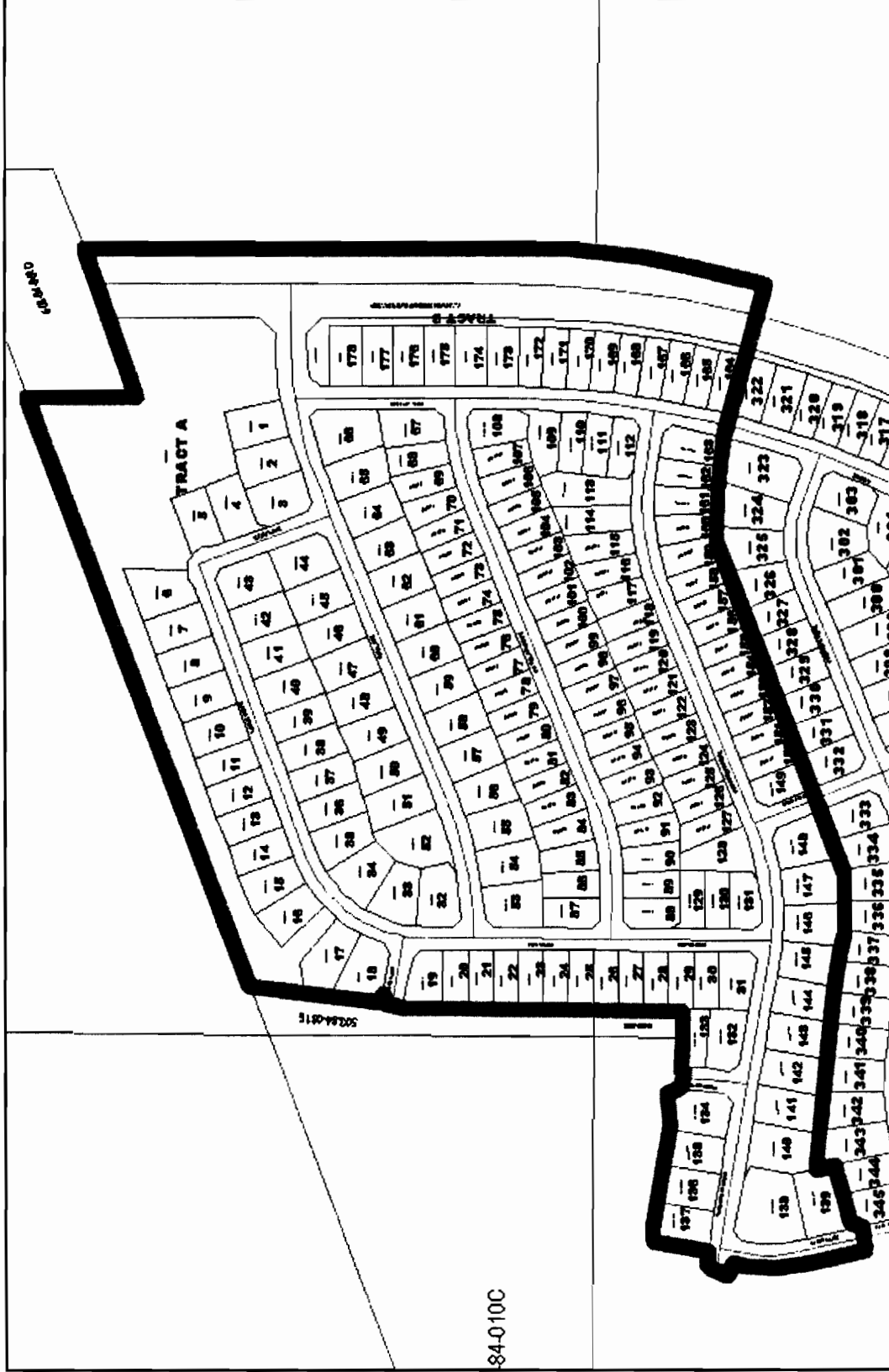
Lots 1 through 178, Sun City Festival Parcel J1, as recorded in Book 1032, Map 8 in the Office of the Maricopa County Recorder, Maricopa County, Arizona.

The 178 lots are further identified by the Maricopa County Assessor's Office by the following tax parcels:

510-05-660 through 837

A copy of the assessor's map showing the 178 platted lots is included on page 15.

ASSESSOR'S MAP



INTENDED USER(S) AND USE(S) OF THE APPRAISAL

As noted above, the appraisal has been prepared for Festival Ranch Communities Facilities District, Attn: Ms. Gail Reese, District Treasurer, 1101 East Ash Avenue, Buckeye, Arizona. It is understood the intended user(s) of the appraisal include Festival Ranch Communities Facilities District, its underwriter and bond council as well as potential qualified investors in the proposed limited, private bond offering.

The report has been prepared for the sole use of the intended users identified above; no other parties may rely upon the findings of this report other than those referenced.

DATE OF REPORT

The report was prepared as of July 9, 2009.

DATE OF VALUATION

The date of valuation is June 29, 2009, the final date the property was inspected.

INTEREST APPRAISED

The interest addressed in this appraisal is that of the Fee Simple Estate which is defined as follows:

Absolute ownership unencumbered by any other interest or estate, subject only to limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.³

VALUE DEFINITIONS

Market value, as used in this appraisal report is defined as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and each acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;

³ The Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute, Chicago, Illinois, 2002, p. 113.

- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.⁴

"As is" value, as used in this report, is defined as:

"an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared."⁵

The subdivision value conclusion(s) reflect a "bulk value" basis, which is defined as the value of a property typically consisting of multiple parcels, as if sold to a single buyer. It is not the sum of the retail values.

CURRENT OWNERSHIP/OWNERSHIP HISTORY

The majority of the land which comprises the 3,100± acres of Sun City Festival was acquired by Pulte Homes Corporation from 10,000 West LLC (The Lyle Anderson Company) in May 2004 for a recorded purchase price of \$33,818,541. According to sources familiar with the transaction, the purchase contract also includes deferred compensation due to the seller in the amount of 2.25% of the sales price of each dwelling unit sold by Pulte Homes.

The owner of record, as carried on the treasurer's rolls of Maricopa County is Pulte Home Corporation, 15111 North Pima Road, Suite 100, Scottsdale, Arizona. No other sales involving subject were discovered during a search of public records for the past three years.

CURRENT SALES ACTIVITY

As of the date of valuation, we are unaware of any pending sale contracts involving the subject property.

⁴ "12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994."

⁵ Appraisal Policies and Practices of Insured Institutions and Service Corporations, Federal Home Loan Bank Board, "Final Rule," 12 CFR Parts 563 and 571, December 21, 1987.

REGIONAL AND NEIGHBORHOOD ANALYSIS

REGIONAL OVERVIEW

The subject property is within the northwest quadrant of metropolitan Phoenix in Maricopa County. It is within the northern part of the town of Buckeye and its location in relation to various municipal (city hall) buildings is summarized as follows:

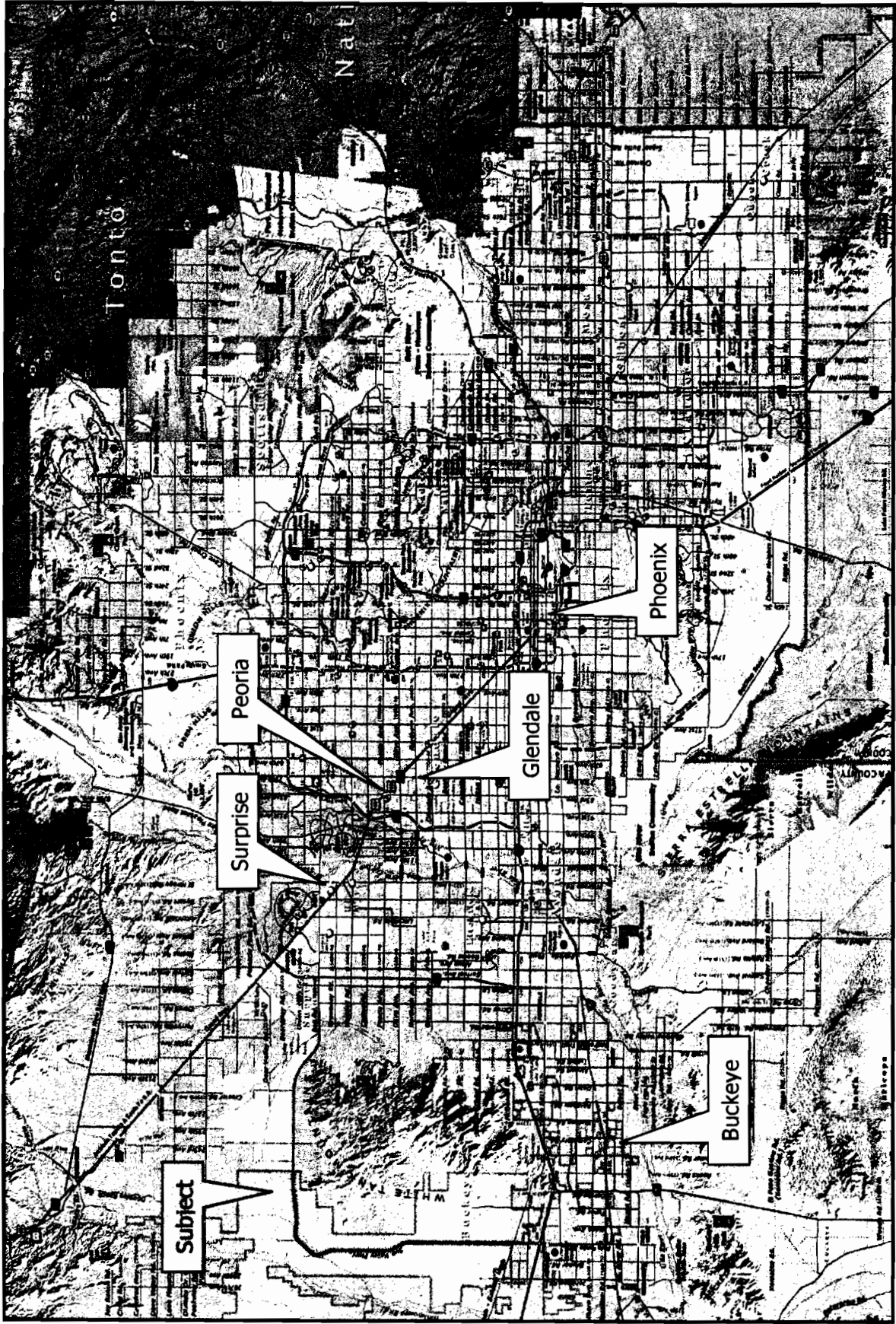
- It is about 20 miles north of "downtown" Buckeye
- It is about 16 miles northwest of "downtown" Surprise
- It is about 22 miles northwest of "downtown" Peoria
- It is about 26 miles northwest of "downtown" Glendale
- It is about 36 miles northwest of "downtown" Phoenix

Its location in the northwestern part of metropolitan Phoenix and its relationship to the other communities comprising the northwestern part of metropolitan Phoenix is indicated on following page.

The overall economic condition of the town of Buckeye is tied to the rest of metropolitan Phoenix, which is currently in a major (local and well as national) recession. Metropolitan Phoenix is in the south-central portion of the state of Arizona within Maricopa County and includes portions of Pinal County as well. Although the metropolitan area accounts for less than half of the total land area contained within Maricopa County, nearly all of the population within the county is located in the Phoenix metropolitan area. Total population is currently estimated to be over 3.9 million, which ranks the Phoenix metropolitan area as the fourth largest among all U.S. urban areas. A mild climate, relatively level topography, employment opportunity, affordable housing, and reasonable taxation have generally been considered the major reasons for the rapid growth of the Phoenix metropolitan area, both in the form of permanent relocations and temporary visitors.

The metropolitan Phoenix economy is in the midst of a recession which began in late 2007 as a result of the downturn in the residential sector and turmoil in the financial markets. As a result of the downturn in the economy, the metropolitan Phoenix area lost approximately 90,000 jobs during 2008 after five years of employment growth. The table below summarizes employment growth for the metropolitan Phoenix market since 2000.

METROPOLITAN PHOENIX MAP



METROPOLITAN PHOENIX EMPLOYMENT 2000-2008									
Employment Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008
Manufacturing	161,100	150,300	135,000	128,300	129,000	132,200	132,900	138,900	131,100
Mining & Construction	125,700	127,800	125,700	128,900	140,900	163,100	184,600	186,800	184,600
Trade, Transportation, Utilities	321,400	318,200	319,000	321,500	333,200	354,500	373,800	392,000	372,500
Information	42,000	41,300	39,100	37,200	34,300	32,900	32,100	31,800	29,900
Financial Activities	126,300	128,800	130,400	132,900	137,700	145,600	151,100	157,900	147,600
Services	606,200	604,500	610,800	626,500	661,600	706,100	751,600	808,700	776,700
Government	195,700	188,600	197,100	200,600	204,500	208,800	212,400	236,700	220,800
Total	1,578,400	1,559,500	1,557,100	1,575,900	1,641,200	1,743,200	1,838,500	1,952,800	1,863,200
Job Growth	53,300	(18,900)	(2,400)	18,800	65,300	102,000	95,300	114,300	(89,600)
% Job Growth	3.49%	-1.20%	-0.15%	1.21%	4.14%	6.21%	5.47%	6.22%	-4.59%

Source: Arizona Workforce Informer, January 2009

Although the average unemployment rate for 2008 was 4.6%, unemployment in metropolitan Phoenix increased notably over the second half of 2008. By December 2008, unemployment reached 6.3%.

Population growth which has been a stalwart of the metropolitan Phoenix area has also been declining for the past two years. Population growth statistics for the largest metropolitan Phoenix communities are summarized in the following table.

POPULATION GROWTH 2000-2008 FOR LARGEST METROPOLITAN PHOENIX CITIES									
City	2000	2001	2002	2003	2004	2005	2006	2007	2008
Chandler	176,970	186,875	194,390	208,450	220,705	231,785	236,155	241,205	244,376
*Growth	4.72%	5.60%	4.02%	7.23%	5.88%	5.02%	1.89%	2.14%	1.31%
Gilbert	108,745	122,360	133,640	151,290	164,685	178,000	186,860	203,656	214,820
*Growth	7.80%	12.52%	9.22%	13.21%	8.85%	8.09%	4.98%	8.99%	5.48%
Glendale	211,555	224,970	227,495	230,610	233,330	236,030	243,715	246,076	248,435
*Growth	1.70%	6.34%	1.12%	1.37%	1.18%	1.16%	3.26%	0.97%	0.96%
Mesa	388,185	414,075	427,550	434,215	447,130	452,355	451,855	456,344	459,682
*Growth	3.60%	6.67%	3.25%	1.56%	2.97%	1.17%	-0.11%	0.99%	0.73%
Peoria	108,295	117,200	122,655	126,410	132,300	137,285	146,200	151,541	155,557
*Growth	7.00%	8.22%	4.65%	3.06%	4.66%	3.77%	6.49%	3.65%	2.65%
Phoenix	1,249,450	1,344,775	1,365,675	1,387,670	1,416,055	1,452,825	1,509,765	1,538,568	1,561,485
*Growth	0.70%	7.63%	1.55%	1.61%	2.05%	2.60%	3.92%	1.91%	1.49%
Scottsdale	207,145	209,960	214,090	217,555	221,130	223,835	237,480	240,126	242,337
*Growth	1.20%	1.36%	1.97%	1.62%	1.64%	1.22%	6.10%	1.11%	0.92%
Tempe	162,000	159,435	159,425	159,615	160,820	160,735	165,900	167,871	172,641
*Growth	0.00%	-1.58%	-0.01%	0.12%	0.75%	-0.05%	3.21%	1.19%	2.84%
Other	378,905	412,475	451,330	481,060	528,020	575,695	628,825	662,101	688,609
*Growth	8.20%	8.86%	9.42%	6.59%	9.76%	9.03%	9.23%	5.29%	4.00%
Maricopa Co.	2,991,250	3,192,125	3,296,250	3,396,875	3,524,175	3,648,545	3,806,755	3,907,492	3,987,942
	2.70%	6.72%	3.26%	3.05%	3.75%	3.53%	4.34%	2.65%	2.06%

The metropolitan Phoenix economy will continue to struggle through the remainder of 2009 with considerable uncertainty for 2010 and beyond.

NEIGHBORHOOD ANALYSIS

As part of the valuation process, a neighborhood analysis and its affect on value requires discussion as well as a formal definition:

A neighborhood can be described as a portion of a larger community, or an entire community, in which there is a homogenous grouping of inhabitants, buildings, or business enterprises. Inhabitants of a neighborhood usually have a more than casual community of interest. Neighborhood boundaries may consist of well-defined natural or man-made barriers or they may be more or less well-defined by a distinct change in land use or in the character of the inhabitants.⁶

NEIGHBORHOOD BOUNDARIES

Referencing the definition stated above, subject's neighborhood boundaries could be defined as encompassing the Sun City Festival and Festival Foothills communities. The area defined here encompasses about three square miles and is a standalone neighborhood; i.e. there is currently no other development (of any kind) having meaningful proximity to subject. In an effort to provide the reader with a more complete picture of past, ongoing (to the extent there is any) and future development potential of this general area of west metropolitan Phoenix, the following broadened neighborhood discussion is included.

EXPANDED NEIGHBORHOOD DESCRIPTION

The boundaries of an expanded neighborhood for subject could probably be described in a number of ways; however, for purposes of this discussion its boundaries are identified as follows:

North:	Central Arizona Project Canal
East:	White Tank Mountains
South:	Interstate 10
West:	Hassayampa River

As noted, subject is on the north side of the Sun Valley Parkway adjacent south of the Central Arizona Canal on the west side of Canyon Springs Boulevard. Historically, development within this expanded neighborhood has been almost exclusively small ranchette properties, though more recently two new master-planned communities have been developed.

⁶ The American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers, Byrl N. Boyce, editor, Real Estate Appraisal Terminology, Ballinger Publishing Co., Cambridge, Massachusetts, 1981, p. 172.

At the south end of the Sun Valley Parkway Corridor, just north of Interstate 10, is Tartesso (located at the southwest corner of Sun Valley Parkway and Indian School Road). The first phase of development within Tartesso began in early 2005 with pre-sales starting in the fall of 2005. The first phase of development is on 1,290 acres and consists of 3,400 dwelling units. Eight builders have been active in the first phase of Tartesso.

Anchoring the north end of the corridor is the Sun City Festival and Festival Foothills developments. Pulte Homes is developing both an active adult community in Sun City Festival and a traditional single family community in Festival Foothills.

In the late 1990s, as a result of tremendous residential growth throughout metropolitan Phoenix, interest in the Sun Valley area began to rise. A number of the large land holdings were acquired by real estate developers and additional assemblages started to take place. As a result, the Sun Valley area has a number of large areas being readied for master plan community development. The following table summarizes a number of the largest planned communities along the Sun Valley Parkway Corridor which contain more than 86,000 acres and over 230,000 planned dwelling units.

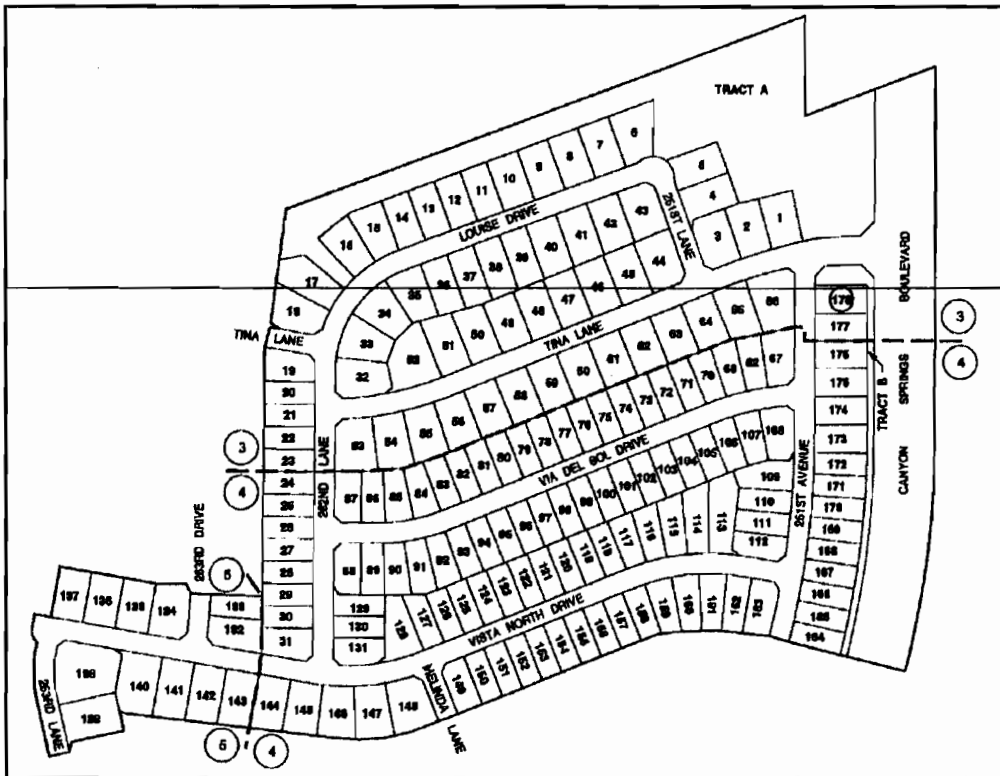
PLANNED SUN VALLEY COMMUNITIES		
Community	Size (Acres)	Dwelling Units
Douglas Ranch	35,250	84,034
Festival Ranch	10,105	24,176
Spurlock Ranch	2,840	7,329
Sun Valley	16,266	41,370
Sun Valley South	7,107	20,839
Tartesso	3,186	11,347
Tartesso West	5,124	19,667
Trillium	3,042	8,762
Elianto (Tartesso North)	3,082	13,661

Beginning in 2005 and continuing through the first half of 2006, the north Sun Valley Parkway area saw significant interest from real estate speculators, master plan developers and national homebuilders. Though interest in the area increased significantly, only the Festival Ranch project by Pulte Homes broke ground before the market began to slow. Pulte Homes started development of their latest Sun City community (Sun City Festival) in the summer of 2005 and opened for sales in the summer of 2006. More recently, Pulte Homes has starting selling homes in its adjacent Festival Foothills community.

Though Pulte has the only actively selling communities, other homebuilders including Taylor Woodrow and Capital Pacific Homes are continuing to work on securing entitlements for their projects. Though some of these projects were scheduled to enter production in late 2007, current market conditions suggest 2009 or later as a more realistic timetable.

DESCRIPTION OF THE SUBJECT PROPERTY

The subject of this appraisal is Parcel J1 within Sun City Festival. A final plat has been approved and recorded showing a 43.5 gross acre parcel subdivided into a 178 lot single family subdivision at the "southwest" corner of the Central Arizona Project Canal and Canyon Springs Boulevard. The platted layout of the 178 lots and their relationship to interior streets within the subdivision is illustrated below.



Lot sizes within the subdivision vary as indicated by the following:

LOT MIX		
Lot Width	No. Of Lots	% Of Total
46'	104	58%
60'	22	12%
70'	50	28%
80'	2	1%
Total	178	100%

Unlike most subdivisions within metropolitan Phoenix, where on-site construction work had been started and subsequently halted, the development of on-site improvements within the 178

lot subject subdivision continues. As of the date of appraisal (June 29, 2009), streets and lots have been graded, wet utilities (water and sewer) are in place and preliminary work has commenced on the installation of dry utilities (electric, telephone and cable). A copy of the final plat for the 178 lot subdivision is included on the following pages.

Subject's more important physical and location characteristics include:

- Size and lot count; i.e. the gross area of 43.5 acres has been platted into a 178 lot (39.8 net acres) subdivision with lot widths varying from 46 feet to 80 feet;
- Its location adjacent north of the existing Sun City Festival development which consists of 12 subdivisions briefly described as follows:

	Total Lots	Vacant Lots
Sun City Festival	232	204
Sun City Festival	148	0
Sun City Festival	57	17
Sun City Festival	250	39
Sun City Festival	295	275
Sun City Festival	148	0
Adobe at Festival Foothills	86	0
Peak at Festival Foothills	106	72
Ridge at Festival Foothills	138	97
Sonoran at Festival Foothills	104	24
Sun City Festival Parcel A1	50	30
Sun City Festival Ranch	349	329
Totals	1,963	1,087

According to the Landiscor Housing Study for the third quarter 2008, a total of 652 housing starts through the first nine months of 2008 were reported, as follows:

First Quarter	119
Second Quarter	364
Third Quarter	169

These numbers are impressive when considered in the context of what was going on in other parts of metropolitan Phoenix.

- Subject's location on the west side of Canyon Springs Boulevard about one mile north of Sun Valley Parkway. Canyon Springs Boulevard is the primary entrance into Sun City Festival providing access from Sun Valley Parkway, currently the only street providing access from the more developed neighborhoods of the northwest quadrant into subject's neighborhood. Note: Sun Valley Parkway continues west from Canyon Springs Boulevard approximately 3 to 3½ miles where it turns south along a divided highway alignment approximately 13 miles to Interstate 10; and
- Its general location within an area of northwest metropolitan Phoenix within which there is no meaningful development.

FINAL PLAT OF "SUN CITY FESTIVAL" PARCEL J1"

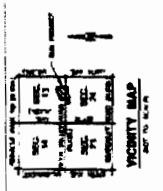
A PORTION OF THE SOUTHEAST QUARTER OF SECTION 13
AND THE NORTH HALF OF SECTION 24, TOWNSHIP 4 NORTH, RANGE 4 WEST, GLEA AND
SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

NOTES:

1. THE REPRESENTATIVE OF THE STATE OF ARIZONA HAS REVIEWED THIS PLAT AND HAS FOUND IT TO BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE PLAT ACT.
2. THE REPRESENTATIVE OF THE STATE OF ARIZONA HAS REVIEWED THIS PLAT AND HAS FOUND IT TO BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE PLAT ACT.
3. THE REPRESENTATIVE OF THE STATE OF ARIZONA HAS REVIEWED THIS PLAT AND HAS FOUND IT TO BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE PLAT ACT.
4. THE REPRESENTATIVE OF THE STATE OF ARIZONA HAS REVIEWED THIS PLAT AND HAS FOUND IT TO BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE PLAT ACT.
5. THE REPRESENTATIVE OF THE STATE OF ARIZONA HAS REVIEWED THIS PLAT AND HAS FOUND IT TO BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE PLAT ACT.
6. THE REPRESENTATIVE OF THE STATE OF ARIZONA HAS REVIEWED THIS PLAT AND HAS FOUND IT TO BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE PLAT ACT.
7. THE REPRESENTATIVE OF THE STATE OF ARIZONA HAS REVIEWED THIS PLAT AND HAS FOUND IT TO BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE PLAT ACT.
8. THE REPRESENTATIVE OF THE STATE OF ARIZONA HAS REVIEWED THIS PLAT AND HAS FOUND IT TO BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE PLAT ACT.
9. THE REPRESENTATIVE OF THE STATE OF ARIZONA HAS REVIEWED THIS PLAT AND HAS FOUND IT TO BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE PLAT ACT.
10. THE REPRESENTATIVE OF THE STATE OF ARIZONA HAS REVIEWED THIS PLAT AND HAS FOUND IT TO BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE PLAT ACT.

LEGEND:

- 1. BOUNDARY LINE
- 2. CENTER LINE
- 3. RIGHT-OF-WAY LINE
- 4. EASEMENT LINE
- 5. EASEMENT LINE
- 6. EASEMENT LINE
- 7. EASEMENT LINE
- 8. EASEMENT LINE
- 9. EASEMENT LINE
- 10. EASEMENT LINE



ACKNOWLEDGMENT:

I, the undersigned, being duly qualified, do hereby certify that the above and foregoing plat is a true and correct copy of the original as shown to me by the applicant.

Notary Public for Arizona

ACKNOWLEDGMENT:

I, the undersigned, do hereby certify that the above and foregoing plat is a true and correct copy of the original as shown to me by the applicant.

Notary Public for Arizona

ACKNOWLEDGMENT:

I, the undersigned, being duly qualified, do hereby certify that the above and foregoing plat is a true and correct copy of the original as shown to me by the applicant.

Notary Public for Arizona

ACKNOWLEDGMENT:

I, the undersigned, being duly qualified, do hereby certify that the above and foregoing plat is a true and correct copy of the original as shown to me by the applicant.

Notary Public for Arizona

ACKNOWLEDGMENT:

I, the undersigned, being duly qualified, do hereby certify that the above and foregoing plat is a true and correct copy of the original as shown to me by the applicant.

Notary Public for Arizona

ACKNOWLEDGMENT:

I, the undersigned, being duly qualified, do hereby certify that the above and foregoing plat is a true and correct copy of the original as shown to me by the applicant.

Notary Public for Arizona

ACKNOWLEDGMENT:

I, the undersigned, being duly qualified, do hereby certify that the above and foregoing plat is a true and correct copy of the original as shown to me by the applicant.

Notary Public for Arizona

ACKNOWLEDGMENT:

I, the undersigned, being duly qualified, do hereby certify that the above and foregoing plat is a true and correct copy of the original as shown to me by the applicant.

Notary Public for Arizona

ACKNOWLEDGMENT:

I, the undersigned, being duly qualified, do hereby certify that the above and foregoing plat is a true and correct copy of the original as shown to me by the applicant.

Notary Public for Arizona

CURVE TABLE

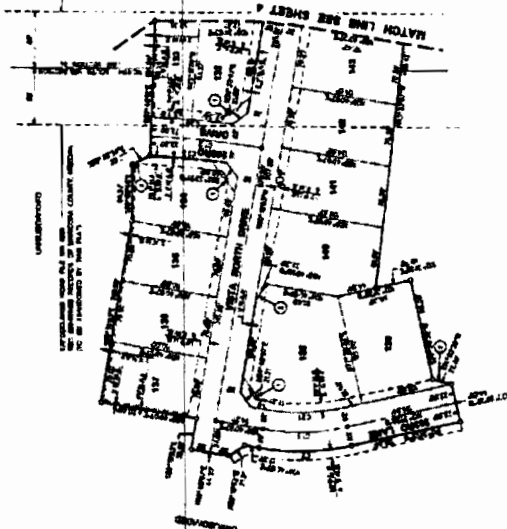
Lot	Curve	Radius	Chord	Angle	Area
1	1	100	100	90	7853.98
2	2	150	150	90	17671.46
3	3	200	200	90	31415.93
4	4	250	250	90	47123.85
5	5	300	300	90	64785.12
6	6	350	350	90	83500.74
7	7	400	400	90	103271.71
8	8	450	450	90	124100.04
9	9	500	500	90	146000.73
10	10	550	550	90	168980.78
11	11	600	600	90	193050.09
12	12	650	650	90	218210.66
13	13	700	700	90	244473.49
14	14	750	750	90	271849.58
15	15	800	800	90	299340.93
16	16	850	850	90	326959.54
17	17	900	900	90	354708.41
18	18	950	950	90	382590.54
19	19	1000	1000	90	410609.94
20	20	1050	1050	90	438769.71
21	21	1100	1100	90	467072.95
22	22	1150	1150	90	495532.76
23	23	1200	1200	90	524153.14
24	24	1250	1250	90	552938.18
25	25	1300	1300	90	581882.88
26	26	1350	1350	90	610992.24
27	27	1400	1400	90	640271.26
28	28	1450	1450	90	669725.94
29	29	1500	1500	90	699361.28
30	30	1550	1550	90	729183.28
31	31	1600	1600	90	759198.04
32	32	1650	1650	90	789411.56
33	33	1700	1700	90	819829.84
34	34	1750	1750	90	850458.88
35	35	1800	1800	90	881304.69
36	36	1850	1850	90	912374.27
37	37	1900	1900	90	943674.72
38	38	1950	1950	90	975202.14
39	39	2000	2000	90	1006954.53
40	40	2050	2050	90	1038939.89
41	41	2100	2100	90	1071156.32
42	42	2150	2150	90	1103602.92
43	43	2200	2200	90	1136279.69
44	44	2250	2250	90	1169185.63
45	45	2300	2300	90	1202320.84
46	46	2350	2350	90	1235685.42
47	47	2400	2400	90	1269279.47
48	48	2450	2450	90	1303103.09
49	49	2500	2500	90	1337156.38
50	50	2550	2550	90	1371439.44
51	51	2600	2600	90	1405952.27
52	52	2650	2650	90	1440695.87
53	53	2700	2700	90	1475670.34
54	54	2750	2750	90	1510876.68
55	55	2800	2800	90	1546314.89
56	56	2850	2850	90	1581985.97
57	57	2900	2900	90	1617890.92
58	58	2950	2950	90	1654030.74
59	59	3000	3000	90	1690406.53
60	60	3050	3050	90	1727019.29
61	61	3100	3100	90	1763870.02
62	62	3150	3150	90	1800960.72
63	63	3200	3200	90	1838293.39
64	64	3250	3250	90	1875870.03
65	65	3300	3300	90	1913693.74
66	66	3350	3350	90	1951766.52
67	67	3400	3400	90	1990090.37
68	68	3450	3450	90	2028667.29
69	69	3500	3500	90	2067499.38
70	70	3550	3550	90	2106588.64
71	71	3600	3600	90	2145937.07
72	72	3650	3650	90	2185546.67
73	73	3700	3700	90	2225418.44
74	74	3750	3750	90	2265554.38
75	75	3800	3800	90	2305956.49
76	76	3850	3850	90	2346626.77
77	77	3900	3900	90	2387567.22
78	78	3950	3950	90	2428779.84
79	79	4000	4000	90	2470266.63
80	80	4050	4050	90	2512030.69
81	81	4100	4100	90	2554074.02
82	82	4150	4150	90	2596398.72
83	83	4200	4200	90	2638997.79
84	84	4250	4250	90	2681874.23
85	85	4300	4300	90	2725030.14
86	86	4350	4350	90	2768468.52
87	87	4400	4400	90	2812192.37
88	88	4450	4450	90	2856204.69
89	89	4500	4500	90	2900508.48
90	90	4550	4550	90	2945107.74
91	91	4600	4600	90	2989996.47
92	92	4650	4650	90	3035178.67
93	93	4700	4700	90	3080658.34
94	94	4750	4750	90	3126439.48
95	95	4800	4800	90	3172525.09
96	96	4850	4850	90	3218919.17
97	97	4900	4900	90	3265625.82
98	98	4950	4950	90	3312648.14
99	99	5000	5000	90	3359980.23
100	100	5050	5050	90	3407627.09

LOT TABLE

Lot	Area	Perimeter	Diagonal	Remarks
1	7853.98	314.16	314.16	
2	17671.46	471.24	471.24	
3	31415.93	628.32	628.32	
4	47123.85	785.40	785.40	
5	64785.12	942.48	942.48	
6	83500.74	1099.56	1099.56	
7	103271.71	1256.64	1256.64	
8	124100.04	1413.72	1413.72	
9	146000.73	1570.80	1570.80	
10	168980.78	1727.88	1727.88	
11	193050.09	1884.96	1884.96	
12	218210.66	2042.04	2042.04	
13	244473.49	2199.12	2199.12	
14	271849.58	2356.20	2356.20	
15	299340.93	2513.28	2513.28	
16	326959.54	2670.36	2670.36	
17	354708.41	2827.44	2827.44	
18	382590.54	2984.52	2984.52	
19	410609.94	3141.60	3141.60	
20	438769.71	3298.68	3298.68	
21	467072.95	3455.76	3455.76	
22	495532.76	3612.84	3612.84	
23	524153.14	3769.92	3769.92	
24	552938.18	3927.00	3927.00	
25	581882.88	4084.08	4084.08	
26	610992.24	4241.16	4241.16	
27	640271.26	4398.24	4398.24	
28	669725.94	4555.32	4555.32	
29	699361.28	4712.40	4712.40	
30	729183.28	4869.48	4869.48	
31	759198.04	5026.56	5026.56	
32	789411.56	5183.64	5183.64	
33	819829.84	5340.72	5340.72	
34	850458.88	5497.80	5497.80	
35	881304.69	5654.88	5654.88	
36	912374.27	5811.96	5811.96	
37	943674.72	5969.04	5969.04	
38	975202.14	6126.12	6126.12	
39	1006954.53	6283.20	6283.20	
40	1038939.89	6440.28	6440.28	
41	1071156.32	6597.36	6597.36	
42	1103602.92	6754.44	6754.44	
43	1136279.69	6911.52	6911.52	
44	1169185.63	7068.60	7068.60	
45	1202320.84	7225.68	7225.68	
46	1235685.42	7382.76	7382.76	
47	1269279.47	7539.84	7539.84	
48	1303103.09	7696.92	7696.92	
49	1337156.38	7854.00	7854.00	
50	1371439.44	8011.08	8011.08	
51	1405952.27	8168.16	8168.16	
52	1440698.72	8325.24	8325.24	
53	1475670.34	8482.32	8482.32	
54	1510878.04	8639.40	8639.40	
55	1546325.82	8796.48	8796.48	
56	1581995.67	8953.56	8953.56	
57	1617890.59	9110.64	9110.64	
58	1654014.58	9267.72	9267.72	
59	1690369.64	9424.80	9424.80	
60	1726950.77	9581.88	9581.88	
61	1763762.97	9738.96	9738.96	
62	1800801.24	9896.04	9896.04	
63	1838070.58	10053.12	10053.12	
64	1875575.99	10210.20	10210.20	
65	1913322.47	10367.28	10367.28	
66	1951315.02	10524.36	10524.36	
67	1989558.64	10681.44	10681.44	
68	2028058.33	10838.52	10838.52	
69	2066819.09	10995.60	10995.60	
70	2105846.92	11152.68	11152.68	
71	2145146.82	11309.76	11309.76	
72	2184724.79	11466.84	11466.84	
73	2224586.83	11623.92	11623.92	
74	2264729.94	11781.00	11781.00	
75	2305150.12	11938.08	11938.08	
76	2345854.37	12095.16	12095.16	
77	2386838.69	12252.24	12252.24	
78	2428109.08	12409.32	12409.32	
79	2469662.54	12566.40	12566.40	
80	2511496.07	12723.48	12723.48	
81	2553615.67	12880.56	12880.56	
82	2596027.34	13037.64	13037.64	
83	2638737.08	13194.72	13194.72	
84	2681750.89	13351.80	13351.80	
85	2725074.77	13508.88	13508.88	
86	2768714.82	13665.96	13665.96	
87	2812677.04	13823.04	13823.04	
88	2856958.43	13980.12	13980.12	
89	2901565.99	14137.20	14137.20	
90	2946505.72	14294.28	14294.28	
91	2991784.62	14451.36	14451.36	
92	3037408.69	14608.44	14608.44	
93	3083383.93	14765.52	14765.52	
94	3129717.34	14922.60	14922.60	
95	3176415.92	15079.68	15079.68	
96	3223485.67	15236.76	15236.76	
97	3270932.59	15393.84	15393.84	
98	3318762.68	15550.92	15550.92	
99	3366982.94	15708.00	15708.00	
100	3415599.37	15865.08	15865.08	

LEGEND

- PROPERTY LINE
- CURVE CENTER
- CURVE RADIUS
- CURVE ANGLE
- CURVE CHORD
- CURVE AREA
- CURVE PERIMETER
- CURVE DIAGONAL
- CURVE REMARKS



SHEET 5 OF 5
DEVELOPMENT
MAP
DATE
SCALE
BY
CHECKED
APPROVED

Development and/or land uses adjacent to or immediately surrounding subject is briefly described as follows:

- North: The Central Arizona Project Canal extends along subject's north line; the area to the north of the canal is a part of Festival Ranch and is currently pristine desert.
- East: The area directly east across Canyon Springs Boulevard from subject is vacant and is approximately ¼ mile west of the city limits of Surprise.
- South: Parcel I1, a 152 lot subdivision with 17 golf frontage lots is direct south. Construction of new home is underway.
- Southwest: Parcel P1, a 193 lot subdivision with 62 golf frontage lots has been graded; however, construction has not commenced.
- West: Directly west is a vacant parcel planned for future single family development.

The location of subject (Parcel J1), within Sun City Festival is illustrated on the following page.

TOPOGRAPHY

The subject is generally level with some moderate sloping toward the southwest. While there are cost advantages in developing level land when compared to the costs connected with developing a similarly sized parcel with varying topography, the level land project does not provide the opportunity to develop lot premiums typically associated with a project with varying topography.

SOIL

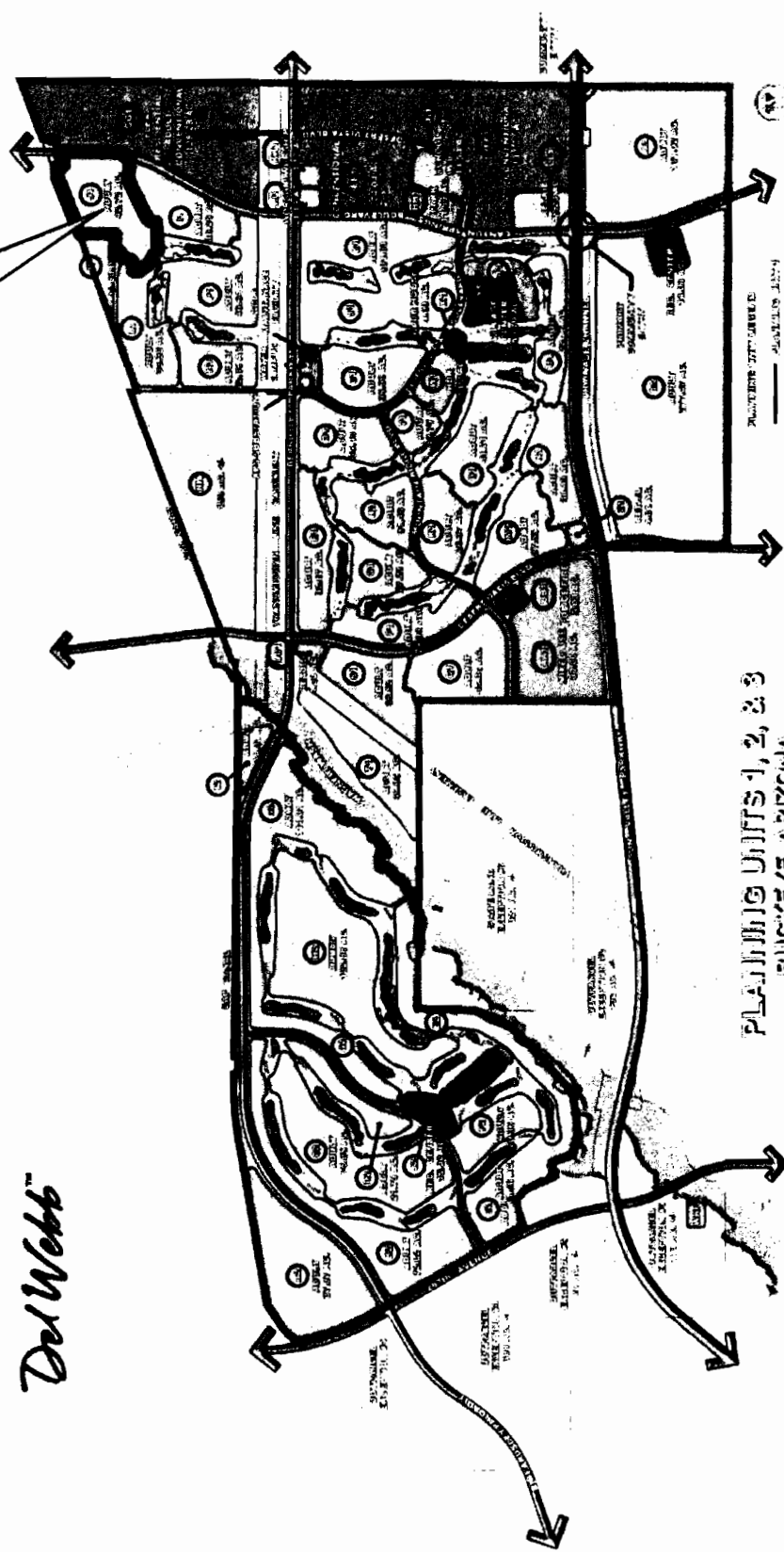
A soil report was not provided in connection with this assignment; however, soil testing has been completed as part of the engineering and design work for the larger Sun City Festival community. Based on this work it is assumed there are no soil conditions, which would limit, in a meaningful way, either physically or economically, the development of the four subject parcels discussed in this report.

SUN CITY FESTIVAL MAP

FESTIVAL RANCH

Del Webb

SUBJECT



PLANNING UNITS 1, 2, & 3
BUCKEYE, ARIZONA
CONCEPTUAL DEVELOPMENT PLAN

COE & VAN LOO

UTILITIES

All utilities will be placed underground within dedicated public utility easements. The utilities will be provided by:

Electricity:	Arizona Public Service
Natural Gas:	Southwest Gas
Sewer:	Town of Buckeye
Water:	Town of Buckeye
Telephone:	Qwest

FLOODPLAIN AND DRAINAGE

Subject is part of a larger area that does not require flood insurance. It has been engineered to provide for drainage and required retention. A 404 permit from the Army Corps of Engineers has been issued for the development of the subject site. A 404 Permit addresses various environmental impacts, the most notable being drainage issues.

Required retention within the subject property will be handled through retention areas. The location of these retention areas is shown on the subdivision plat.

ZONING

The subject property has been zoned PC, Planned Community as part of the larger Festival Ranch community. The PC zoning district is the designated zoning district for all land within the Festival Ranch community. Festival Ranch is planned for approximately 8,600 residential dwelling units, commercial uses, utility and emergency service provider sits, school sites, parks, open spaces and other recreational facility uses. More specifically, the subject property has been designated for single family residential development.

EASEMENTS AND RESTRICTIONS

A title report was not furnished in connection with this assignment and it is assumed there are no easements or restrictions, which would limit, in a meaningful way, the development of each parcel to the uses discussed in this report. Having stated that, there will be covenants, conditions and restrictions (CC&R's) which will be recorded as development of the community proceeds which will have some impact on the subject. The overall impact of CC&R's will have on the community as well as the subject is positive; i.e., they will ensure the long-term

maintenance of common areas and as a consequence enhance the long-term street appeal of the community.

ENVIRONMENTAL HAZARDS AND CONCERNS

A Phase I Study has been completed; however, it was not reviewed in connection with the preparation of this appraisal. It is reported there are no environmental concerns, i.e., hazards anywhere on or immediately adjacent to the subject. It is specifically noted that high voltage power lines bisect the Sun City Festival community between Beardsley Road and Parcels I-1 and P-1 (approximately $\frac{3}{4}$ mile south of subject).

ASSESSED VALUATION AND REAL ESTATE TAXES

While individual tax parcel numbers have been assigned to the 178 platted lots, they have not been individually assessed and consequently, full cash values, assessed values and 2008 real estate taxes for each lot are not available.

SPECIAL ASSESSMENTS

As part of the larger Sun City Festival community, the subject property is subject to a number of special assessments including a community facilities district, street light improvement district, and maintenance improvement district.

Sun City Festival Community Association

The Sun City Festival Community Association ("Association") was established for the operation and maintenance of the community. Property owners are required to pay an annual assessment in the amount of \$1,080.00 in quarterly installments of \$270.00 ("Base Assessment"). An Administrative Fee of \$125.00 and a Facilities Fee in an amount equal to one-half of the annual Base Assessment. This fee is due at the close of escrow.

Property owners are also required to pay a Telecommunications Assessment of \$12.97 per month. This assessment covers the cost of providing basic cable television service to the property owners (fee is payable whether or not a property owner subscribes to the service).

A Community and Residential Enhancement Fee ("CARE Assessment") is payable to the Association upon the resale of a lot. The CARE Assessment will not exceed ¼% of the gross selling price of the lot.

Festival Ranch Community Facilities District

As stated previously, the intended use of this appraisal is for underwriting a proposed assessment bond offering which will be secured by the 178 partially completed lots within Parcel J1.

The Festival Ranch Community Facilities District Assessment Area No. 6 will include general obligation bonds as well as special assessment bonds. The general obligation bonds and the CFD operation and maintenance expenses are paid from ad valorem property taxes levied against all taxable property in the district. Currently, the payment of the general obligation and operation and maintenance expenses will add approximately \$3.30 to the property tax rate of each property. This assessment is likely to add \$400.00 to \$1,200.00 per property depending upon the size of the residence.

The second assessment is a special assessment pertaining to the construction of initial public infrastructure for roadways. The assessment is \$2,000.00 per benefited residential lot. The annual payment of the \$2,000.00 assessment is likely to fall within a range of \$150.00 to \$200.00 per lot (variance is due to interest rate at which bonds are ultimately sold, capitalized interest, a 10% reserve fund and issuance expenses).

Street Light Improvement District

A street light improvement district has been established for the Sun City Festival community. According to the Street Light Improvement District No. 2007-013. The Arizona Corporation Commission has set the rate to purchase energy at \$2.46 per street light and \$.4656 per kilowatt hour. The assessment for the subject property is likely to be in the range of \$70.00 to \$150.00 per lot per year.

Maintenance Improvement District

The Parkway Maintenance Improvement District No. 2007-012 has been established to cover the costs of maintaining the landscaping and ornamentation on streets within or serving the subdivision. Currently, the Association is responsible for the costs associated with street maintenance. Should the Association fail to cover the cost of street maintenance, the Parkway Maintenance Improvement District will assume the costs of maintaining the landscaping by assessing owners within the district.

SITE IMPROVEMENTS

As noted above, the subject property is a partially completed subdivision of 178 residential lots. The property has been mass graded with residential lots and interior streets. Underground water and sewer pipes have been installed and work has commenced on the installation of dry utilities (electricity, telecommunications, etc.). Completion of this work is anticipated to occur within the next 60 days at which time concrete curbing and asphalt paving can be completed.

RESIDENTIAL MARKET ANALYSIS

In order to better analyze the financial feasibility and marketability of residential uses within the subject development, a detailed discussion and analysis of the residential market conditions for metropolitan Phoenix (largest residential market most proximate to the subject property) as well as the subject's more immediate market area is provided.

METROPOLITAN PHOENIX OVERVIEW

Permit Activity

The latest period of growth in the residential housing market began in 1993 which appears to have peaked in 2004. A summary of the residential permit activity in metropolitan Phoenix since 1988 is summarized in the following table.

RESIDENTIAL BUILDING PERMITS							
Phoenix Metropolitan Area							
Year	Single Family		Townhouse/Condo		Multifamily		Total
	No. of Permits.	% of total	No. of Permits.	% of total	No. of Permits.	% of total	No. of Permits.
1988	13,843	67.1	1,317	6.4	5,457	26.7	20,617
1989	11,194	82.8	625	4.6	1,701	12.6	13,520
1990	10,633	81.9	449	3.5	1,891	14.6	12,973
1991	13,510	91.9	485	3.3	710	4.8	14,705
1992	18,328	91.1	566	2.8	1,234	6.1	20,128
1993	21,896	90.5	607	2.5	1,799	7.4	24,302
1994	26,626	78.7	1,212	3.6	6,015	5.6	33,853
1995	26,824	73.7	1,599	4.4	7,991	21.9	36,414
1996	28,157	73.8	1,456	3.8	8,533	22.4	38,146
1997	29,124	74.5	2,174	5.6	7,799	19.9	39,097
1998	33,811	78.2	1,525	3.5	7,877	18.2	43,213
1999	33,252	78.3	1,454	3.4	7,759	18.3	42,465
2000	32,494	76.0	2,218	5.2	8,009	18.8	42,737
2001	32,867	78.5	1,801	4.3	7,201	17.2	41,869
2002	34,312	82.9	1,467	3.5	5,607	13.6	41,386
2003	39,652	85.5	1,894	4.1	4,836	10.4	46,382
2004	48,136	86.4	2,597	4.6	4,997	9.0	55,730
2005	43,256	84.8	4,526	8.9	3,250	6.3	51,032
2006	27,976	73.4	6,187	16.3	3,922	10.3	38,058
2007	21,882	61.2	7,196	20.1	6,676	18.7	35,754
2008	10,348	58.1	1,085	6.1	6,365	35.8	17,798

Source: Arizona Real Estate Center, College of Business, Arizona State University

The housing sector has been, by far, the strongest real estate sector for the past decade. During 2004 single family permits hit an all-time high of 48,136 new home permits. Although 2005 permits lagged 2004, the 43,256 permits pulled in 2005 exhibited continued strength in the residential market. However, by late 2005 the single family housing market began a downward trend.

Single family permit activity in 2007 (21,882 permits) was 22% below permit activity for 2006 and over 50% below the record activity of 2004. Homebuilders had curtailed new home construction to work through standing inventories, which had resulted from speculative housing starts and failed contracts in 2005 and 2006. However, starting in early 2007 the oversupplied new housing market suffered another setback as turmoil in the mortgage market surfaced. Revelations of problems in the subprime mortgage sector have resulted in tightened lending requirements, which in turn have limited the pool of potential new home buyers. The effect is clear as only 10,348 single family permits were issued by the end of 2008. As a result of the market performance of 2007 and 2008, many housing market analysts are revising their forecasts and pushing the target for market recovery into 2011 or 2012.

New and Resale Housing Market

In 2007, a total of 25,895 new home sales were reported, while only 14,957 new home sales were reported in 2008. The Arizona Real Estate Center reports 54,530 sales of existing (resale) homes in metropolitan Phoenix during 2007, down significantly from 67,030 sales of existing homes in 2006. However, resale home sale activity appears to have rebounded as 81,702 sales of existing homes were reported in 2008. The increase in resale activity is in contrast to the substantial decreases noted in new home sales. Market analysts are reporting that homebuyers are finding better value in the resale market as a direct result of increased distressed seller opportunities (i.e. short sales and foreclosures).

For example, the 2008 median new home sales price was \$236,883 representing a 16.2% decrease compared to the 2007 median sales price of \$282,516. Alternatively, the median sales price of resale homes for 2008 was \$187,461, down 26.6% from the 2007 median resale price of \$255,386.

One of the most prominent factors limiting the pricing of resale housing is increasing inventory. As noted, there are significant increases in distressed seller sales. Foreclosure rates continue to increase throughout the metropolitan Phoenix area, further contributing to declining resale home prices. According to a recent article in the *Arizona Republic* newspaper, foreclosure rates have increased 25% nationally over the past year. The same article indicated Arizona was among the three states with the highest foreclosure rates and Phoenix ranks No. 6 among cities with the highest foreclosure rates. According to Jim Belfiore of Belfiore Real Estate Consulting (local consulting firm), based on the current number of foreclosures and Notices of Trustee sales, it appears as though just over 40,000 foreclosures recorded in the Phoenix metropolitan area during 2008.

Banks appear to be liquidating these assets as they receive them. Traditionally, foreclosures have resulted from a homeowner's inability to pay the mortgage. However, it appears that falling resale home pricing is also having an impact on foreclosures; recent sellers are considering leaving their homes rather than make mortgage payments on a home they have no equity stake in. This is a troubling cycle worth noting and while the precise number of foreclosures currently occurring as a result of loss of value (versus as a result of homeowners' inability to pay) is unknown, the fact is the increasing number of foreclosures is having a significant impact on the current housing market.

Mortgage Rates

A primary reason for the historic acceleration in the Metropolitan Phoenix housing market has been the relatively low 30-year mortgage interest rates that have been below 8% since 1996 and primarily ranging between 5.7% and 6.5% over the past 7 years. These rates are in significant contrast to the early 1980's, which experienced interest rates in excess of 15%.

There appears to have been a fairly significant degree of correlation between the affordability of single family housing and interest rates. The table below provides a comparison of these two factors for new and resale homes. The affordability index is defined in terms of the median income household; an index of 100 suggests a median income household is able to qualify for a median priced home.

SINGLE FAMILY AFFORDABILITY ANALYSIS
Metropolitan Phoenix

Year	Effective Interest Rate	Resale Homes		New Homes	
		Median Sales	Affordability Index	Median Sales	Affordability Index
1988	10.80%	\$77,197	95	\$103,950	72
1989	11.00%	\$77,932	98	\$105,850	72
1990	10.50%	\$79,237	105	\$109,300	76
1991	9.40%	\$80,383	117	\$107,500	87
1992	8.60%	\$83,060	125	\$108,800	95
1993	7.40%	\$83,715	144	\$112,500	108
1994	8.50%	\$87,230	129	\$124,475	90
1995	8.10%	\$91,070	133	\$127,600	94
1996	7.90%	\$96,890	132	\$130,800	98
1997	7.50%	\$105,245	130	\$136,220	101
1998	6.90%	\$113,427	132	\$139,073	107
1999	7.30%	\$120,440	120	\$146,645	99
2000	7.90%	\$128,512	109	\$150,790	92
2001	6.90%	\$136,005	123	\$156,450	108
2002	6.40%	\$144,425	125	\$159,704	113
2003	5.70%	\$155,155	127	\$173,436	114
2004	5.70%	\$173,929	115	\$194,906	102
2005	5.80%	\$239,075	85	\$251,382	81
2006	6.20%	\$260,740	74	\$306,360	63
2007	6.20%	\$255,386	77	\$282,516	70
2008	6.30%	\$187,461	107	\$236,883	84

Source: Arizona Real Estate Center, College of Business, Arizona State University

Single family market share has tended to increase as the affordability of new single family homes is improved. In particular, according to Arizona State University, during a higher inflationary (and high interest rate) period from 1988 through 1990, the affordability index averaged roughly 73 and single family's building permit market share averaged approximately 77%. During the next decade (1991-2000), as interest rates declined, the affordability index increased to an average of about 97 and the single family market share of permitting increased to an average of roughly 81%. More recently (2001-2005), the affordability index seems to have peaked, averaging roughly 104 (due primarily to decreasing interest rates and other creative mortgage/financing products), and as expected, single family's market share also seems to have peaked, averaging approximately 84%. However, as the credit markets started to correct and 100% financing and sub-prime lending opportunities left the market (2006-2007), the affordability index dropped below 70 and the single family market share declined to an average of approximately 67%. As of the end of 2008, the single family market share is about 58%, but the affordability index of new homes has rebounded to 84 as homebuilders

continue to adjust their home pricing in response to the creative financing vehicles leaving the market. If historic trends continue, the single family market share should eventually increase as well. It is interesting to note that the resale home affordability jumped from 77 at the end of 2007 to 107 at the end of 2008. This is the first time the affordability index has been above 100 since 2004.

In general, affordability has and will continue to fuel demand in the Phoenix metropolitan housing market. However, the recent tightening of credit has limited the possibility of any improvement in market conditions. New home and resale markets are expected to be affected as buyers find it more difficult to find 100% financing and/or sub-prime lending opportunities. It is likely that new and resale home pricing will remain fairly volatile.

On September 19, 2008, Treasury Secretary Henry M. Paulson Jr. proposed a sweeping bailout of financial institutions battered by bad mortgages and a loss of investor confidence. The original proposal (Troubled Asset Rescue Plan) asked Congress for \$700 billion to use to buy up mortgage-backed securities whose value had dropped sharply or had become impossible to sell. The plan had the government paying to "hold to maturity" prices (a price based on some estimate of what the asset would be worth once the crisis of confidence had passed - not on what the asset holder could get by selling it today). By doing so, the government would provide troubled firms with an infusion of capital and restoring investor confidence.

The plan in its original form failed, but after some additional negotiations, President Bush signed the Emergency Economic Stabilization Act of 2008 into law on October 3, 2008. It is unclear at this time what impact the sweeping bill will have on the banking industry in general and, more specifically, the mortgage and credit markets. The intention of the bill is to place a dollar figure on unwanted mortgage-related assets, have the government purchase them, and move the assets off of the books of ailing banks, theoretically unlocking frozen credit markets.

COMPETITIVE MARKET AREA

The subject property is part of an age-restricted, active adult community known as Province Maricopa. Active adult communities are large master-planned communities, usually including 500 or more dwellings that cater to the senior population. At least one person in each

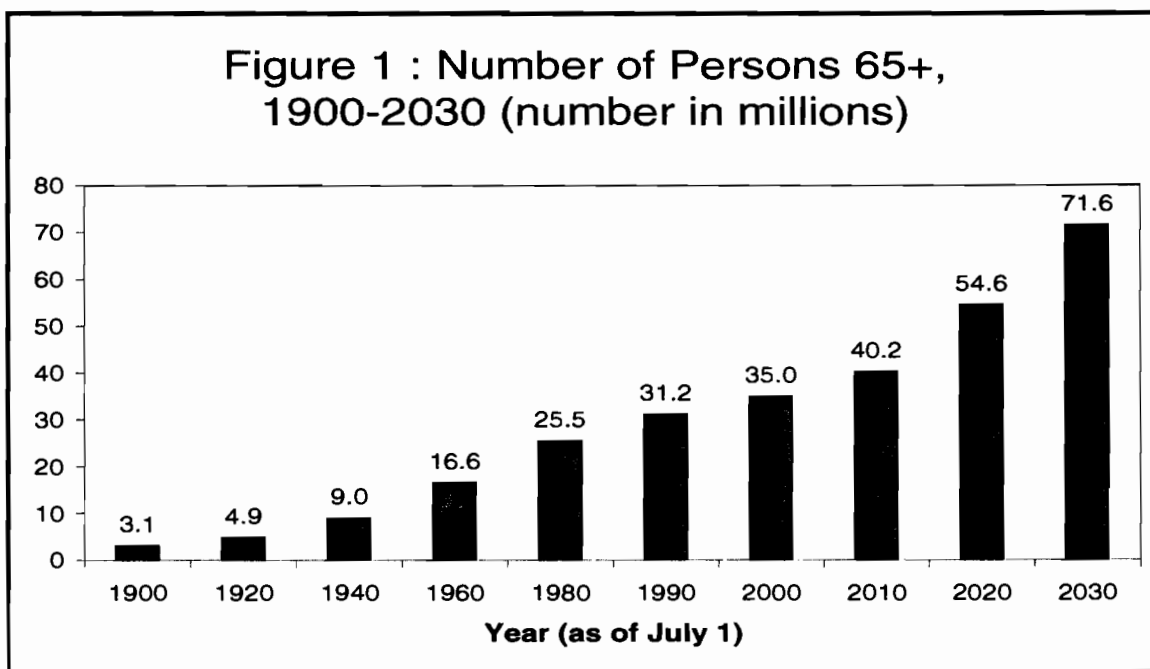
household must be over a minimum age (typically 55 to 62 years). Active adult communities differ from other master-planned residential communities primarily because of their attention to centralized amenities that cater to a more leisure-oriented buyer. Typical recreational amenities include golf courses, tennis courts, swimming pools, and hiking paths. Large recreation centers offer racquetball courts, exercise equipment, billiard and card rooms, theaters, libraries, and multi-purpose rooms for crafts and hobbies.

Another distinctive characteristic of an active adult community is the high percentage of primary home buyers. In contrast, a typical resort-oriented development (not age-restricted) has a much higher percentage of second home purchasers. The typical home buyers within an active adult community are long time home owners who have amassed substantial equity in their urban homes. Selling their homes and converting this equity to cash and then purchasing a new home for much less can be very appealing. Typically, upwards of 75% of the homes sold in active adult communities are all cash transactions. However, the current economic and real estate conditions are having a negative impact on sales. Active adult buyers are reporting they can not sell their current homes, or are simply waiting for the market to stabilize.

The success of active adult communities is directly dependent upon the aging of the general population. A steadily increasing portion of the United States population is living past age 65. Numbering 37.8 million (2007 estimate), this segment represents approximately 12.6% of the total population or about one in every eight Americans. Advances made in medical science in the areas of heart disease, strokes, and cancer, better medical care, improved diet, and increasing interest in physical fitness are allowing a larger percentage of the population to live into their 80's, 90's and beyond. Thus, the functional age of retirees is declining in comparison to chronological age. Since 1900, the average life expectancy at birth has lengthened more than 60%, from 48 years to almost 77 years today. Those over age 85 now constitute the fastest growing age segment in the United States, with women outliving men by steadily widening margins.

The senior population will continue to grow significantly in the future. This growth slowed somewhat during the 1990's because of the relatively small number of babies born during the Great Depression of the 1930's. But the senior population is expected to grow substantially

between the years 2011 and 2030 when the "baby boom" generation reaches age 65. In fact, by 2030 there will be over 70 million seniors, more than twice their number in 2000, increasing the elderly segment of the population from its current 12.4% to approximately 20.0%. The "baby boom" generation will represent one-quarter of the entire U.S. population by 2010. Beginning in 2011, the 65 and over population will grow faster than the total population in every single state. The chart below summarizes this projected growth.



Within the state of Arizona, the July 1, 2007 population estimate for seniors age 65+ was 820,391 persons, which represented about 12.9% of the state's total population. Projections through the year 2025 are presented in the table below.

POPULATION PROJECTIONS – AGE 65+ Arizona vs. United States*						
	July 1, 2000	July 1, 2005	July 1, 2010	July 1, 2015	July 1, 2020	July 1, 2025
Arizona	668	765	922	1,181	1,521	1,940
United States	34,992	36,696	40,244	46,791	54,632	63,524
Arizona % of U.S.	1.9%	2.08%	2.29%	2.52%	2.78%	3.05%

* Numbers in thousands.
Source: U.S. Census Bureau

Unlike many areas of the country, the majority of Arizona's population growth is attributed to net migration into the state, rather than net natural increase. A combination of elements including a warm climate, growing economy and abundant recreation and retirement opportunities will continue to draw newcomers to the state. A primary element in population projections is the expectation of a continuing inflow of retirees to Arizona from various parts of the country. Currently, Arizona is among the top 10 states in terms of senior population growth and the influx of retirees is expected to continue well into the future. A 2003 study by John Burns Real Estate Consulting named Phoenix as the number one metropolitan area for retired homebuyers. This still holds true according to a September 2007 report by J.D. Powers & Associates stating that Phoenix is the number one active adult market. In fact, according to the report, more than one-half of active adult buyers are located in one of five major markets: Phoenix (20%), Las Vegas (11%), Inland Empire, California (9%), Orlando (7%), and Philadelphia (7%). An older 2002 report from the "Coming of Age Project" cited that almost half (47.6%) of the State's retirement age residents moved to the state after they turned 55 years of age. These newcomers on average are younger, wealthier, more educated and most independent of all retirees.

The subject community is located in Maricopa County, which is the most populated county in the state of Arizona. The active adult market in Maricopa County is fairly mature and widely recognized on a national level. More recently, the Maricopa County active adult market has been received increased competition from Pinal County to its south. The Pinal County active adult marketplace has grown rapidly in recent years as a majority of replacement inventory for both the Maricopa and Pima markets has relocated to Pinal County. A brief overview of the Maricopa and Pinal active adult markets is believed important to the discussions pertinent to the subject development.

Survey of Central Arizona's Existing Active Adult Communities

A survey of existing active adult communities that exhibit general characteristics of residential product in the competitive market area was undertaken to provide additional knowledge of the market.

Active Adult Market Conditions in Maricopa and Pinal Counties											
Geographic Area (County)	Total Units Planned	Total Units Sold / (%)	YTD (4/09) Sales	Min. Lot Size Range (Sq. Ft.)	Home Size Range (Sq. Ft.)	Home Size Average	Home Price Range	Home Price Average	Overall Sales Rate Range/Month	Overall Sales Rate Average/Month	
All Product Types											
Maricopa and Pinal	27,227	12,351 45.4%	357	2,076 to 11,760	1,000 to 3,421	1,868	\$108,300 to \$563,900	\$261,914	0.0 to 21.8	6.1	
Maricopa	21,740	10,798 49.7%	255	2,076 to 11,760	1,000 to 3,421	1,930	\$108,300 to \$563,900	\$288,715	0.0 to 21.8	7.1	
Pinal	5,487	1,553 28.3%	102	3,139 to 9,200	1,071 to 2,849	1,712	\$139,990 to \$269,990	\$193,597	1.5 to 10.3	3.8	
Detached Product Only											
Maricopa and Pinal	26,560	12,086 45.5%	338	4,730 to 11,760	1,000 to 3,421	1,894	\$108,300 to \$563,900	\$265,572	0.0 to 21.8	6.6	
Maricopa	21,337	10,725 50.3%	245	4,730 to 11,760	1,000 to 3,421	1,953	\$108,300 to \$563,900	\$290,838	0.0 to 21.8	7.7	
Pinal	5,223	1,361 26.1%	93	5,290 to 9,200	1,071 to 2,849	1,734	\$139,990 to \$269,990	\$197,654	1.5 to 10.3	4.0	
Attached Product Only											
Maricopa and Pinal	667	265 39.7%	19	2,076 to 3,139	1,064 to 1,761	1,410	\$140,900 to \$305,000	\$195,868	1.1 to 2.4	1.8	
Maricopa	403	73 18.1%	10	2,076	1,064 to 1,705	1,349	\$188,900 to \$305,000	\$235,640	1.1 to 1.8	1.4	
Pinal	264	192 72.7%	9	3,139	1,287 to 1,761	1,479	\$140,900 to \$164,400	\$151,678	2.4	2.4	

Source: Hanley Wood Market Intelligence, April 2009

As shown, approximately 45% of planned residential inventories in active adult communities between each county have been sold. In general, home pricing is substantially higher in Maricopa County. Part of the pricing differential can be explained by home size differences, but clearly the home pricing in Pinal County is materially lower (by approximately 24%).

Regarding overall sales rates, the average for each product series (i.e. subdivisions) in Maricopa County is about 46% higher than that of Pinal County. It is important to recognize that the size of an active adult marketplace is a primary component affecting absorption. While ultimately dependent upon the number of consumers/homebuyers, it is proven that the quality and number of consumer options available are key determinants in the creation of the market. In other words, existing inventory (a significant amount and varied) is necessary to attract and maintain an active adult marketplace. The size of the Maricopa County market (measured in terms of total units planned) is much larger than Pinal County (nearly four times) and consequently has higher absorption. However, it is important to note that only active communities have been included in this data set. The survey obtained from Hanley Wood does not include data for the Province Maricopa, Robson Ranch, or Trilogy at Encanterra communities and therefore are not accounted for in the Pinal County data set. These three communities add significant amounts of inventory in addition to the inventory presented in the table.

The trends for detached versus attached product is somewhat inconsistent with the market overall; Maricopa County accounts for slightly smaller attached home sizes with significantly higher pricing, but absorption rates for attached product are higher in Pinal County. It is interesting to note that a greater percentage of existing attached products have been sold in Pinal County in comparison to detached product, suggesting an undersupplied market may exist with respect to attached product and perhaps limiting overall absorption levels of this apparently desirable product type.

Western Metropolitan Phoenix Active Adult Housing Product

The subject's Sun City Festival community is located in the northwest quadrant of metropolitan Phoenix. It is approximately eight miles west of its predecessor community Sun City Grand.

Since the original Sun City development in the 1960s, the northwest quadrant has seen a number of significant active adult developments.

We have conducted a detailed analysis of those active adult communities in western metropolitan Phoenix that are believed to be most competitive to the subject. These communities include Arizona Traditions (DR Horton), Sundance (Meritage), Pebblecreek (Robson) and Trilogy at Vistancia (Shea). Each of these communities is designed around a golf course amenity and feature clubhouse/recreation centers. The communities are discussed in more detail below.

Arizona Traditions is in the city of Surprise on the north side of Bell Road approximately 7 miles east of the subject. DR Horton (Continental Homes) is the developer of the community and a total of 10 floor plans ranging from 1,198 to 2,391 square feet are offered. Base prices range from \$195,400 to \$282,400. Lots sizes include 50'x110', 60'x115' and 70'x120'.

Community amenities include an 18-hole par-70 golf course and 24,000 square foot community center. Unlike some of the other golf courses, this course is open to the public, though residents have priority for tee time and discounted rates.

Sundance is in the city of Buckeye south of Interstate 10 at Watson Road (approximately 15 miles south of the subject). The Sundance community is comprised of both active adult and traditional single family development. Meritage Homes is the developer/builder is the master development and builder of the active adult segment of the community. The community has an 18-hole golf course and clubhouse/recreation center. Homes in this development range in size from 1,390 to 2,209 square feet at base prices from \$149,990 to \$184,900. Consistent with the pricing and product in this community, the lots are smaller than most active adult communities (lot widths range from 35' to 43').

Pebblecreek is located on the north side of Interstate 10 in the city of Goodyear (approximately 18 miles southeast of the subject). Robson Communities opened Pebblecreek in 1993 and has sold more than 3,000 homes in this community. In 1998, the community was expanded through the purchase of an additional 1,600 acres. This latest phase of development is centered on the Tuscany Falls Golf Club. The community also has a clubhouse/recreation center and a sport and aquatics center. Pebblecreek offers three product series (Traditions, Premiere and Estate) ranging from 1,589 to 3,134 square feet. Base pricing ranges from \$261,900 to \$503,900.

Trilogy at Vistancia is in the city of Peoria approximately 16 miles northeast of the subject. Trilogy at Vistancia is part of the Vistancia master planned community which is being jointly developed by Shea Homes and Sunbelt Holdings. The larger Vistancia community includes both active adult and traditional single family housing. The first phase of the 7,000+ acre community is under development. Trilogy at Vistancia is being developed by Shea Homes' active adult division. The community is oriented around an 18-hole golf course and 35,000

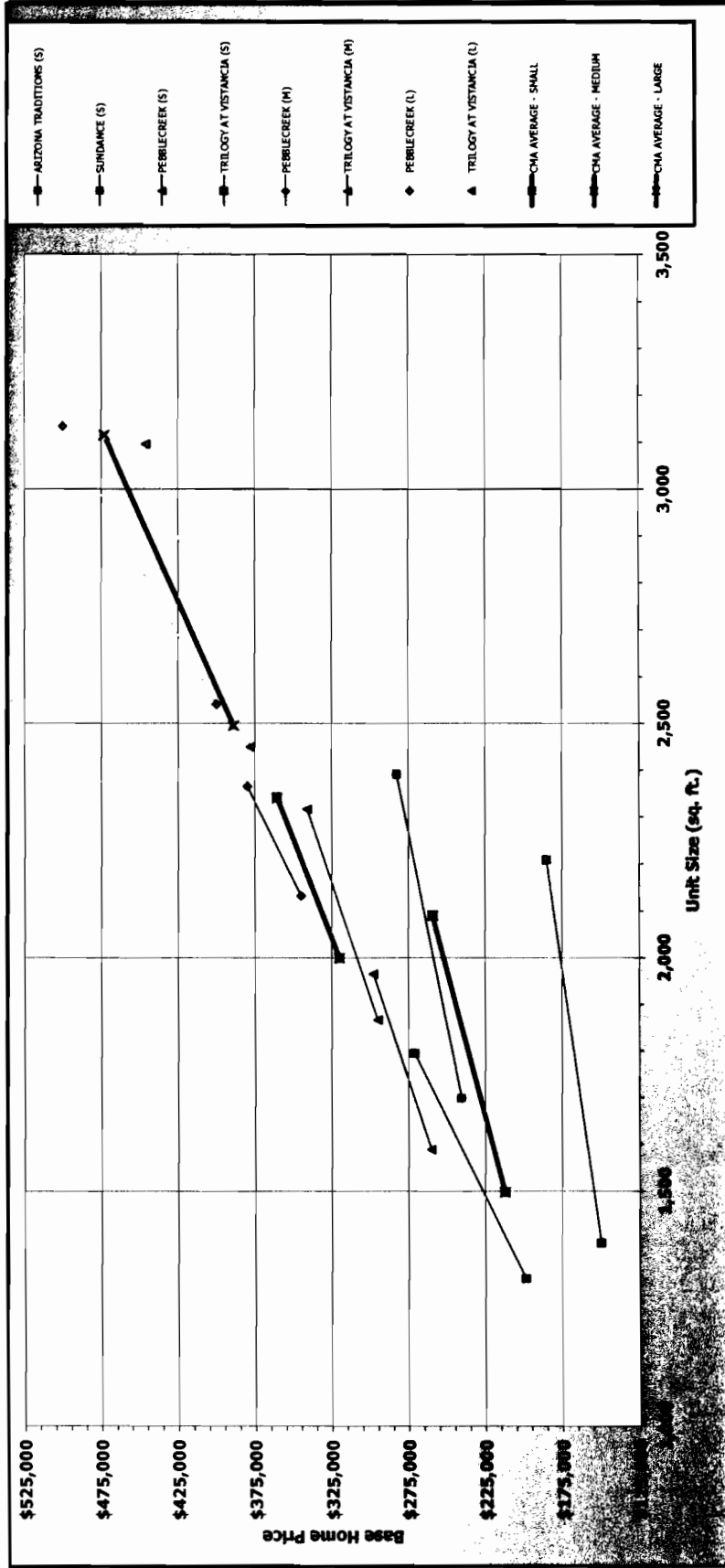
square foot clubhouse/recreation center featuring a spa and athletic club. This is a gated community with an anticipated build out of 2,900 homes. Trilogy at Vistancia offers three product series ranging from 1,314 to 3,096 square feet at prices from \$198,900 to \$445,900. The three product series are lot sizes of 50'x110', 60'x115' and 70'x120'.

After review of the product series from these competing communities, it seems there are separate and distinct product categories. For the purposes of this analysis we will refer to these categories as "small", "medium", and "large" product series. The table below and chart on the following page identifies product size and base pricing currently offered at the communities. To better identify the different product series on the chart, the small product series are identified with green lines, the medium series with blue lines, and the large series with yellow lines.

WESTERN METROPOLITAN PHOENIX ACTIVE ADULT COMMUNITY SUMMARY				
Community Name/ Product Series	Lot Size	Home Size	Home Price	Price Per Sq. Ft.
SMALL PRODUCT SERIES				
ARIZONA TRADITIONS Resort	38'x53'	1,699 2,391	\$240,400 \$282,400	\$141.49 \$118.11
MERITAGE AT SUNDANCE	36'x55'	1,390 2,209	\$149,900 \$184,900	\$107.84 \$83.70
PEBBLECREEK Traditions	55'x115'	1,589 1,965	\$259,900 \$297,900	\$163.56 \$151.60
TRILOGY AT VISTANCIA Natura	50'x110'	1,314 1,795	\$198,900 \$270,900	\$151.37 \$150.92
MEDIUM PRODUCT SERIES				
PEBBLECREEK Premiere	65'x120'	2,132 2,366	\$344,900 \$379,900	\$161.77 \$160.57
TRILOGY AT VISTANCIA Veritas	60'x115'	1,867 2,317	\$294,900 \$340,990	\$157.95 \$147.17
LARGE PRODUCT SERIES				
PEBBLECREEK Estates	80'x140'	2,541 3,134	\$399,900 \$499,900	\$157.38 \$159.51
TRILOGY AT VISTANCIA Vita	70'x120'	2,450 3,096	\$377,900 \$445,900	\$154.24 \$144.02

Source: Primary data obtained from builder or their website

COMPETING COMMUNITY PRICE POINT CHART



As noted, each of the competing communities has clear and distinct groupings in terms of home price and size. Further, these groupings are fairly comparable to each other with respect to product series. In this regard, we examined each of the competitive communities for their home size ranges. Averaging the smallest and largest plans of each of the competing products per series results in an average product size range. Similarly we have applied the same methodology to determine an average home price range per series as well. The following table summarizes the results. These competitive market area (CMA) averages are indicated on the price point chart on the previous page by a bold black line, embellished with appropriately colored end-points corresponding to the product series category (i.e., small, medium, or large). As expected, the product series averages are well positioned in the market overall, indicating current consumer preferences for home sizes and pricing.

CMA AVERAGES						
Product Series	Home Size		Home Price		Price Per Sq. Ft.	
	Low	High	Low	High	Low	High
Small	1,314	2,391	\$149,900	\$297,900	\$83.70	\$163.56
Medium	1,867	2,366	\$294,900	\$379,900	\$147.17	\$161.77
Large	2,450	3,134	\$377,900	\$499,900	\$144.02	\$159.51

Sun City Festival Product

The Sun City Festival community offers four product series: Cottage/Holiday, Classic, Premiere and Estate. The following table provides a summary of the of the planned unit mix for the entire 7,210 residential units planned for the community.

SUN CITY FESTIVAL SERIES MIX		
Lot Width	No. Of Lots	% Of Total
Cottage/Holiday	1,166	14%
Classic	2,491	33%
Premier	2,680	40%
Estate	873	12%
Totals	7,210	100%

The subject's 178 lots (Parcel J1) are a mix of the four product series, however, the mix varies from the overall mix for the Sun City Festival community. The following table summarizes the lot mix for Parcel J1.

PARCEL J1 LOT MIX		
Lot Width	No. Of Lots	% Of Total
Cottage/Holiday (46')	104	58%
Classic (60')	22	12%
Premier (70')	50	28%
Estate (80')	2	1%
Total	178	100%

As indicated, the mix for Parcel J1 is more heavily loaded with the smallest Cottage/Holiday series lots and offers only 2 of the largest estate series lots. The heavier weighting with the smaller more affordable products is most appropriate in light of the present housing and economic conditions.

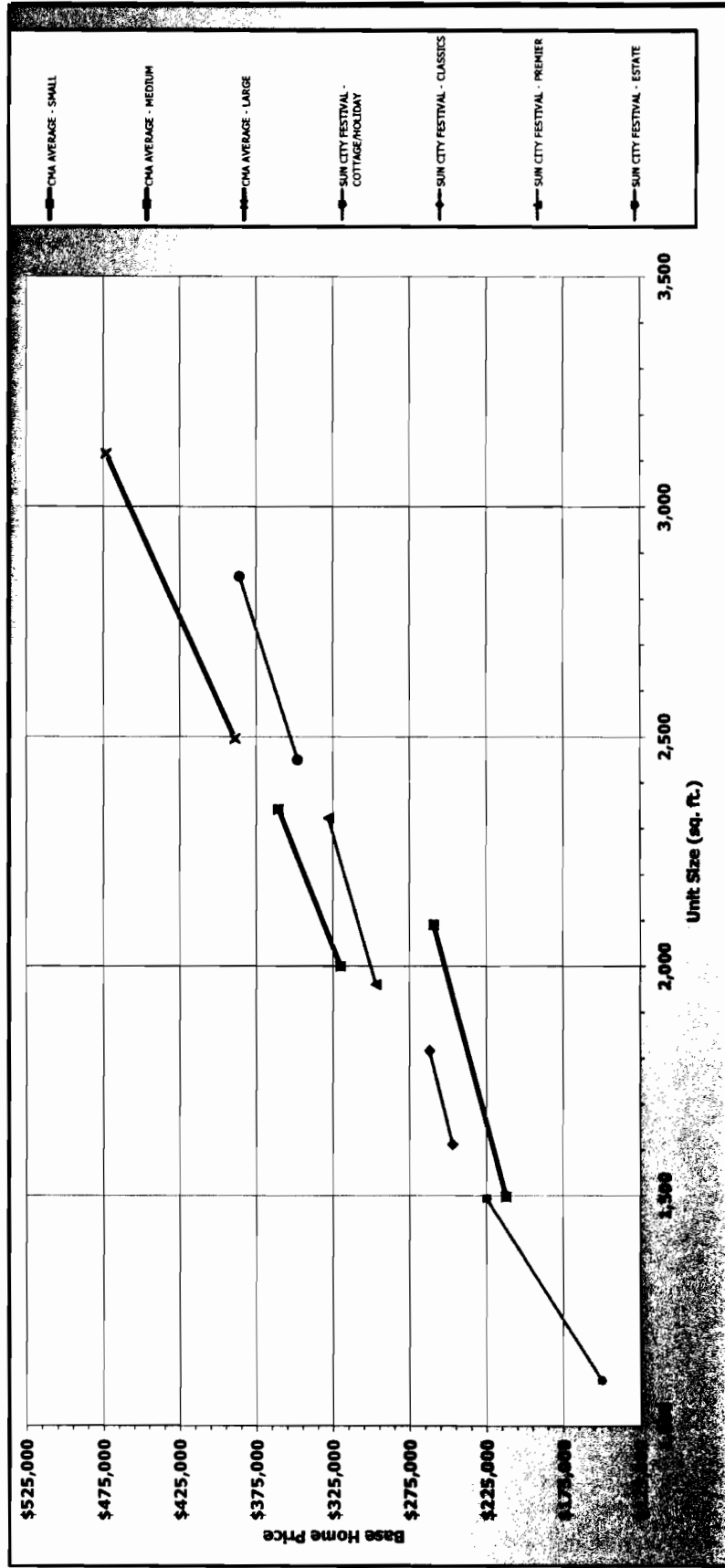
The table below summarizes the builder's (Pulte) current base pricing schedule for the product series.

SUN CITY FESTIVAL BASE HOME PRICING		
Series	Sq.Ft. Range	Base Home Price Range
Cottage/Holiday	1,099-1,494	\$149,900-\$224,990
Classic	1,612-1,816	\$246,900-\$261,900
Premier	1,960-2,323	\$296,900-\$327,900
Estate	2,450,2,849	\$347,900-\$385,900

In order to determine whether or not the current product series pricing is appropriate for the current marketplace, comparison is made to the CMA averages indicated four active communities referenced previously. A summary chart on the following page includes the subject's current pricing and CMA averages.

The subject's Cottage/Holiday series offers some of the smallest and most affordable prices in the CMA. In fact its entire product line is smaller than the product being offered at either Arizona Traditions or Sundance. In response to the downturn in the residential market in 2006, Pulte Homes added a number of new, smaller homes to its Cottage/Holiday series to more effectively compete on price.

COMPARISON OF SUN CITY FESTIVAL VS. CMA



By contract, the base pricing of the Classic series is slightly above the market average. A closer look at the comparable product indicates the overall average of the smaller product is pulled down by the product offered at Sundance. Subject's pricing of its Classic series is more consistent with the product offered at Arizona Traditions, Pebblecreek and Trilogy at Vistancia.

Both the subject's Premier and Estate series are priced below the averages of both the medium and larger product offerings of the other projects in the CMA. The larger product series of Pebblecreek and Trilogy at Vistancia are both priced higher than the subject Premier and Estate series. Given the location of both of these communities, subject's slightly lower base price provides a competitive edge to the subject property which allows it to more effectively compete with these projects.

Absorption Rate

Projecting an absorption for the subject community is dependent upon several key issues; supply/demand elements, quality of the community, base home pricing (perceived value), and location. Regarding supply and demand elements, it is a general consensus that the existing inventory in Southern Arizona is considered in a relative balanced condition, bordering on a somewhat undersupplied condition by market standards. Without periodic new additions to supply, demand would soon outpace supply as the retirement segment of the population continues to grow at a significant rate. Specifically regarding the subject's immediate CMA, there is limited current supply and it is presumed the demand will escalate as the population ages.

When referencing active adult communities, their absorption rates tend to be relatively high and typically less affected by general economic conditions (which can significantly affect general housing market conditions). However, the housing industry is currently going through its most severe downturn since the U. S. Census Bureau began producing statistics on new construction (shortly after World War II). Housing activity is expected to rebound (local industry authorities report market conditions are not expected to improve until 2011/2012) but at levels relatively weak from an historical perspective. The active adult market is expected to follow the general trends of the overall housing market forecast, but also take into account the rising trends of the active adult market share driven by the underlying population dynamics.

The Sun City Festival community is the fourth in a line of Sun City communities in the northwest quadrant of metropolitan Phoenix. Since opening in late 2006, the Sun City Festival community has sold more than 1,000 homes. During 2008 a total of 288 homes were sold (average of 24 homes per month) and during the first five months of 2009, 139 homes were sold for an average of 28 units per month.

SUN CITY FESTIVAL SALES			
Month	No. of Sales	Month	No. of Sales
Jan-08	26	Jan-09	5
Feb-08	55	Feb-09	40
Mar-08	42	Mar-09	40
Apr-08	29	Apr-09	25
May-08	20	May-09	29
Jun-08	28		
Jul-08	14		
Aug-08	14		
Sep-08	14		
Oct-08	22		
Nov-08	20		
Dec-08	4		

Although the average for the first five months of 2009 is above the monthly average for all of 2008, the rate of sales typically falls off during the late summer and early fall months. If this trend continues, the monthly average for 2009 is most likely to be less than 2008.

The table below summarizes the current average absorption levels (sales, not closings) of the communities in the subject's CMA. (Note: The information was obtained from sources deemed reliable, but still reflects a degree of subjectivity as verbal responses were the primary source in some cases.)

CMA ABSORPTION RATES						
Community	Community Open Date	Total Sales	2009 Sales (YTD)	2009 Sales Annualized	Overall Average Monthly Rate	Overall Average Annual Rate
Sun City Festival	1/15/2006	1175	128	307	44	522
Arizona Traditions	10/1/1996	898	5	12	6	71
Sundance	10/1/2002	709	15	36	9	107
Pebblecreek	1/1/2000	2442	29	70	22	261
Trilogy at Vistancia	2/9/2004	614	21	50	10	117

Source: Hanley Wood Market Intelligence and interviews with community representatives.

According to the absorption data surveyed by Hanley Wood, the subject's Sun City Festival community has seen some of the strongest absorption within the CMA. As discussed above, the

sales rate for the first five months of 2009 has eclipsed the average rate for all of 2008; however, annualizing the first five months will more than likely over estimate annual absorption for 2009 due to the fact sales typically fall off in the later part of the year.

Based upon the subject's historical and current absorption level, total sales for 2009 are likely to closer to 250 than 300 or more. A total of 250 sales equates to an average of 20 sales per month. Given the current market conditions and the fact the market is not anticipated to markedly improve until 2011/2012, an estimate of 250 sales per years appears reasonable.

Future Potential Supply

Although additional active adult communities have been planned for western metropolitan Phoenix, the downturn in the real estate market stalled development of any significant competition. The development of any new competition is not anticipated in the near-term due to the fact active adult communities are frontloaded projects requiring significant amounts of capital to be expended prior to the sale of homes. Given the current conditions in the housing sector and lack of capital available from the financial markets, there does not appear to be significant competition on the horizon. The only new competition may arise from the Estrella community in southern Goodyear. Prior to its bankruptcy filing, Engle Homes was planning to open its last Province project in the Estrella community. Engle's lenders have foreclosed on the property and are actively marketing the partially developed property. The successful development of this non-golf oriented active adult community will require the purchaser of this property to negotiate new agreements to acquire additional property from Newland Communities, the master developer of Estrella. This is the only potential community which could be brought to the market in the near-term.

CONCLUDING REMARKS – RESIDENTIAL MARKET ANALYSIS

The subject's Sun City Festival community is well positioned and poised for continued success. Although the housing market is currently in a severe downturn, Sun City Festival has performed much better than the overall market. In a little more than two years, more than 1,000 new homes have been sold within the community and with only limited direct competition and future development a number of years from commencing construction, the outlook for the community remains strong.

HIGHEST AND BEST USE

The 178 lot subject property is a part of the initial phase of Sun City Festival, a 3,100 acre master-planned community. At built-out, this community will have approximately 7,210 dwelling units which will be constructed around two golf courses and numerous other community amenities. Sun City Festival is the latest extension of the Sun City product line which began in the 1960s with the original Sun City community developed by Del Webb. Since the original development, two more communities have successfully followed along the Sun City product line. Sun City West was the second to be developed and the most recent development was Sun City Grand which has sold-out.

A final plat for the subject property has been approved by the town of Buckeye and recorded. As noted above, the subdivision provides for a mix of lot sizes with widths ranging from 46 feet to 80 feet. These lots will accommodate four house product series being offered by Pulte Homes.

In addressing the highest and best use of the subject property, consideration has been given to the following four factors:

- ◆ Is the proposed use legally permissible;
- ◆ Is the proposed use physically possible;
- ◆ Is the proposed use economically and financially feasible; and
- ◆ Does the proposed use represent the most profitable among the alternative uses that legally permissible, physically possible and economically feasible.

LEGALLY PERMISSIBLE

As noted, above, the town of Buckeye has approved a final plat for a 178 lot single family residential subdivision. This use is consistent with the development plan approved by the Town for the larger Sun City Festival community. The residential development of the subject property represents a legally conforming use under current zoning.

PHYSICALLY POSSIBLE

The boundaries of the subject property have been established within a larger property containing 3,100 acres. Its size, while probably reflecting some physical constraints tied to

roadways and easements, is more accurately the result of a general layout designed to maximize the physical layout and net efficiency of the subject property within the larger development. The number of lots, their width and depth, has been a consideration and if the parcel did not work, from a physical standpoint, the design would have been altered to make it work. A final plat has been prepared, approved and recorded for the subject property. It is concluded the residential use designated for the subject property is physically possible.

FINANCIALLY FEASIBLE

Pulte Homes is developing an age-restricted community of 7,210 units on 3,100 acres. Sun City Festival is the latest expansion or extension of the Sun City communities which first opened in the 1960s. Since the original Sun City development, two expansions have also been developed. Sun City West was developed adjacent west of Sun City and more recently Sun City Grand was developed just west of Sun City West. The Sun City Festival community is continuing the success of its predecessor communities.

Being only a few miles west of three completed Sun City communities, Sun City Festival has demonstrated it can compete successfully within the active adult segment of the residential market. As discussed previously at some length in the *Residential Market Analysis* section, Sun City Festival has and is proving itself to be a measurable (if not significant) exception to what is mostly a flat (stalled) residential market. In a little over two years, over 1,000 new homes have been sold in the Sun City Festival community.

MAXIMALLY PRODUCTIVE

The subject property is located within a larger residential community in which significant planning and development has already taken place. In order to development a project of the magnitude of a Sun City community, considerable planning and expense is incurred prior to on-site construction. For instance, the property must be secured, entitled, permits and development agreements must be attained to secure the necessary infrastructure. In the case of subject, this has occurred. In fact, a final plat has been completed and recorded and due to this fact, there is very little flexibility in terms of the development options now that the legal, physical and financial criteria have been met. It is our opinion that development of the subject property with its proposed use is its maximally productive use.

HIGHEST AND BEST USE CONCLUSION

Reflecting the facts and reasoning outlined above, it is concluded the highest and best use of the subject property is for the continued development of the partially completed 178 lot subdivision.

VALUATION METHODOLOGY

VALUATION PROCESS

The valuation process is an organized procedure applied to develop a well-supported opinion of a defined value. Appraisers develop opinion(s) of property value with specific appraisal methodologies that reflect three distinct perspectives of data analysis; the sales comparison approach, the cost approach, and the income capitalization approach. The approach(es) employed depend on the type of property, the intended use of the appraisal, the applicable scope of work, and the quality and quantity of data available for analysis.

Sales Comparison Approach

The sales comparison approach compares the sale transactions of properties determined to be similar to the subject property (comparable sales). This approach to value is most useful when a number of similar properties have recently been sold or are currently offered for sale in the subject's market area. To derive a value indication via the sales comparison approach, a series of adjustments are made to each comparable sale in order to account for known differences between the subject property and the comparable sales. Adjustments are typically applied using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as a gross rent multiplier. After all adjustments are made, the corresponding indicated value range suggests where the subject property's concluded value is expected to fall.

Cost Approach

The cost approach is based on the premise that a prudent buyer would not pay more for the subject than the cost to produce or reproduce a similar property of equivalent utility. This approach is particularly applicable when the property being appraised involves new or relatively new improvements and/or the property is unique and not directly comparable with other properties exchanged in the market.

In the cost approach, the opinion of value for the subject property is derived by adding an opinion of land value (at its highest and best use "as if vacant") to the current cost of constructing a reproduction or replacement of the improvements and then subtracting the amount of accrued

depreciation (i.e. physical deterioration and/or obsolescence). Entrepreneurial profit or incentive is also a consideration in the value indication. Land is valued separately, typically involving the sales comparison approach of comparable vacant properties.

Income Capitalization Approach

The income capitalization approach to value is used to convert anticipated benefits (cash flow and reversion) into an indication of property value. There are two primary conversion models: direct capitalization of a single year's income expectancy; and, yield capitalization of a defined holding period with consideration of a reversion at the end of the holding period. Both models utilize market derived rates (direct or yield) and account for a wide variety of factors typically considered in the purchase of an income producing property.

Reconciliation

The final step in the valuation process is reconciliation - a process by which the appraiser analyzes the value conclusions indicated by two or more valuation approaches. The appraiser weighs the relative significance, applicability and defensibility of each approach as it relates to the type of property being appraised to conclude to a final value opinion.

APPLICABLE VALUATION METHODOLOGY

As previously discussed, the purpose of this assignment is to form opinions of "as is" and hypothetical "as if complete" market value of the subject property.

Subdivision Valuation

For this assignment, the hypothetical "as if complete" market value of the 178 finished lots involves only the income capitalization approach (static and yield analyses). The sales comparison and cost approaches were not utilized due to the lack of raw land and finished lot sales which have similar location and physical qualities as the subject property (i.e., partially developed lots within an on-going active adult community). Active adult communities are typically developed and sold by a single entity in order to recapture the significant infrastructure burdens of the initial phase of development necessary to accommodate this particular segment of the population.

In order to form an opinion of the "as is" market value for the subject property (178 lots), we have incorporated a modified Cost Approach. The basis of this modified Cost Approach involves an opinion of hypothetical finished lot value for the subject property by the above referenced income capitalization approach. The next step is to subtract all lot development costs remaining to complete the construction of the subject's 178 partially developed lots and any applicable profit expectations. Overall, the modified Cost Approach methodology described above and used in this appraisal is believed the best reflection of a potential buyer's thought process in evaluating the subject property "as is."

INCOME CAPITALIZATION APPROACH

The income capitalization approach to value is used to convert anticipated benefits (cash flow and reversion) into an indication of property value. There are two primary conversion models: direct capitalization of a single year's income expectancy; and, yield capitalization over a defined holding period with consideration of a reversion at the end of the holding period. Both models utilize market derived rates (direct or yield) and account for a wide variety of factors typically considered in the purchase of an income producing property.

APPLICABLE METHODOLOGY

It is important to recognize that subdivisions must be analyzed differently from income-producing property. Income property is constructed to produce a recurring income and to provide a reversion at the end of the holding period. Subdivision development is a business enterprise with the product being residential homes. A residential developer's motivations are different from those of an investor in income producing property; the return is dependent solely upon the construction and sale of houses, without the benefit of a reversion (a subdivision is a diminishing asset). Therefore, the traditional approaches employed in income property valuation do not necessarily lend themselves to subdivision analysis. Instead, valuation techniques known as static residual modeling and yield analysis are the methods most often employed by merchant builders to make purchase decisions.

Static residual modeling solves for finished lot value by subtracting all costs of production (including profit) from anticipated revenues generated from home sale and lot premiums. Profit margins, which are usually expressed as a percentage of gross sales, include consideration of the time value of money and overall property risks. Static profit margins can vary significantly dependent upon property location, finished lot size, type of housing product proposed, expected level of market competition, supply and cost of materials and labor, fluctuating consumer interest rates, developer borrowing costs, the form of lot inventory acquisition (rolling option, bulk purchase of improved lots, or development of raw land), and most importantly (based on all of the above considerations), the anticipated length of the holding/sellout period.

The anticipated length of the holding/sellout period for a particular development is the ultimate measure of exposure to risk for an investor. While a static profit margin inherently considers this measure of risk, the timing of expected cash flows that a project will generate is also a very important consideration. This form of dynamic analysis is generally known as yield analysis. Yield analysis provides an independent valuation technique, but more importantly, it tests the reasonableness of the profit margin used in the static residual model. Yield analysis can also be very useful if the rate of return needs to be divided between the debt and equity components of a leveraged project.

STATIC RESIDUAL MODEL

Static residual modeling solves for finished lot value by subtracting all costs of production (including profit) from anticipated revenues generated from home sale and lot premiums. For this assignment, the valuation is completed by lot size category/product series versus phase or parcel. By categorizing the subject lots by lot size (product series), we can be more clear in our analysis and ensure a proper accounting and timing of the revenues and expenses associated with the subject property, assuming finished lot status. Our opinion of the finished lot market value for the subject property, derived via static residual modeling, is included below.

Base Home Revenue Projections

Opinions of reasonable product series for the subject lots are formed in the *Residential Market Analysis* section of this report, by lot size category. These opinions are based upon comparison of the current product series offered within Sun City Festival to current product offerings of other active adult communities in the CMA. Overall, it was concluded the Sun City Festival product series are appropriate for the current marketplace. With more than 1,000 home sales since October 2006, it appears the Sun City Festival product series has been well received by the marketplace.

The total base home sales revenue projected to be generated from the sale of the subject's 178 lots in Parcel J1 is summarized in the following table.

SUN CITY FESTIVAL PARCEL J1 BASE REVENUE PROJECTION							
Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Avg. Base Sales Price	Avg. Price/ Sq.Ft.	Total Base Revenue
Cottages/Holiday	46'	104	58%	1,326	\$ 184,500	\$ 139.10	\$ 19,188,000
Classics	60'	22	12%	1,700	\$ 253,567	\$ 149.13	\$ 5,578,467
Premieres	70'	50	28%	2,126	\$ 312,567	\$ 147.02	\$ 15,628,333
Estates	80'	2	1%	2,127	\$ 366,567	\$ 172.34	\$ 733,133
		178	100%		\$ 231,056		\$ 41,127,933

Lot Premium Revenue Projections

Historically, there have been opportunities for homebuilders to benefit from specific lot or site characteristics in the form of lot premiums (i.e., oversized lots, corner lots, adjacency to open space, golf course frontage, lake/city/mountain views, etc.). In the current marketplace lot premiums are often one of the first items to be negotiated or offered as an incentive in order to consummate a sale.

However, in the active adult marketplace lot premiums are still being recognized, albeit at a lower level. In order to estimate lot premiums for the subject lots, consideration is given to recent sale activity and our discussions with competing community sales personnel. Primary considerations include the number of lots with a specific premium attribute (i.e., percentage of total - a limited commodity or "typical" for community) and size of the standard lot within a series. While the range of premium potential for an attribute may be quite wide in the community, we are more confident of an overall average premium expectation rather than an individual lot retail listing. Also, lot premium potential is believed cumulative, that is, a certain lot may have two or more premium attributes and in our opinion each attribute must be recognized.

Parcel J1 is a non golf-oriented subdivision; therefore, it will not garner the level of premiums achieved within some of the other subdivisions within Sun City Festival. Premium revenue is anticipated to be received from the 16 lots backing to open space. Based upon the success of achieving lot premiums for open space in the other subdivisions in the community, Pulte Homes has projected an average premium of \$10,000 per lot. Spread over the entire 178 lot subdivision, per lot premium revenue is estimated at \$900 for a total of \$160,000.

PARCEL J1 LOT PREMIUM PROJECTION				
Total Lots	Prem. Lots	Lot Premium	Lot Premium Revenue	Avg. Lot Premium
178	16	\$ 10,000	\$ 160,000	\$ 900

Home Construction - Direct Costs

We have appraised and/or been given information in the recent past regarding direct home construction costs, including building permit and any applicable impact fee expenses, for active adult communities within the metropolitan Phoenix area (including Pinal and Maricopa Counties). This information was obtained directly from the homebuilders or their financing sources and is considered privileged information and we have agreed not to disclose any details in any future appraisal assignments, including this current assignment. Nevertheless, the table below summarizes general information regarding some of the most recent projects for which we have specific information.

DIRECT CONSTRUCTION COST COMPARISONS - ACTIVE ADULT										
Submarket	Home Size Range		Direct Costs/Sq. Ft.		Home Price Range			Direct Costs To		
	(Sq. Ft.)							Home Price Ratio		
Maricopa	1,189	To 1,700	59.85	To 61.91	\$149,000	To \$230,000	49%	To 44%		
Pinal	1,268	To 1,758	41.31	To 46.96	\$185,000	To \$215,000	32%	To 34%		
Maricopa	1,314	To 1,813	61.78	To 75.08	\$264,000	To \$304,000	37%	To 37%		
Pinal	1,315	To 1,658	61.42	To 62.34	\$225,000	To \$265,000	36%	To 38%		
Pinal	1,350	To 2,097	50.08	To 64.42	\$240,000	To \$310,000	36%	To 34%		
Pinal	1,437	To 1,928	61.78	To 74.25	\$210,000	To \$240,000	51%	To 50%		
Maricopa	1,526	To 1,766	57.68	To 58.41	\$206,000	To \$221,000	43%	To 46%		
Pinal	1,709	To 2,199	60.55	To 61.31	\$275,000	To \$330,000	38%	To 40%		
Maricopa	1,858	To 2,280	61.97	To 62.79	\$245,000	To \$278,000	48%	To 51%		
Maricopa	1,867	To 2,334	59.51	To 66.09	\$333,000	To \$373,000	37%	To 37%		
Pinal	1,955	To 2,292	53.40	To 57.39	\$315,000	To \$340,000	36%	To 36%		
Pinal	2,121	To 2,281	60.00	To 65.57	\$275,000	To \$290,000	51%	To 47%		
Pinal	2,156	To 2,539	60.20	To 60.61	\$335,000	To \$380,000	39%	To 40%		
Pinal	2,270	To 3,262	49.86	To 60.14	\$365,000	To \$425,000	37%	To 38%		
Maricopa	2,323	To 2,852	58.14	To 58.79	\$298,000	To \$349,000	46%	To 48%		
Pinal	2,382	To 3,764	53.49	To 64.38	\$335,000	To \$440,000	46%	To 46%		
Maricopa	2,423	To 3,096	65.16	To 71.47	\$438,000	To \$502,000	40%	To 40%		
Total Range:	1,189	To 3,764	41.31	To 75.08	\$149,000	To \$502,000	32%	To 51%		
Averages:	1,792	To 2,331	57.42	To 63.05	\$276,059	To \$323,059	41%	To 41%		

As shown, direct home construction costs (including building permit and impact fee requirements) have generally ranged between \$40 and \$75 per square foot of home size and averaged between approximately \$57 and \$63 per square foot of home size. Significant variances in costs result mostly from differences in construction quality and project location

(application of building permit and impact fees). It is noted direct construction costs average about 5% to 10% higher in Maricopa County than in Pinal County.

Historically, direct home construction costs for active adult communities typically averaged between 35% and 45% of the base home price; however, in most locations this ratio range has trended upward as base home prices have come down. Alternatively, some homebuilders are reducing the specification levels of their product series, which has the opposite effect on direct construction cost ratios.

We have been provided with average direct home construction costs, building permit and applicable impact fee expenses, for the four product series offered by Pulte Homes at Sun City Festival.

SUN CITY FESTIVAL HOME CONSTRUCTION COSTS BY SERIES					
Product Series	Avg. Home Sq.Ft.	Sticks & Bricks	Permits & Fees	Total Const. Cost	Avg. Cost/ Sq.Ft.
Cottage/Holiday	1,326	\$64,403	\$18,174	\$82,577	\$62.26
Classic	1,700	\$84,340	\$21,964	\$106,304	\$62.52
Premier	2,126	\$108,616	\$28,022	\$136,638	\$64.27
Estate	2,609	\$127,307	\$31,697	\$159,004	\$60.94
Totals/Average	1,612	\$79,993	\$21,561	\$101,554	\$63.01

Source: Pulte Homes, Inc.

As indicated, the costs for the four product series range between \$60.94 and \$64.27 per square foot of home size, with an overall average of \$63.01 per square foot. Given Pulte Homes' experience with other subdivisions within the Sun City Festival community offering the same product lines and the fact construction costs are in-line with other active adult developments, the average cost of \$101,554 per unit will be used to estimate total construction costs of the housing product to be developed on the subject's 178 lots. The average home construction cost of \$101,554 equates to approximately 44% of the average base home price projection, which is also consistent with market averages for active adult housing product.

Home Construction - Indirect Costs

These costs are those that are related to the construction and sale of a specific home or unit. Costs can vary widely depending on how they are classified and accounted for in the

homebuilding operation. Nevertheless, most builders generally include sales commissions (in-house and co-brokerage), sales tax, customer service/warranty expenses, closing costs, miscellaneous expenses (contingency), and concessions (discounts/incentives) within this category of expenses. Our projected indirect costs are summarized as follows:

Sales Commissions and Sales Tax - Currently, for this type of product, in-house commissions are typically 1.5% to 2.0% and co-brokerage commissions are 3.5% to 4.5% of base home price. Co-brokerage situations are expected to be approximately 80% of all transactions. Based upon this information, as a percentage of total commissions paid, 2.0% is believed reasonable for in-house sales personnel with the remaining 0.7% (3.5 paid on 20% of the transactions) paid to outside sales persons. In Pinal County, sales tax generally ranges between 3% and 5% of the total sale price, depending upon the municipality and the legal structure of the builder/developer. For this analysis, 4.5% is utilized, based upon input from area builders.

Warranty and Closing Costs - These costs are variable in the sense that they are dependent upon home price and quality. However, within a price and quality bracket, they are fairly consistent. Generally, closing costs range between 0.25% and 1% per home with warranty costs typically similar. However, builders are currently offering homebuyer significant closing cost assistance. Currently, Pulte Homes is offering an average of \$5,000 in closing costs. For this analysis, warranty costs are estimated at 0.5%, while closing costs are estimated at 2% of average base home price (or just under \$5,000 per home).

Miscellaneous (Contingency) Costs - Miscellaneous costs (contingency) can vary greatly depending upon the location of the property and quality of the construction materials. On average, this expense is usually 0.25% to 1% of base home price. For this analysis, we will use 0.5%.

Sales Concessions (Discounts/Incentives) - Reported incentives from the competitive supply indicate a range of discounts/incentives of none to over \$100,000, more typically in the \$20,000 to \$35,000 range. These incentives are applied primarily towards options, upgrades, lot premiums and closing costs with preferred lenders. However, some incentives may also affect the base home price. Sales concessions can be a volatile expense item since they are a reflection of changing market conditions. In the current marketplace it has become more common to allow buyers to apply a portion of incentives to base pricing, i.e., money toward options and upgrades. A reversal of this trend is not believed forthcoming in the near term, so for this analysis, after considering the home price level projected we have included a 3.5% of base home price discount in our analysis to reflect the loss in revenues due to the incentives likely to occur during the sell-out of the subject lots. Current incentive level are greater than 3.5%; however, the level of incentives will decrease over the sell-out period. An overall average of 3.5% has been incorporated.

Project Costs

These costs are not directly related to the construction or sale of a specific home or unit, but are general costs associated with the operational aspects of the project. Most builders generally include an allowance for construction overhead (on-site supervision), marketing and advertising (in addition to sales commissions or incentives), and administrative and overhead items within this category of expenses. Our estimated project costs are summarized as follows:

Construction Overhead – This expense relates to direct supervision of the actual homebuilding operations onsite, as well as the cost to construct or lease temporary construction trailers, lease and maintain construction equipment, and purchase certain construction materials not previously identified in the direct home construction discussion. This cost is generally 1% to 3% of base home revenues. For this analysis, we have estimated a ratio of 1.5% of base home revenues.

Sales and Marketing - Advertising and promotion is generally 1% to 4% of revenues, depending upon the size and quality of the project and whether or not it is located in a master-planned community which may involve a joint marketing campaign with other builders. For an active adult community such as the subject, a significant sales and marketing budget is considered necessary. For the subject, an expense allocation at the top of the range (4%) is considered reasonable, particularly in light of the present market conditions.

Administrative and Overhead - Within the administrative and overhead category, there are numerous smaller expense items which collectively become quite sizable. These include: model operational costs (including model lease, maintenance, utilities, security, hostess, office supplies, telephone, computer and furniture leases, etc.), sales office construction, liability insurance, and appraisal, legal and accounting fees. Combined, these expenses can amount to as much as 3% to 4% of revenues. Because of the unique nature of the subject community (active adult), it is our opinion the administrative/overhead expense category should be at the higher end of the range, say 3% of base home revenues, to account for the specialized expertise required in successfully maintaining the operation of such a community. Expense categories such as corporate overhead or builder's fee are not generally project related costs, but rather a distribution of company-wide overhead expenses. Typically, these items are taken from total company profits and as such we will not make any special category deduction for this purpose.

Holding Costs

These items are the necessary expenses to maintain lot inventory. Primarily, this category of expenses involves real estate taxes, special assessments (improvement district, bonds, special taxes, etc.) and homeowner's association subsidies.

Real Estate Taxes – Based on our review of current taxes for finished lots in Province, we found various ranges, dependent mostly on how long the lots had been on the tax rolls. For the purposes of this analysis, initial year annual real estate taxes for the subject lots are estimated to range from \$204 per lot (Cottage/Holiday product series) to \$221 per lot (Estate product series). Based upon the subject's lot mix, an average per lot real estate taxes is estimated at \$210.

Special Taxes (Assessments)

The subject's 178 lots will be subject to a special assessments associated with the Festival Ranch CFD. The assessment on the subject's 178 lots will be \$2,000 per lot, the same amount assessed to the other residential lots in the community. Based upon a \$2,000 per lot assessment, a annual debt service payment of \$175 per lot is estimated.

Homeowner's Association Fees (Subsidies) - As discussed in the *Property Description* section of this report, the homeowner's association subsidy for the subject lots that remain in the builder's inventory are estimated to be \$1,100 per lot per annum (HOA fee plus month basic cable fee).

It is noted that these holding costs are reduced over time and are also subject to inflationary influences (as estimated in the Yield Analysis). Therefore, in order to more accurately reflect the impact of holding costs for use in the static residual model, we have extracted the total amounts of these holding costs expended during the projected sell-out period as calculated in the forthcoming yield analysis (see "Total Column" of discounted cash flow model).

Financing

Financing for acquisition of the raw land, development of improved lots and construction of the homes is an integral part of any subdivision valuation and an important aspect of homebuilding. However, because current financing is widely variable and dependant upon many different factors, we have adopted an "all cash" development scheme in the static residual model in order to provide a more consistent and meaningful opinion of value.

Nevertheless, in reality very few homebuilders/developers have the financial capacity to develop a subdivision without external funds. Therefore, while financial leveraging is not explicitly included in our analysis, the costs of financing must be implicitly accounted for in the builder's profit margin (i.e., if a builder is providing all working capital, then the builder's yield/profit should increase accordingly). Through yield analysis performed on numerous other subdivision appraisals wherein financing costs were considered a cost of production, they have consistently averaged between 2% and 4% of gross revenues. If the profit margin selected in the static

residual model properly reflects this "opportunity cost" savings, then performing the analysis on an "all cash basis" is not inappropriate or misleading.

Homebuilder Profit Margin

Entrepreneurial profit in static residual modeling is defined as the difference between the total cost of a property (cost of development) and its market value. The profit margin represents the homebuilder/developer's compensation for the risk and expertise associated with the development. The amount of profit expected from any particular subdivision is primarily based on the perceived risk associated with the development, and must be sufficient to attract investment. Profit is site specific with a number of factors to consider. These include, but are not limited to, physical status of the property (raw/finished/partially finished), lot development and infrastructure costs, proposed home price range, absorption/sellout period, location, community size and amenities, level of competition, etc.

We have surveyed successful homebuilders in the Phoenix area market over the past several years, including Centex Homes, Pulte Homes, Lennar Homes, Shea Homes, Richmond American Homes, Meritage Homes, Cachet Homes, Engle Homes, and Taylor Morrison. These builders have indicated that a profit margin ranging between 8% and 15% of gross revenues is acceptable. However, this profit is typically based on the total sale price of a home, inclusive of options which have a high mark-up built into these upgrades. The generally accepted profit range without considering upgrades is currently between 5% and 12%. The low-end of this range is typically associated with entry-level and first move-up housing product, while the high-end of the range is typically associated with second move-up and higher quality housing product. This profit range is also reflective of a leveraged development scheme, not an "all cash basis." Therefore, the aforementioned 2% to 4% financing cost for a typical subdivision needs to be added to the 5% to 12% range to reflect an acceptable "all cash basis" profit rate.

As noted above, an appropriate builder profit margin is site specific with a number of factors to consider. However, two primary factors (sellout/construction period and base home price range) typically have the greatest influence. It is generally believed that builders with shorter sell-out and construction periods accept lower static profit margins because of the shorter timeframe involved; holding, construction, and market risks are perceived as slightly lower. The projected sell-out period for the subject's 178 lots is 12 quarters, which is a fairly short period reflecting the level of sales activity experienced in the community over the past 31 months.

The second significant factor affecting builder profit is the base home price range, because in general, builder profit margins tend to increase as home prices increase. This is due to the increased costs/risks associated with constructing and selling more expensive homes, which are burdens a builder must account for in higher profit margins. The subject's 178 lots are more heavily weighted toward smaller lots (126 of the 178 lots – 71% - are Cottage/Holiday and Classic lots) less expensive homes.

Given the sell-out period and average base price information for the subject's lot size categories, our opinion of an appropriate static profit ranges is from 13% to 15%.

Conclusion – Static Residual Model

Based upon the previously stated assumptions, the static residual model indicates a range of values between \$43,000 and \$47,500 per lot (\$7,650,000 and \$8,470,000).

STATIC RESIDUAL ANALYSIS - SUN CITY FESTIVAL PARCEL J1			
	Per Home	% of Price	Total
Revenues			
Base Home Sales Proceeds	\$231,056	99.61%	\$41,127,933
Lot Premiums	\$900	0.39%	\$160,200
Total Revenue	\$231,956	100.00%	\$41,288,133
Unit Costs			
Direct Home Construction Costs	\$101,554	43.95%	\$18,076,604
Discounts (Incentives)	\$8,087	3.50%	\$1,439,478
Sales Commissions (In-house)	\$4,621	2.00%	\$822,559
Sales Commissions (Co-broke)	\$1,617	0.70%	\$287,896
Sales Tax	\$10,398	4.50%	\$1,850,757
Warranty	\$1,155	0.50%	\$205,640
Closing Costs	\$4,621	2.00%	\$822,559
Contingency	\$1,155	0.50%	\$205,640
Total Unit Costs	\$133,209	57.65%	\$23,711,131
Project Costs			
Construction Overhead	\$3,466	1.50%	\$616,919
Marketing & Advertising	\$9,242	4.00%	\$1,645,117
Administrative & Overhead	\$6,932	3.00%	\$1,233,838
Total Project Costs	\$19,640	8.50%	\$3,495,874
Holding Costs			
Real Estate Taxes	\$210	0.09%	\$37,380
Special Taxes (Assessments)	\$175	0.08%	\$31,150
HOA Fees (Subsidies)	\$1,100	0.48%	\$195,800
Total Holding Cost	\$1,485	0.64%	\$264,330
Builder Profit Margin @	13.00%	\$30,037	13.00%
Residual Finished Lot Value @	13.00%	\$47,585	20.21%
Builder Profit Margin @	15.00%	\$34,658	15.00%
Residual Finished Lot Value @	15.00%	\$42,964	18.21%

Rounded to:	\$8,470,000
Rounded to:	\$7,650,000

YIELD ANALYSIS

Retail Sales (Absorption)

The projected sell-out period for the subject property is predicated upon historical sales data for the Sun City Festival community, historical sales data in the CMA and discussions in the *Residential Market Analysis* section of this report. As indicated in the Residential Market Analysis section, the Sun City Festival community has little in the way of direct competition; however, competition for the subject's lots will come from within the community. At any given time, Pulte Homes typically has an inventory of 180 lots available for sale.

As discuss previously, more than 1,000 homes have been sold in the Sun City Festival community since October 2006. During 2008, a total of 288 home were sold and in the first five months of 2009 and additional 139 homes were sold. Generally, the monthly absorption level for the community over the past 17 months has been 25 sales. Based upon the activity of the first five months of 2009, the level of sales activity is anticipated to dip below the historical levels for the next couple of years. The subject lots will be replacement inventory for the community; however, these lots lack some of the selling features of some of the competing subdivisions, including golf course lots and proximity to amenities (clubhouse proximity). For these reasons a monthly absorption level of 6 sales has been forecast over the sellout period.

Other elements of the subject's sellout include:

Phasing Schedule - All of the subject lots are assumed to be fully developed at time of valuation and assumed available for purchase by prospective homebuyers. We have not considered any special withholdings/savings regarding model homes, speculative built homes, or other lots for marketing purposes.

Home Construction Timing - Because the subject lots are assumed to be finished, home contract sales are projected to begin in the first month of the analysis, with construction starts of these contracts to begin in the same quarter they are signed. According to homebuilders in the marketplace, estimated home construction time frames for product similar to the subject is estimated at about six months. We have utilized a typical construction time frame of six months for each of the subject lot size categories. The escrow closings of the contracted sales within the first quarter therefore begin to occur in the second quarter, and so on until the last closing occurs in the last quarter of the cash flows. As there is no way to project when and which lots will sell, average home prices (including average lot premiums) are utilized over the applicable absorption periods.

Home Price Appreciation - Based on a study of historic changes in the metropolitan Phoenix median new home prices averaged an annual appreciation rate of 3% to 5%. Review of the competitive subdivisions surveyed for this report (see *Residential Market Analysis*) indicate home prices have generally decreased over the past 12 months. Further, market participants are not expecting market conditions to improve until 2011/2012. For this analysis we have projected what we consider a sustainable appreciation rate more similar to historic levels, or 4% per year, scheduled to begin after the fourth quarter of analysis. Because home closings will be delayed by five months while the homes are constructed, the effect of the home price increases will not be seen until after the sixth quarter of analysis.

Holding Cost Inflation - We estimate that all expenses will increase about 3% annually during the sell-out period, beginning after the first quarter of the cash flow analysis.

Homebuilder Profit Margin

The homebuilder profit margin discussed previously and used in the static residual model is not appropriate for yield analysis. Market participants confirm the profit margin utilized in the static residual model accounts for the time value of money. The discount rate used in yield analysis already accounts for the time value of money, and therefore, the utilization of the same profit in yield analysis as in the static residual model would result in an overcompensation of profit. More importantly, market support for a line item profit expense in yield analysis is virtually non-existent. Home builders and developers typically consider entrepreneurial incentive in a subdivision project by yield analysis, which reflects the total anticipated return to the entrepreneur for their contribution to a project and risk. The overall return, as measured by the discount rate, is commonly discussed by and between market participants and therefore supported in the marketplace.

Project Discount Rate

The project discount rate, yield rate, or internal rate of return (IRR), is the rate of return on the total unleveraged investment in a development, including both equity and debt. It is based on risk, liquidity and management burden and is the rate which would attract a prudent investor. Although the actual rate of return on an investment cannot be calculated until the investment is sold, an investor may consider a target yield rate for the investment prior to or during ownership. This rate considers the influence or the degree of apparent risk, prospective rates of return for alternative investment opportunities, historical rates of return earned by comparable properties, market attitudes with respect to future inflation or deflation, supply of and demands for mortgage funds, availability of tax shelters, etc.

Analysts have attempted to apply rates of return typically utilized for income producing properties in subdivision analysis. However, subdivisions are constructed to sell not to produce a recurring income. A subdivision cash flow is a series of reversions, whereby the asset is continuously disposed of until there is nothing left at the end of the holding period. Further, subdivision discount rates include both entrepreneurial profit and return on equity as opposed to income property rates which do not include entrepreneurial profit. Because the cash flow characteristics differ from those of income property, the application of "income property" rates is inappropriate to subdivision analysis.

Interviews and discussions with real estate professionals and investors who are experienced with multi parcel subdivision development (both commercial and residential) indicate that such properties are mostly evaluated on a total return basis. Currently, total returns ranging from approximately 15% to 40% (inclusive of entrepreneurial profit) are required depending on the size of the property, its improvement status, the expected holding (sell-out) period, holding costs, risk, etc. According to investment companies active in this particular region (including The Ellman Companies, Sunbelt Holdings, Newland Communities, Stardust Development, GMAC-RFC, and ApexCapital), homebuilding operations as well as land development or "land banking" operations generally require return rates between 15% and 25%.

Based on the foregoing, and after considering the relatively short sellout periods (12 quarters) and home pricing schemes of the subject lots, it is our opinion a project yield near mid-range (22.5% to 25.0%) would be reasonable for each of the subject lot size/product series categories.

Conclusion – Yield Analysis

Using the above discussed parameters, we have completed a dynamic cash flow model for yield analysis of the subject's 178 lots (included on the following page). As shown, value indications range from \$49,230 to \$49,700 (\$8,400,000 to \$8,850,000).

YIELD ANALYSIS - SUN CITY FESTIVAL PARCEL J1

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Totals
Lot Sales (Closings)	0	0	0	0	18	18	18	18	18	18	18	18	178
Beginning Lot Inventory	178	178	178	178	142	124	106	88	70	52	34	16	8
Ending Lot Inventory	178	178	160	142	124	106	88	70	52	34	16	8	0
Avg. Lot Inventory During Period	178	178	163	151	133	115	97	79	61	43	25	8	8

INPUTS/ASSUMPTIONS SUMMARY

No. of Lots *	178
Quarterly Lot Sales Rate *	18.00

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Totals
Revenue	\$ -	\$ -	\$ -	\$ -	\$ 4,200,595	\$ 4,200,595	\$ 4,200,595	\$ 4,200,595	\$ 4,200,595	\$ 4,200,595	\$ 4,200,595	\$ 4,200,595	\$ 17,613,870
Income from Lot Premiums	\$ -	\$ -	\$ -	\$ -	\$ 16,382	\$ 16,382	\$ 16,382	\$ 16,382	\$ 16,382	\$ 16,382	\$ 16,382	\$ 16,382	\$ 65,528
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ 4,216,977	\$ 4,216,977	\$ 4,216,977	\$ 4,216,977	\$ 4,216,977	\$ 4,216,977	\$ 4,216,977	\$ 4,216,977	\$ 17,679,398
Unit Costs													
Direct Home Construction Cost	\$ -	\$ 1,827,371	\$ 1,827,371	\$ 1,827,371	\$ 1,841,681	\$ 1,841,681	\$ 1,841,681	\$ 1,841,681	\$ 1,855,994	\$ 1,855,994	\$ 1,855,994	\$ 1,855,994	\$ 7,427,016
Discounts (Incentives)	\$ -	\$ -	\$ -	\$ -	\$ 147,021	\$ 147,021	\$ 147,021	\$ 147,021	\$ 148,431	\$ 148,431	\$ 148,431	\$ 148,431	\$ 592,335
Sales Commissions (In-house)	\$ -	\$ -	\$ -	\$ -	\$ 84,012	\$ 84,012	\$ 84,012	\$ 84,012	\$ 84,862	\$ 84,862	\$ 84,862	\$ 84,862	\$ 341,610
Sales Commissions (Co-broke)	\$ -	\$ -	\$ -	\$ -	\$ 29,404	\$ 29,404	\$ 29,404	\$ 29,404	\$ 29,858	\$ 29,858	\$ 29,858	\$ 29,858	\$ 119,532
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ 199,027	\$ 199,027	\$ 199,027	\$ 199,027	\$ 200,656	\$ 200,656	\$ 200,656	\$ 200,656	\$ 800,006
Variety	\$ -	\$ -	\$ -	\$ -	\$ 21,003	\$ 21,003	\$ 21,003	\$ 21,003	\$ 21,213	\$ 21,213	\$ 21,213	\$ 21,213	\$ 84,846
Closing Costs	\$ -	\$ -	\$ -	\$ -	\$ 84,012	\$ 84,012	\$ 84,012	\$ 84,012	\$ 85,282	\$ 85,282	\$ 85,282	\$ 85,282	\$ 340,858
Contingency	\$ -	\$ -	\$ -	\$ -	\$ 21,085	\$ 21,085	\$ 21,085	\$ 21,085	\$ 21,362	\$ 21,362	\$ 21,362	\$ 21,362	\$ 85,174
Total Unit Costs	\$ -	\$ 1,827,371	\$ 1,827,371	\$ 1,827,371	\$ 2,117,244	\$ 2,117,244	\$ 2,117,244	\$ 2,117,244	\$ 2,138,912	\$ 2,138,912	\$ 2,138,912	\$ 2,138,912	\$ 8,599,284
Project Costs													
Construction Overhead	\$ -	\$ -	\$ -	\$ -	\$ 63,009	\$ 63,009	\$ 63,009	\$ 63,009	\$ 63,639	\$ 63,639	\$ 63,639	\$ 63,639	\$ 253,926
Marketing & Advertising	\$ -	\$ -	\$ -	\$ -	\$ 168,024	\$ 168,024	\$ 168,024	\$ 168,024	\$ 170,704	\$ 170,704	\$ 170,704	\$ 170,704	\$ 679,156
Administrative & Overhead	\$ -	\$ -	\$ -	\$ -	\$ 126,018	\$ 126,018	\$ 126,018	\$ 126,018	\$ 127,278	\$ 127,278	\$ 127,278	\$ 127,278	\$ 507,870
Total Project Costs	\$ -	\$ -	\$ -	\$ -	\$ 357,051	\$ 357,051	\$ 357,051	\$ 357,051	\$ 361,621	\$ 361,621	\$ 361,621	\$ 361,621	\$ 1,408,552
Holding Costs													
Real Estate Taxes	\$ 9,345	\$ 9,345	\$ 9,345	\$ 9,345	\$ 6,063	\$ 6,063	\$ 6,063	\$ 6,063	\$ 6,121	\$ 6,121	\$ 6,121	\$ 6,121	\$ 24,018
Special Taxes (Assessments)	\$ 7,788	\$ 7,788	\$ 7,788	\$ 7,788	\$ 5,069	\$ 5,069	\$ 5,069	\$ 5,069	\$ 5,130	\$ 5,130	\$ 5,130	\$ 5,130	\$ 19,806
HOA Fees (Subsides)	\$ 48,950	\$ 48,950	\$ 48,950	\$ 48,950	\$ 31,852	\$ 31,852	\$ 31,852	\$ 31,852	\$ 32,322	\$ 32,322	\$ 32,322	\$ 32,322	\$ 127,300
Total Holding Costs	\$ 66,083	\$ 66,083	\$ 66,083	\$ 66,083	\$ 43,084	\$ 43,084	\$ 43,084	\$ 43,084	\$ 43,573	\$ 43,573	\$ 43,573	\$ 43,573	\$ 167,124
Total Costs	\$ 66,083	\$ 1,894,054	\$ 1,894,054	\$ 1,894,054	\$ 2,617,329	\$ 2,617,329	\$ 2,617,329	\$ 2,617,329	\$ 2,684,415	\$ 2,684,415	\$ 2,684,415	\$ 2,684,415	\$ 10,858,246
Cash Flow Before Profit	\$ (66,083)	\$ (1,894,054)	\$ (1,894,054)	\$ (1,894,054)	\$ 1,599,733	\$ 1,599,733	\$ 1,599,733	\$ 1,599,733	\$ 1,578,063	\$ 1,578,063	\$ 1,578,063	\$ 1,578,063	\$ 6,821,152

NPV of Cash Flows	\$ 22,067
Total	\$ 6,800,851
Per Lot	\$ 49,724
Discounted @	25.00%
	\$ 5,406,356
	\$ 47,238

RECONCILIATION

Reconciliation is the last phase of any valuation assignment in which two or more value indications derived from market data are resolved into a final value opinion. The appraiser reconsiders the entire appraisal, focusing on the appraisal problem, the methodology and approaches that have been used, and the reliability and adequacy of the data used. The relative significance, applicability, and defensibility of each indication of value are considered, weighed, and tested for logic and consistency. Ultimately, the appraiser examines the reconciliation criteria and relies upon his/her professional experience and judgment to form an opinion final value.

HYPOTHETICAL "AS IF COMPLETE" MARKET VALUE

For this assignment, the opinion of the hypothetical "as if complete" market value for subject property involved only the income capitalization approach (static residual model and yield analysis). Neither the cost nor sales comparison approaches were utilized due to the lack of significant data (i.e., comparable raw land or bulk finished lot sales). The finished lot value indications derived via the income capitalization approach are presented below.

HYPOTHETICAL "AS IF COMPLETE" MARKET VALUE INDICATIONS			
Analysis	Value Range		
Static Analysis	\$	7,650,000	\$ 8,470,000
Yield Analysis	\$	8,400,000	\$ 8,850,000

Each of the methods employed above mirror a process that market participants follow when analyzing a subdivision site. There are numerous subjective elements inherent in each of the techniques and while we are diligent in our efforts to support our opinions, the general state of the current residential and economic markets makes this difficult at best. Ideally, all of the opinions and conclusions in the income capitalization methods to value would result in similar finished lot value indications. The static residual model and yield analysis are based upon current home pricing, lot premium, direct construction, sale expense and rate of return information, all at an absorption rate reflecting current and future expectations as the market recovers. Overall, the appraisers have placed similar weight on the value indication ranges by the income capitalization approach techniques to opine to the finished lot value for the subject

property, with final values likely reconciled in the overlapping ranges indicated by each technique.

Hypothetical "As Is Complete" Market Value Conclusion

The hypothetical "as if complete" market value of the subject property assumes all infrastructure improvements had been completed as of June 29, 2009 and all of the subject lots were ready for immediate construction of residential product. It is our opinion that the hypothetical "as if complete" market value of the subject property, as if sold as a whole to one buyer, on a cash equivalent basis, would be as follows:

**HYPOTHETICAL "AS IF COMPLETE" MARKET VALUE
(178 finished residential lots – Parcel J1)
EIGHT MILLION FOUR HUNDRED THOUSAND DOLLARS
\$8,400,000**

"AS IS" MARKET VALUE

For this valuation analysis, it appears the most reasonable approach to form an opinion of "as is" market value is a modified (or residual) cost technique. The subject property includes 178 partially developed lots. Based upon an inspection of the property (and confirmation with Pulte Homes), the remaining construction costs include installation of dry utilities, construction of concrete curbs and gutters and asphalt paving of the streets. As of the date of valuation (June 29, 2009), the cost to complete the subdivision were estimated at \$820,000, or approximately \$4,600 per lot.

Because these costs are minimal in comparison to the total development budget (on and off-site costs) for the subject 178 lots, we will merely subtract the allocated costs left to be incurred (\$820,000) from the previously concluded hypothetical "as if complete" market value (\$8,400,000). Most, if not all profit associated with lot construction is considered already earned; again, because the costs to complete the lot development is considered minimal, little if any, risk associated with completion is perceived.

"As Is" Market Value Conclusion

As a result of our investigation and analysis, it is our opinion the unencumbered market value of the fee simple estate of the subject property, on a cash equivalent basis, under market

conditions prevailing as of June 29, 2009, which corresponds to the date of our final inspection, was as follows:

"AS IS" MARKET VALUE
(178 partially completed residential lots)
SEVEN MILLION FIVE HUNDRED EIGHTY THOUSAND DOLLARS
\$7,580,000

The subject property is being appraised in connection with the Festival Ranch Community Facilities District Special Assessment No. 6. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the market value be deducted from the "as is" market value of the subject property. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. *The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; rather it reflects a special instruction from the client. This value indication is not market value.*

"AS IS" MARKET VALUE
LESS 5% CFD ADMINISTRATIVE FEE
SEVEN MILLION TWO HUNDRED THOUSAND DOLLARS
(\$7,200,000)

EXPOSURE TIME ANALYSIS

One of the implicit conditions of market value, as defined earlier in this report, is that "a reasonable time is allowed for exposure in the open market." This is always presumed to precede the effective date of the appraisal. Specifically, exposure time is defined as:

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.⁷

Since exposure time is considered to be a "retrospective marketing period," it is necessary to examine past market conditions, prior to the effective date of value. Support for this estimate can be obtained by an analysis of the exposure time associated with comparable properties, sales of which occurred prior to the effective date of this appraisal, and broker interviews.

Comparable Analysis

We were unable to confirm any comparable market sales activity pertaining to finished lot portions of this type of community (active adult).

Broker Interviews

The second source of support for our estimate of a reasonable exposure time for the subject is information from brokers knowledgeable of the subject's submarket. While each individual was reluctant to specifically quote an exact length of time, all commercial brokers opined that a time frame of 12 months or less is an appropriate estimate, given recent market conditions and the subject type of community (active adult), to achieve a market based sale price as of the effective date of this appraisal. This opinion takes into account the more specialized nature of the subject community and those developers/home builders experienced in their ownership. This period is associated with a price that was "reasonable" in light of past market conditions.

Therefore, based on broker survey, it is the appraiser's opinion that an appropriate exposure time that would have been associated with the subject property, assuming a sale occurred on the effective date of valuation, and also assuming that the asking price was reasonably similar to our opinion of value, is 12 months or less .

⁷ The Dictionary of Real Estate Appraisal, 4th Edition, pg. 105.

ADDENDUM

ITEM A – APPRAISERS QUALIFICATIONS

STEPHEN E. NIEBLING

SCOTTNIEBLING VALUATION GROUP, LLC
Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Master of Business Administration. Arizona State University, Tempe, Arizona, 1998.

Bachelors of Science in Economics. Santa Clara University, Santa Clara, California, 1992.

CERTIFICATION/ LICENSURE

State of Arizona, Certified General Real Estate Appraiser
Arizona Licensed Real Estate Sales Agent

PROFESSIONAL AFFILIATIONS

Associate Member, The Appraisal Institute

BUSINESS EXPERIENCE

2008-Present, Principal, ScottNiebling Valuation Group, LLC
2001-2008, Senior Appraiser, Burke Hansen, LLC
1999-2001, Real Estate Consultant, PricewaterhouseCoopers LLP
1993-1999, Appraiser, Burke Hansen, Inc.

APPRAISAL EXPERIENCE

Assignments: Majority of the assignments have been appraisals for conventional financing and/or CFD financing. Other appraisal assignments have included estate tax and litigation matters (eminent domain, lost profits, partnership disputes, CERCLA, etc.). Consulting assignments have been prepared for affordable housing, financial feasibility and market analyses.

Product Types:

Master-planned communities; apartments; neighborhood and community shopping centers; professional and medical office buildings; industrial buildings; residential subdivisions, hotels and golf courses.

FRANK R. KLEINMAN, MAI

SCOTTNIEBLING VALUATION GROUP, LLC
Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Bachelor of Science – Business Administration, Arizona State University, Tempe, 1957. Selected as the outstanding military student in the Class of 1957.

Continuing Education: Successfully completed the required courses of The Appraisal Institute. Attended numerous seminars and courses as part of the Appraisal Institute Professional Education/Certification program.

PROFESSIONAL AFFILIATIONS

MAI, Member, The Appraisal Institute since November 1970
State of Arizona, Certified General Real Estate Appraiser
CRE, Member, The American Society of Real Estate Counselors

BUSINESS EXPERIENCE

2008 To Present, Appraiser, ScottNiebling Valuation Group, LLC
2000 to 2008, Appraiser, Burke Hansen, LLC
1983 to 2000, Partner, Burke Hansen, Inc.
1978 to 1983, Independent Fee Appraiser, DICOR, Inc., retained as a consultant in charge of commercial real estate development
1967 to 1978, Manager of Appraisal Department, Coldwell Banker & Company and Coldwell Banker Management Corporation
1963 to 1978, Real Estate Appraiser, Coldwell Banker & Company and Coldwell Banker Management Corporation

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Market and absorption studies and expert witness testimony.

Product Types: Master planned communities; apartments; neighborhood shopping centers; community shopping centers; historical Indian lands; office buildings; industrial buildings; and residential subdivisions.

A list of clients for whom assignments have been completed would include:

City of Peoria	Nathan & Associates, Inc.	Harris Trust Bank
Fortis Private Capital	Maricopa Water District	Johnson Bank, N.A.
Shimizu America Corporation	Northern Trust Bank	Snell & Wilmer
Suncor	Pinnacle West Capital Corp	Fry's