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TRANSCRIPT OF PROCEEDINGS
FOR
$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

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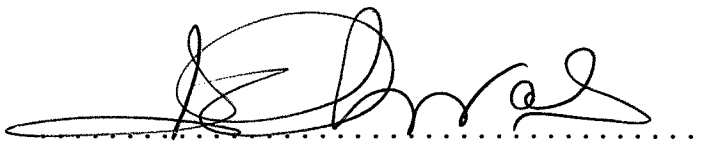
FOR THE PROPOSED

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA)
)
COUNTY OF PIMA) ss.
)
TOWN OF SAHUARITA)

I, the undersigned Clerk of the Town of Sahuarita, Arizona (hereinafter referred to as the "Town"), do hereby certify that I received a copy of a General Plan of Community Facilities District relating to proposed Quail Creek Community Facilities District and have properly filed such General Plan in the official records of the Town, all as of the date hereof and as required by Section 48-702(B), Arizona Revised Statues, as amended.

WITNESS MY HAND this 9th day of September, 2005.



Clerk, Town of Sahuarita, Arizona

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: NMB
DEPUTY RECORDER
1134 PE8

W
MICHAEL CAFISO
2375 E CAMELBACK RD 700
PHOENIX AZ 85016

DOCKET:	12727
PAGE:	1296
NO. OF PAGES:	12
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	01/25/2006
PLAN	14:22
MAIL	
AMOUNT PAID	$ 20.00

When recorded, please return to:

Michael Cafiso, Esq.
Greenberg Traurig, LLP
Suite 700
2375 East Camelback Road
Phoenix, Arizona 85016

GENERAL PLAN
FOR
THE PROPOSED
QUAIL CREEK
COMMUNITY FACILITIES DISTRICT

12727 1296

Pima County Recorder
Tracking #200502960

12

GENERAL PLAN
FOR
THE PROPOSED
QUAIL CREEK
COMMUNITY FACILITIES DISTRICT

TO: CLERK, TOWN OF SAHUARITA, ARIZONA

For the purposes of Section 48-702(B), Arizona Revised Statutes, as amended, the following is the general plan for the proposed, captioned district:

GENERAL AREA TO BE IMPROVED WITHIN THE PROPOSED CAPTIONED DISTRICT (THE "DISTRICT"):

All that area in the three parcels described in Exhibit "A" attached hereto and made a part hereof for all purposes.

GENERAL DESCRIPTION OF THE PUBLIC INFRASTRUCTURE IMPROVEMENTS FOR WHICH THE DISTRICT IS PROPOSED TO BE FORMED:

All that "public infrastructure" (as such term is defined in Section 48-701, Arizona Revised Statutes, as amended) described in Exhibit "B" attached hereto and made a part hereof for all purposes.

DATED: September 9, 2004

ATTACHMENTS:

EXHIBIT "A" -- Legal Description Of Property To Be Included In The District

EXHIBIT "B" -- Description Of Public Infrastructure

12427 0005

EXHIBIT A

GENERAL AREA TO BE IMPROVED WITHIN THE DISTRICT

PARCEL 1

A parcel of land located in Sections 6, 7, and 8, T.18S., R.14E., and Sections 1 and 12, T.18S., R13E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6, T18S., R.14E., said point being a found aluminum cap marked "NORTHWEST CORNER SECTION 6";

THENCE along the North line of the Northwest quarter of said Section 6, S89'25'48"E, a distance of 689.37 feet to the POINT OF BEGINNING;

THENCE continuing along said North line, S89°25'48"E, a distance of 1,858.47 feet;

THENCE S89°25'26"E, a distance of 1620.62 feet;

THENCE S17°57'47"W a distance of 689.75 feet;

THENCE S12°46'24"W a distance of 115.96 feet,

THENCE S05°53'16"W a distance of 476.75 feet;

THENCE S79°12'27"W a distance of 496.86 feet;

THENCE N34°33'43"W, a distance of 297.82 feet;

THENCE S55°26'17"W a distance of 728.89 feet;

THENCE S17°46'29"E, a distance of 548.81 feet to the Northwesterly comer of lot 150 of Quail Creek Block 1, Lots 1-306 and Common Areas "B", "C", and "D" recorded in Book 43, Page 39, Pima County Recorder;

THENCE S17°46'29"E along the Westerly line of said Quail Creek Block 1, Lots 1-306, a distance of 744.94 feet, to an angle point in said Westerly line;

THENCE continuing along said Westerly line S12°52'00"E, a distance of 1037.57 feet, to the Southwesterly corner of lot 174M of said Quail Creek Block 1, Lots 1-306;

THENCE Southeasterly along the Southerly line of said Quail Creek Block 1, Lots 1-306 S85°16'22"E, a distance of 296.51 to the Southeasterly corner of lot 175M;

THENCE leaving said Southerly line S36°46'53"E, a distance of 1,354.26 feet;

THENCE S04°23'03"E, a distance of 866.39 feet;

THENCE S78°30'18"E, a distance of 1,177.70 feet to a point on the centerline of Quail View Loop per the Final Plat of Quail Creek 2, Blocks 1-64 recorded in Book 51, Page 58, Pima County Recorder;

THENCE along the centerline of Quail Range Loop S52°10'00"E, a distance of 476.65 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 42°50'00";

THENCE Easterly along the arc of said centerline, a distance of 448.55 feet;

THENCE continuing along said centerline N85°00'00"E, a distance of 376.62 feet to a point of curve to the right, having a radius of 600.00 feet and a central angle of 34°00'00";

THENCE Easterly along the arc of said centerline, a distance of 356.05 feet;

THENCE continuing along said centerline S61°00'00"E, a distance of 522.00 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 75°30'00";

THENCE Easterly along the arc of said centerline, a distance of 790.63 feet;

THENCE continuing along said centerline N43°30'00"E, a distance of 227.70 feet to point hereinafter referred to as POINT "B";

THENCE S46°30'00"E, a distance of 45.00 feet, to the beginning of a non-tangent curve, concave to the South, having a radius of 25.00 feet, the center of which bears S46°30'00"E;

THENCE Easterly along said curve through a central angle of 90°00'00", an arc distance of 39.27 feet;

THENCE S46°30'00"E, a distance of 151.15 feet to the beginning of a tangent curve, concave to the Southwest, having a radius of 970.00 feet;

THENCE Southeasterly along said curve, through a central angle of 01°49'57", an arc distance of 31.02 feet; to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 25.00 feet, the center of which bears S45°19'57"W;

THENCE Northwesterly along said curve through a central angle of 38°42'09", an arc distance of 16.89 feet;

THENCE S43°30'00"W a distance of 109.65 feet;

THENCE S41°00'38"E a distance of 133.26 feet;

THENCE S32°03'46"E a distance of 133.52 feet;

THENCE S23°06'22"E a distance of 133.52 feet;

THENCE S08°02'24"W a distance of 90.35 feet;

THENCE S51°25'37"E. a distance of 65.18 feet;

THENCE N78°29'36"E, a distance of 110.00 feet;

THENCE S11°30'24"E. a distance of 193.54 feet to the beginning of a tangent curve, concave to the Northeast, having a radius of 1,030.00 feet;

THENCE Southeasterly along said curve, through a central angle of 26°19'27", an arc distance of 473.23 feet;

THENCE N52°10'09"E, a distance of 60.00 feet, to the beginning of a non-tangent curve, concave to the Northeast, having a radius of 970.00 feet, the center of which bears N52°10'09"E;

THENCE Southeasterly along said curve through a central angle of 06°06'27", an arc distance of 103.40 feet;

THENCE N46°03'43"E, a distance of 122.43 feet;

THENCE S43°56'17"E, a distance of 66.81 feet;

THENCE S47°11'51"E, a distance of 100.91 feet;

THENCE N52°28'40"E, a distance of 131.50 feet;

THENCE N63°52'30"E, a distance of 198.74 feet;

THENCE N45°58'06"E a distance of 186.86 feet;

THENCE N20°39'25"E a distance of 80.53 feet;

THENCE N03°23'52"W a distance of 82.36 feet;

THENCE N36°01'32"E a distance of 93.31 feet;

THENCE N19°30'26"W a distance of 43.06 feet;

THENCE N40°58'24"W a distance of 101.90 feet;

THENCE N50°51'33"W a distance of 59.43 feet;

THENCE N25°35'36"W a distance of 36.36 feet;

THENCE N03°28'22"E a distance of 60.07 feet;

THENCE N27°20'33"E a distance of 60.58 feet;

THENCE N41°10'36"E a distance of 212.18 feet to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 1,427.50 feet, the center of which bears S48°54'23"W;

THENCE Northwesterly along said curve through a central angle of 04°10'24", an arc distance of 103.98 feet;

THENCE N44°43'59"E, a distance of 45.00 feet;

THENCE N45°26'32"W, a distance of 9.00 feet;

THENCE N44°22'58"E, a distance of 120.00 feet;

THENCE N37°57'52"E, a distance of 75.65 feet;

THENCE S36°52'18"E, a distance of 721.37 feet to a point on the East line of said Section 8;

THENCE S00°19'00"E, a distance of 811.56 feet;

THENCE S00°19'51"E, a distance of 651.86 feet;

THENCE S89°15'28"W, a distance of 2,642.16 feet;

THENCE S89°16'11"W, a distance of 1,319.79 feet;

THENCE N00°28'48"W, a distance of 655.34 feet;

THENCE S89°18'44"W, a distance of 1,197.28 feet;

THENCE N00°42'14"W, a distance of 72.65 feet;

THENCE N42°10'27"W, a distance of 342.88 feet to the beginning of a non-tangent curve, concave to the Northwest, having a radius of 845.00 feet, the center of which bears N46°55'34"W;

THENCE Southwesterly along said curve through a central angle of 46°57'01", an arc distance of 692.43 feet;

THENCE S00°01'30"W, a distance of 60.00 feet;

THENCE N89°58'30"W, a distance of 594.68 feet;

THENCE S00°31'37"E, a distance of 1,311.64 feet;

THENCE N89°55'51"W, a distance of 692.48 feet;

THENCE N22°54'16"E a distance of 810.76 feet;

THENCE N59°28'16"W a distance of 1,385.45 feet;

THENCE N59°30'41"W a distance of 2,662.66 feet;

THENCE N59°30'29"W a distance of 1,385.47 feet;

THENCE N30°29'31"E. a distance of 407.54 feet;

THENCE N59°30'29"W a distance of 75.00 feet;

THENCE N80°03'48"W a distance of 150.96 feet;

THENCE N66°28'33"W a distance of 188.76 feet;

THENCE N42°42'29"W a distance of 137.40 feet;

THENCE N02°09'13"N, a distance of 56.55 feet;

THENCE N14°57'58"E a distance of 85.47 feet;

THENCE N21°49'39"W a distance of 258.88 feet;

THENCE N28°55'06"E a distance of 254.73 feet;

THENCE N61°31'39"E a distance of 136.53 feet;

THENCE N72°52'39"E a distance of 422.49 feet;

THENCE N34°44'43"E a distance of 153.07 feet;

THENCE N71°28'23"E a distance of 111.45 feet;

THENCE N41°01'44"E a distance of 137.87 feet;

THENCE N58°21'09"E a distance of 292.98 feet;

THENCE S80°09'49"E a distance of 75.00 feet to the point of curve of a non tangent curve to the left, of which the radius point lies N80°09'49"W, a radial distance of 2,000.00 feet;

THENCE Northerly along the arc, through a central angle of 05°14'33", a distance of 183.00 feet

THENCE N04°35'38"E, a distance of 1,046.83 feet;

THENCE S87°03'00"E, a distance of 1,101.85 feet;

THENCE N02°57'00"E, a distance of 99.08 feet;

THENCE N09°58'23"W, a distance of 1,861.54 feet;

THENCE N16°56'59"E, a distance of 280.91 feet;

THENCE N03°22'05"W, a distance of 633.45 feet to the POINT OF BEGINNING.

The above described parcel contains 929.49 acres, more or less.

PARCEL 2

A parcel of land located in Section 5, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 5, T18S., R.14E.;

THENCE along the North line of the Northwest quarter of said Section 5, S89°24'40"E, a distance of 919.94 feet to the POINT OF BEGINNING;

THENCE continuing S89°24'40"E, a distance of 1711.16 feet;

THENCE S89°26'12"E, a distance of 2,628.94 feet;

THENCE S00°33'46"E, a distance of 2,600.25 feet;

THENCE S00°29'09"E, a distance of 1,177.63 feet;

THENCE N63°51'17"W, a distance of 914.96 feet;

THENCE N31°25'45"W, a distance of 955.64 feet;

THENCE S69°24'01"W, a distance of 274.89 feet to a point on curve of a non tangent curve to the left, said curve being on the centerline of Quail Range Loop per the Final Plat of Quail Creek 2 Unit 16 recorded in Book 55, Page 62, Pima County Recorder, of which the radius point lies S69°24'01"W, a radial distance of 1,300.00 feet;

THENCE Westerly along the arc of said centerline of Quail Range Loop, through a central angle of 110°10'10", a distance of 2,499.67 feet;

THENCE S49°13'51"W, a distance of 58.50 feet;

THENCE leaving said centerline of Quail Range Loop N34°50'20"W, a distance of 908.75 feet; THENCE N55°03'30"W, a distance of 470.74 feet;

THENCE N62°43'56"W, a distance of 376.71 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 322.50 feet, the center of which bears N87°18'49"W;

THENCE Northerly along said curve through a central angle of 12°45'07", an arc distance of 71.78 feet;

THENCE N10°03'57"W, a distance of 68.46 feet;

THENCE N58°08'56"E, a distance of 165.49 feet;

THENCE N20°16'58"E, a distance of 196.06 feet;

THENCE N59°42'02"E, a distance of 233.09 feet;

THENCE S61°26'23"E, a distance of 178.00 feet;

THENCE N85°54'34"E, a distance of 287.29 feet;

THENCE N28°33'37"E, a distance of 45.00 feet;

THENCE N08°33'37"E, a distance of 174.61 feet;

THENCE N43°44'51"W, a distance of 480.23 feet to the POINT OF BEGINNING.

The above described parcel contains 244.58 acres, more or less.

PARCEL 3

A parcel of land located in Sections 5 and 8, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the aforementioned POINT "B", described in the legal description of PARCEL 1;

THENCE N43°30'00"E, a distance of 222.29 feet to the beginning of a tangent curve, concave Northwesterly, having a radius of 2600.00 feet;

THENCE Northerly along said curve, through a central angle of 19°23'44", an arc distance of 880.14 feet to the POINT OF BEGINNING;

THENCE N65°53'43"W, a distance of 45.00 feet;

THENCE N17°19'29"W, a distance of 365.55 feet;

THENCE N28°38'24"W, a distance of 319.69 feet;

THENCE N34°52'48"W, a distance of 269.69 feet;

THENCE N41°04'54"W, a distance of 58.17 feet;

THENCE N72°59'01"W a distance of 888.47 feet;

THENCE S88°08'09"W a distance of 65.69 feet;

THENCE S22°49'31"W a distance of 84.90 feet;

THENCE S65°06'02"E a distance of 40.00 feet;

THENCE S58°18'20"E a distance of 93.52 feet;

THENCE S53°17'39"E a distance of 95.03 feet;

THENCE S52°09'00"E a distance of 127.17 feet;

THENCE S55°16'49"E a distance of 97.42 feet;

THENCE S31°51'34"W a distance of 60.44 feet;

THENCE N75°07'27"W a distance of 30.48 feet;

THENCE N67°08'11"W, a distance of 61.67 feet;

THENCE N41°41'08"W, a distance of 131.83 feet;

THENCE N58°19'02"W a distance of 73.33 feet;

THENCE N80°40'31"W a distance of 50.02 feet;

THENCE S75°58'19"W. a distance of 58.64 feet;

THENCE N88°06'15"W, a distance of 52.06 feet;

THENCE N69°07'01"W a distance of 48.36 feet;

THENCE N48°01'26"W a distance of 52.87 feet;

THENCE N18°06'05"W a distance of 74.56 feet;

THENCE N08°25'37"W a distance of 106.61 feet;

THENCE N09°49'57"W a distance of 74.86 feet;

THENCE N09°56'55"W, a distance of 186.01 feet;

THENCE N80°03'05"E, a distance of 46.69 feet;

THENCE S68°04'15"E, a distance of 196.72 feet;

THENCE N67°24'03"E, a distance of 64.98 feet;

THENCE N19°01'53"E, a distance of 178.30 feet;

THENCE S70°16'15"E, a distance of 206.75 feet;

THENCE N65°15'48"E, a distance of 101.24 feet;

THENCE S57°59'26"E a distance of 122.37 feet;

THENCE S52°51'17"E, a distance of 232,85 feet;

THENCE S52°34'38"E a distance of 213.67 feet;

THENCE S64°12'16"E, a distance of 191.58 feet;

THENCE S64°19'02"E a distance of 190.06 feet;

THENCE S36°16'11"E, a distance of 297.39 feet;

THENCE S61°27'59"E a distance of 161.28 feet;

1427 PENN 0-HYDRO

THENCE S65°06'09"E a distance of 120.17 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 2,600.00 feet, the center of which bears N81°16'35"W;

THENCE Southerly along said curve through a central angle of 15°22'51", an arc distance of 697.96 feet to the POINT OF BEGINNING.

The above described parcel contains 17.94 acres, more or less.

1247237 01/30/08

EXHIBIT B

GENERAL DESCRIPTION OF PUBLIC INFRASTRUCTURE IMPROVEMENTS FOR WHICH THE DISTRICT IS PROPOSED TO BE FORMED

(a) Sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge.

(b) Drainage and flow control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use and discharge.

(c) Water systems for domestic, industrial, irrigation, municipal or fire protection purposes including production, collection, storage, treatment, transport, delivery, connection and dispersal, but not including facilities for agricultural irrigation purposes unless for the repair or replacement of existing facilities when required by other improvements permitted by this article.

(d) Highways, streets, roadways and parking facilities including all areas for vehicular use for travel, ingress, egress and parking.

(e) Areas for pedestrian, equestrian, bicycle or other nonmotor vehicle use for travel, ingress, egress and parking.

(f) Pedestrian malls, parks, recreational facilities other than stadiums, and open space areas for the use of members of the public for entertainment, assembly and recreation.

(g) Landscaping including earthworks, structures, lakes and other water features, plants, trees and related water delivery systems.

(h) Public buildings, public safety facilities and fire protection facilities.

(i) Lighting systems.

(j) Traffic control systems and devices including signals, controls, markings and signage.

(k) School sites and facilities with the consent of the governing board of the school district for which the site or facility is to be acquired, constructed or renovated.

(l) Equipment, vehicles, furnishings and other personality related to the items listed hereinabove.

CERTIFICATE OF RECEIPT OF PETITION FOR ADOPTION

OF A RESOLUTION ORDERING AND DECLARING FORMATION OF

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA)
)
COUNTY OF PIMA) ss.
)
TOWN OF SAHUARITA)

I, the undersigned Clerk of the Town of Sahuarita, Arizona (hereinafter referred to as the "Town"), do hereby certify that I received a copy of a Petition For Adoption Of a Resolution Ordering and Declaring Formation of Community Facilities District relating to proposed Quail Creek Community Facilities District and have properly filed such Petition in the official records of the Town, all as of the date hereof and as required by Section 48-702(A), Arizona Revised Statues, as amended.

WITNESS MY HAND this 9th day of September, 2005.

Clerk, Town of Sahuarita, Arizona

PETITION FOR ADOPTION OF A RESOLUTION
ORDERING AND DECLARING
FORMATION OF
QUAIL CREEK COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA)
COUNTY OF PIMA) ss.
TOWN OF SAHUARITA)

THE UNDERSIGNED OWNERS (hereinafter referred to as, collectively, "Petitioner") OF ALL OF THE REAL PROPERTY hereinafter described by metes and bounds, acting pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act"), respectfully petitions The Honorable Common Council of the Town of Sahuarita, Arizona (hereinafter referred to as the "Municipality"), to adopt a resolution (hereinafter referred to as the "Resolution") declaring and ordering formation of a community facilities district (hereinafter referred to as the "District") and would respectfully request the following with respect thereto:

I.

The name of the District to be "Quail Creek Community Facilities District,"

II.

The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the Municipality and the District,

III.

The District to contain an area of approximately 1192 acres of land, more or less, wholly within the corporate boundaries of the Municipality and to be composed of the land included in the three parcels described by metes and bounds as provided in Exhibit "A" hereto, which is made a part hereof for all purposes,

IV.

The District to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona, separate and apart from the Municipality; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act,

V.

The formation of the District to result in the levy of ad valorem taxes to pay costs of improvements constructed by the District and for their operation and maintenance,

VI.

Before the Resolution is adopted, the Clerk of the Municipality to accept the filing of a "general plan" (as such term is

defined in the Act and hereinafter referred to as the "General Plan") for the District setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved, and

VII.

The Municipality to determine that public convenience and necessity require the adoption of the Resolution;

WHEREFORE, Petitioner attests and declares that on the date hereof, as shown on the assessment roll for State and county taxes in Pima County, Arizona, all of the land to be in the District is owned by Petitioner or, if a person listed on such assessment roll is no longer the owner of land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to be Petitioner; that there currently are no residents on the land to be in the District and there shall be no residents within fifty (50) days preceding the first anticipated election for the District; that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the Municipality and the District; that public convenience and necessity require the adoption of the Resolution; and that the Municipality shall in no way be liable for the payment of any of the costs of the public infra-

structure described in the General Plan, nor liable for any liability, debt or obligation of the District;

WHEREFORE, as this Petition is signed by the owners of all the land to be in the District and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the land in the District, any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with adoption of the Resolution are waived, and the Municipality may, on receipt of this Petition, adopt the Resolution to declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or election; and

WHEREFORE, Petitioner respectfully prays that this Petition be properly filed as provided by law; that the Municipality adopt the Resolution and declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the Resolution; and that such other orders, acts, procedure and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as The Honorable Common Council of the Municipality shall deem proper and necessary.

[BALANCE OF PAGE LEFT BLANK INTENTIONALLY]

RESPECTFULLY SUBMITTED this 9th day of September, 2005.

LAWYERS TITLE OF ARIZONA INC., an Arizona corporation as Trustee under Trust No. 7916-T

By.....
Printed Name:.....
Title:.....

CONSENTED TO THE SAME DATE BY SOLE BENEFICIARY OF SUCH TRUST AND TRUSTOR OF DEED OF TRUST, DATED FEBRUARY 24, 2005, AND RECORDED AT DOCKET 12497, PAGE 8802 AND DOCKET 12539, PAGE 1311, RECORDS OF COUNTY RECORDER OF PIMA COUNTY, ARIZONA, ROBSON RANCH QUAIL CREEK, LLC, a Delaware limited liability company

By: Arlington Property Management Company, an Arizona corporation, its Manager

By.....
Printed Name:.....
Title:.....

AND TRUSTEE AND BENEFICIARY OF SUCH DEED OF TRUST, J.P. MORGAN CHASE BANK, N.A., a national banking association

By.....
Printed Name:.....
Title:.....

QUAIL CREEK WATER COMPANY, INC., an Arizona corporation

By.....
Printed Name:.....
Title:.....

RESPECTFULLY SUBMITTED this 9th day of September, 2005.

LAWYERS TITLE OF ARIZONA INC., an Arizona corporation as Trustee under Trust No. 7916-T

By.....
Printed Name:.....
Title:.....

CONSENTED TO THE SAME DATE BY SOLE BENEFICIARY OF SUCH TRUST AND TRUSTOR OF DEED OF TRUST, DATED FEBRUARY 24, 2005, AND RECORDED AT DOCKET 12497, PAGE 8802 AND DOCKET 12539, PAGE 1311, RECORDS OF COUNTY RECORDER OF PIMA COUNTY, ARIZONA, ROBSON RANCH QUAIL CREEK, LLC, a Delaware limited liability company

By: Arlington Property Management Company, an Arizona corporation, its Manager

By.....
Printed Name: Steven M. Soriano
Title: VP

AND TRUSTEE AND BENEFICIARY OF SUCH DEED OF TRUST, J.P. MORGAN CHASE BANK, N.A., a national banking association

By.....
Printed Name:.....
Title:.....

QUAIL CREEK WATER COMPANY, INC., an Arizona corporation

By.....
Printed Name: James D. Hubbard
Title: Treasurer

RESPECTFULLY SUBMITTED this 9th day of September, 2005.

LAWYERS TITLE OF ARIZONA INC., an Arizona corporation as Trustee under Trust No. 7916-T

By.....
Printed Name:.....
Title:.....

CONSENTED TO THE SAME DATE BY SOLE BENEFICIARY OF SUCH TRUST AND TRUSTOR OF DEED OF TRUST, DATED FEBRUARY 24, 2005, AND RECORDED AT DOCKET 12497, PAGE 8802 AND DOCKET 12539, PAGE 1311, RECORDS OF COUNTY RECORDER OF PIMA COUNTY, ARIZONA, ROBSON RANCH QUAIL CREEK, LLC, a Delaware limited liability company

By: Arlington Property Management Company, an Arizona corporation, its Manager

By.....
Printed Name:.....
Title:.....

AND TRUSTEE AND BENEFICIARY OF SUCH DEED OF TRUST, J.P. MORGAN CHASE BANK, N.A., a national banking association

By.....
Printed Name: John Elder
Title: Senior Vice President

QUAIL CREEK WATER COMPANY, INC., an Arizona corporation

By.....
Printed Name:.....
Title:.....

QUAIL CREEK COUNTRY CLUB OWNERS ASSOCIATION, an Arizona non-profit corporation

By. Laurie A Heggem
Printed Name: Laurie A. Heggem
Title: Treasurer

STATE OF ARIZONA)
) ss.
COUNTY OF Pima)

The foregoing instrument was acknowledged before me this 18 day of November, 2005, by Joyce M. Bade, an authorized representative of LAWYERS TITLE OF ARIZONA, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

OFFICIAL SEAL
DENNIS A. DERBY
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Exp. Sept. 11, 2009

Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF .....)

On this day, personally appeared before me ....., ..., as ..... of ARLINGTON PROPERTY MANAGEMENT COMPANY, an Arizona corporation, the Manager in Robson Ranch Quail Creek, LLC, an Arizona limited liability company, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on ....., 2005.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF .....)

The foregoing instrument was acknowledged before me this ..... day of ....., 2005, by ...., an authorized representative of LAWYERS TITLE OF ARIZONA, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF Maricopa)

On this day, personally appeared before me Steven M. Soriano....., as .Vice President..... of ARLINGTON PROPERTY MANAGEMENT COMPANY, an Arizona corporation, the Manager in Robson Ranch Quail Creek, LLC, an Arizona limited liability company, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on September...9....., 2005.

Denene A. Till.....
Notary Public

My commission expires:

.....12/31/05.....

OFFICIAL SEAL
DENENE A. TILL
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Dec. 31, 2005

STATE OF Arizona.)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 9th day of Septemboer....., 2005, by .....John Eldean....., an authorized representative of J.P. MORGAN CHASE BANK, N.A., a national banking corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Deborah Lawrence
Notary Public

My commission expires:

May 23, 2008

STATE OF ARIZONA)
) ss.
COUNTY OF .....)

The foregoing instrument was acknowledged before me this ..... day of ....., 2005, by ...., an authorized representative of QUAIL CREEK WATER COMPANY, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

.....
Notary Public

My commission expires:

.....

STATE OF .....)
) ss.
COUNTY OF .....)

The foregoing instrument was acknowledged before me this ..... day of ....., 2005, by ...., an authorized representative of J.P. MORGAN CHASE BANK, N.A., a national banking corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 9th day of September, 2005, by James D. Hubbard, Treasurer, an authorized representative of QUAIL CREEK WATER COMPANY, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Denene A. Till
Notary Public

My commission expires:

12/31/05

OFFICIAL SEAL
DENENE A. TILL
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Dec. 31, 2005

STATE OF ARIZONA)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 9th day of September, 2005, by Laurie Heggem..., an authorized representative of QUAIL CREEK COUNTRY CLUB OWNERS ASSOCIATION, an Arizona non-profit corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Denene A. Till
Notary Public

My commission expires:

12/31/05

OFFICIAL SEAL
DENENE A. TILL
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Dec. 31, 2005

ATTACHMENT:

EXHIBIT A - Legal Description Of Property To Be Included In The District

1471528.1-9/9/05

EXHIBIT A

LEGAL DESCRIPTION OF LAND TO BE INCLUDED IN THE DISTRICT

PARCEL 1

A parcel of land located in Sections 6, 7, and 8, T.18S., R.14E., and Sections 1 and 12, T.18S., R13E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6, T18S., R.14E., said point being a found aluminum cap marked "NORTHWEST CORNER SECTION 6";

THENCE along the North line of the Northwest quarter of said Section 6, S89'25'48"E, a distance of 689.37 feet to the POINT OF BEGINNING;

THENCE continuing along said North line, S89°25'48"E, a distance of 1,858.47 feet;

THENCE S89°25'26"E, a distance of 1620.62 feet;

THENCE S17°57'47"W a distance of 689.75 feet;

THENCE S12°46'24"W a distance of 115.96 feet,

THENCE S05°53'16"W a distance of 476.75 feet;

THENCE S79°12'27"W a distance of 496.86 feet;

THENCE N34°33'43"W, a distance of 297.82 feet;

THENCE S55°26'17"W a distance of 728.89 feet;

THENCE S17°46'29"E, a distance of 548.81 feet to the Northwesterly comer of lot 150 of Quail Creek Block 1, Lots 1-306 and Common Areas "B", "C", and "D" recorded in Book 43, Page 39, Pima County Recorder;

THENCE S17°46'29"E along the Westerly line of said Quail Creek Block 1, Lots 1-306, a distance of 744.94 feet, to an angle point in said Westerly line;

THENCE continuing along said Westerly line S12°52'00"E, a distance of 1037.57 feet, to the Southwesterly corner of lot 174M of said Quail Creek Block 1, Lots 1-306;

THENCE Southeasterly along the Southerly line of said Quail Creek Block 1, Lots 1-306 S85°16'22"E, a distance of 296.51 to the Southeasterly corner of lot 175M;

THENCE leaving said Southerly line S36°46'53"E, a distance of 1,354.26 feet;

THENCE S04°23'03"E, a distance of 866.39 feet;

THENCE S78°30'18"E, a distance of 1,177.70 feet to a point on the centerline of Quail View Loop per the Final Plat of Quail Creek 2, Blocks 1-64 recorded in Book 51, Page 58, Pima County Recorder;

THENCE along the centerline of Quail Range Loop S52°10'00"E, a distance of 476.65 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 42°50'00";

THENCE Easterly along the arc of said centerline, a distance of 448.55 feet;

THENCE continuing along said centerline N85°00'00"E, a distance of 376.62 feet to a point of curve to the right, having a radius of 600.00 feet and a central angle of 34°00'00";

THENCE Easterly along the arc of said centerline, a distance of 356.05 feet;

THENCE continuing along said centerline S61°00'00"E, a distance of 522.00 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 75°30'00";

THENCE Easterly along the arc of said centerline, a distance of 790.63 feet;

THENCE continuing along said centerline N43°30'00"E, a distance of 227.70 feet to point hereinafter referred to as POINT "B";

THENCE S46°30'00"E, a distance of 45.00 feet, to the beginning of a non-tangent curve, concave to the South, having a radius of 25.00 feet, the center of which bears S46°30'00"E;

THENCE Easterly along said curve through a central angle of 90°00'00", an arc distance of 39.27 feet;

THENCE S46°30'00"E, a distance of 151.15 feet to the beginning of a tangent curve, concave to the Southwest, having a radius of 970.00 feet;

THENCE Southeasterly along said curve, through a central angle of 01°49'57", an arc distance of 31.02 feet; to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 25.00 feet, the center of which bears S45°19'57"W;

THENCE Northwesterly along said curve through a central angle of 38°42'09", an arc distance of 16.89 feet;

THENCE S43°30'00"W a distance of 109.65 feet;

THENCE S41°00'38"E a distance of 133.26 feet;

THENCE S32°03'46"E a distance of 133.52 feet;

THENCE S23°06'22"E a distance of 133.52 feet;

THENCE S08°02'24"W a distance of 90.35 feet;

THENCE S51°25'37"E. a distance of 65.18 feet;

THENCE N78°29'36"E, a distance of 110.00 feet;

THENCE S11°30'24"E. a distance of 193.54 feet to the beginning of a tangent curve, concave to the Northeast, having a radius of 1,030.00 feet;

THENCE Southeasterly along said curve, through a central angle of 26°19'27", an arc distance of 473.23 feet;

THENCE N52°10'09"E, a distance of 60.00 feet, to the beginning of a non-tangent curve, concave to the Northeast, having a radius of 970.00 feet, the center of which bears N52°10'09"E;

THENCE Southeasterly along said curve through a central angle of 06°06'27", an arc distance of 103.40 feet;

THENCE N46°03'43"E, a distance of 122.43 feet;

THENCE S43°56'17"E, a distance of 66.81 feet;

THENCE S47°11'51"E, a distance of 100.91 feet;

THENCE N52°28'40"E, a distance of 131.50 feet;

THENCE N63°52'30"E, a distance of 198.74 feet;

THENCE N45°58'06"E a distance of 186.86 feet;

THENCE N20°39'25"E a distance of 80.53 feet;

THENCE N03°23'52"W a distance of 82.36 feet;

THENCE N36°01'32"E a distance of 93.31 feet;

THENCE N19°30'26"W a distance of 43.06 feet;

THENCE N40°58'24"W a distance of 101.90 feet;

THENCE N50°51'33"W a distance of 59.43 feet;

THENCE N25°35'36"W a distance of 36.36 feet;

THENCE N03°28'22"E a distance of 60.07 feet;

THENCE N27°20'33"E a distance of 60.58 feet;

THENCE N41°10'36"E a distance of 212.18 feet to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 1,427.50 feet, the center of which bears S48°54'23"W;

THENCE Northwesterly along said curve through a central angle of 04°10'24", an arc distance of 103.98 feet;

THENCE N44°43'59"E, a distance of 45.00 feet;

THENCE N45°26'32"W, a distance of 9.00 feet;

THENCE N44°22'58"E, a distance of 120.00 feet;

THENCE N37°57'52"E, a distance of 75.65 feet;

THENCE S36°52'18"E, a distance of 721.37 feet to a point on the East line of said Section 8;

THENCE S00°19'00"E, a distance of 811.56 feet;

THENCE S00°19'51"E, a distance of 651.86 feet;

THENCE S89°15'28"W, a distance of 2,642.16 feet;

THENCE S89°16'11"W, a distance of 1,319.79 feet;

THENCE N00°28'48"W, a distance of 655.34 feet;

THENCE S89°18'44"W, a distance of 1,197.28 feet;

THENCE N00°42'14"W, a distance of 72.65 feet;

THENCE N42°10'27"W, a distance of 342.88 feet to the beginning of a non-tangent curve, concave to the Northwest, having a radius of 845.00 feet, the center of which bears N46°55'34"W;

THENCE Southwesterly along said curve through a central angle of 46°57'01", an arc distance of 692.43 feet;

THENCE S00°01'30"W, a distance of 60.00 feet;

THENCE N89°58'30"W, a distance of 594.68 feet;

THENCE S00°31'37"E, a distance of 1,311.64 feet;

THENCE N89°55'51"W, a distance of 692.48 feet;

THENCE N22°54'16"E a distance of 810.76 feet;

THENCE N59°28'16"W a distance of 1,385.45 feet;

THENCE N59°30'41"W a distance of 2,662.66 feet;

THENCE N59°30'29"W a distance of 1,385.47 feet;

THENCE N30°29'31"E. a distance of 407.54 feet;

THENCE N59°30'29"W a distance of 75.00 feet;

THENCE N80°03'48"W a distance of 150.96 feet;

THENCE N66°28'33"W a distance of 188.76 feet;

THENCE N42°42'29"W a distance of 137.40 feet;

THENCE N02°09'13"N, a distance of 56.55 feet;

THENCE N14°57'58"E a distance of 85.47 feet;

THENCE N21°49'39"W a distance of 258.88 feet;

THENCE N28°55'06"E a distance of 254.73 feet;

THENCE N61°31'39"E a distance of 136.53 feet;

THENCE N72°52'39"E a distance of 422.49 feet;

THENCE N34°44'43"E a distance of 153.07 feet;

THENCE N71°28'23"E a distance of 111.45 feet;

THENCE N41°01'44"E a distance of 137.87 feet;

THENCE N58°21'09"E a distance of 292.98 feet;

THENCE S80°09'49"E a distance of 75.00 feet to the point of curve of a non tangent curve to the left, of which the radius point lies N80°09'49"W, a radial distance of 2,000.00 feet;

THENCE Northerly along the arc, through a central angle of 05°14'33", a distance of 183.00 feet

THENCE N04°35'38"E, a distance of 1,046.83 feet;

THENCE S87°03'00"E, a distance of 1,101.85 feet;

THENCE N02°57'00"E, a distance of 99.08 feet;

THENCE N09°58'23"W, a distance of 1,861.54 feet;

THENCE N16°56'59"E, a distance of 280.91 feet;

THENCE N03°22'05"W, a distance of 633.45 feet to the POINT OF BEGINNING.

The above described parcel contains 929.49 acres, more or less.

PARCEL 2

A parcel of land located in Section 5, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 5, T18S., R.14E.;

THENCE along the North line of the Northwest quarter of said Section 5, S89°24'40"E, a distance of 919.94 feet to the POINT OF BEGINNING;

THENCE continuing S89°24'40"E, a distance of 1711.16 feet;

THENCE S89°26'12"E, a distance of 2,628.94 feet;

THENCE S00°33'46"E, a distance of 2,600.25 feet;

THENCE S00°29'09"E, a distance of 1,177.63 feet;

THENCE N63°51'17"W, a distance of 914.96 feet;

THENCE N31°25'45"W, a distance of 955.64 feet;

THENCE S69°24'01"W, a distance of 274.89 feet to a point on curve of a non tangent curve to the left, said curve being on the centerline of Quail Range Loop per the Final Plat of Quail Creek 2 Unit 16 recorded in Book 55, Page 62, Pima County Recorder, of which the radius point lies S69°24'01"W, a radial distance of 1,300.00 feet;

THENCE Westerly along the arc of said centerline of Quail Range Loop, through a central angle of 110°10'10", a distance of 2,499.67 feet;

THENCE S49°13'51"W, a distance of 58.50 feet;

THENCE leaving said centerline of Quail Range Loop N34°50'20"W, a distance of 908.75 feet; THENCE N55°03'30"W, a distance of 470.74 feet;

THENCE N62°43'56"W, a distance of 376.71 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 322.50 feet, the center of which bears N87°18'49"W;

THENCE Northerly along said curve through a central angle of 12°45'07", an arc distance of 71.78 feet;

THENCE N10°03'57"W, a distance of 68.46 feet;

THENCE N58°08'56"E, a distance of 165.49 feet;

THENCE N20°16'58"E, a distance of 196.06 feet;

THENCE N59°42'02"E, a distance of 233.09 feet;

THENCE S61°26'23"E, a distance of 178.00 feet;

THENCE N85°54'34"E, a distance of 287.29 feet;

THENCE N28°33'37"E, a distance of 45.00 feet;

THENCE N08°33'37"E, a distance of 174.61 feet;

THENCE N43°44'51"W, a distance of 480.23 feet to the POINT OF BEGINNING.

The above described parcel contains 244.58 acres, more or less.

PARCEL 3

A parcel of land located in Sections 5 and 8, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the aforementioned POINT "B", described in the legal description of PARCEL 1;

THENCE N43°30'00"E, a distance of 222.29 feet to the beginning of a tangent curve, concave Northwesterly, having a radius of 2600.00 feet;

THENCE Northerly along said curve, through a central angle of 19°23'44", an arc distance of 880.14 feet to the POINT OF BEGINNING;

THENCE N65°53'43"W, a distance of 45.00 feet;

THENCE N17°19'29"W, a distance of 365.55 feet;

THENCE N28°38'24"W, a distance of 319.69 feet;

THENCE N34°52'48"W, a distance of 269.69 feet;

THENCE N41°04'54"W, a distance of 58.17 feet;

THENCE N72°59'01"W a distance of 888.47 feet;

THENCE S88°08'09"W a distance of 65.69 feet;

THENCE S22°49'31"W a distance of 84.90 feet;

THENCE S65°06'02"E a distance of 40.00 feet;

THENCE S58°18'20"E a distance of 93.52 feet;

THENCE S53°17'39"E a distance of 95.03 feet;

THENCE S52°09'00"E a distance of 127.17 feet;

THENCE S55°16'49"E a distance of 97.42 feet;

THENCE S31°51'34"W a distance of 60.44 feet;

THENCE N75°07'27"W a distance of 30.48 feet;

THENCE N67°08'11"W, a distance of 61.67 feet;

THENCE N41°41'08"W, a distance of 131.83 feet;

THENCE N58°19'02"W a distance of 73.33 feet;

THENCE N80°40'31"W a distance of 50.02 feet;

THENCE S75°58'19"W. a distance of 58.64 feet;

THENCE N88°06'15"W, a distance of 52.06 feet;

THENCE N69°07'01"W a distance of 48.36 feet;

THENCE N48°01'26"W a distance of 52.87 feet;

THENCE N18°06'05"W a distance of 74.56 feet;

THENCE N08°25'37"W a distance of 106.61 feet;

THENCE N09°49'57"W a distance of 74.86 feet;

THENCE N09°56'55"W, a distance of 186.01 feet;

THENCE N80°03'05"E, a distance of 46.69 feet;

THENCE S68°04'15"E, a distance of 196.72 feet;

THENCE N67°24'03"E, a distance of 64.98 feet;

THENCE N19°01'53"E, a distance of 178.30 feet;

THENCE S70°16'15"E, a distance of 206.75 feet;

THENCE N65°15'48"E, a distance of 101.24 feet;

THENCE S57°59'26"E a distance of 122.37 feet;

THENCE S52°51'17"E, a distance of 232,85 feet;

THENCE S52°34'38"E a distance of 213.67 feet;

THENCE S64°12'16"E, a distance of 191.58 feet;

THENCE S64°19'02"E a distance of 190.06 feet;

THENCE S36°16'11"E, a distance of 297.39 feet;

THENCE S61°27'59"E a distance of 161.28 feet;

THENCE S65°06'09"E a distance of 120.17 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 2,600.00 feet, the center of which bears N81°16'35"W;

THENCE Southerly along said curve through a central angle of 15°22'51", an arc distance of 697.96 feet to the POINT OF BEGINNING.

The above described parcel contains 17.94 acres, more or less.

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: NMB
DEPUTY RECORDER
1134 PE8
W
MICHAEL CAFISO
2375 E CAMELBACK RD 700
PHOENIX AZ 85016

DOCKET: 12727
PAGE: 1266
NO. OF PAGES: 30
SEQUENCE: 20060160544
01/25/2006
RES 14:22

MAIL
AMOUNT PAID $ 38.00

When recorded, please return to:

Michael Cafiso, Esq.
Greenberg Traurig, LLP
Suite 700
2375 East Camelback Road
Phoenix, Arizona 85016

RESOLUTION NO. 2005-86

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF SAHUARITA, ARIZONA, A MUNICIPAL CORPORATION OF ARIZONA, ORDERING AND DECLARING FORMATION OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (QUAIL CREEK COMMUNITY FACILITIES DISTRICT) AND DECLARING AN EMERGENCY

12727 01266

Pima County Recorder
Tracking #200502959

SAHUARITA RESOLUTION NO. 2005-86

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF SAHUARITA, ARIZONA, A MUNICIPAL CORPORATION OF ARIZONA, ORDERING AND DECLARING FORMATION OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (QUAIL CREEK COMMUNITY FACILITIES DISTRICT) AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF SAHUARITA, ARIZONA, as follows:

1. Findings.

1. On a date prior to the date of the adoption hereof, there was presented to us, the governing body of the Town of Sahuarita, Arizona, an incorporated municipality of the State of Arizona (hereinafter called the "Municipality"), a Petition for Adoption of a Resolution Declaring Formation of Quail Creek Community Facilities District, dated as of even date herewith (hereinafter referred to as the "Petition"), signed by the entities which, on the date hereof, are the owners of all real property as shown on the assessment roll for State and county taxes for Pima County, Arizona, or, if such persons shown on such assessment roll are no longer the owners of land in Quail Creek Community Facilities District are the entities which are the successor owners which have become known and have been verified by recorded deed or similar evidence of transfer of ownership to be the owners of such real property (hereinafter referred to as, collectively, the "Petitioner") described in the Petition by metes and bounds to be in the community facilities district, the formation of which is prayed for by the Petitioner in the Petition, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act").

2. The Petitioner has requested the following:

1. The name of the community facilities district of which formation is prayed pursuant to the Petition to be "Quail Creek Community Facilities District" (hereinafter called the "District"),

2. The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified. waived or restricted pursuant to agreements to be entered into by and among the Petitioner, the Municipality and the District,

3. The District to contain an area of approximately 1248 acres of land, more or less, wholly within the corporate boundaries of the Municipality and to be composed of the land included in the parcels described by metes and bounds as provided in Exhibit "A" to the Petition, which is made a part of the Petition for all purposes and is all the land to be included within the boundaries of the District (hereinafter referred to as the "Property"),

4. The District to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona separate and apart from the Municipality; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act,

5. The formation of the District to result in the levy of *ad valorem* taxes to pay costs of improvements constructed by the District and for their operation and maintenance,

6. The Clerk of the Municipality to accept the filing of a "General Plan for Community Facilities District" for the District setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved (hereinafter referred to as the "General Plan"), and

7. The Municipality to determine that public convenience and necessity require the adoption of this Resolution.

3. The Petitioner further attested and declared that on the date hereof, as shown on the assessment roll for State and county taxes in Pima County, Arizona, the Property is owned by the Petitioner and shall be benefitted from the improvements for which the District is proposed to be formed; that there are no residents on the Property and there shall be no residents within fifty (50) days preceding the first anticipated election of the District; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among the Petitioner, the Municipality and the District; that public convenience and necessity require the adoption of this Resolution; and that the Municipality shall in no way be liable for the payment of any of the costs of the public infrastructure described in the General Plan, nor liable for any liability, debt or obligation of the District.

4. After showing the preceding, the Petitioner respectfully prayed that the Petition be properly filed as provided by law and that, as the Petition is signed by all of the owners of the Property and there are not now, and shall not be within fifty (50) days

preceding the first anticipated election of the District, residents on the Property, any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the adoption of this Resolution are waived, the Municipality, on receipt of the Petition, declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or election.

5. Pursuant to the Act and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the District, Robson Ranch Quail Creek, LLC (hereinafter called "Quail Creek") and Arlington Property Management Company (hereinafter called "Arlington") are entering into a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time.

6. With regard to the real property included within the boundaries of the District, the Municipality, Quail Creek and Arlington determined to specify some of such matters in such an agreement, particularly matters relating to the acquisition or construction of certain public infrastructure by the District, the acceptance thereof by the Municipality and the reimbursement or repayment of the Petitioner with respect thereto, all pursuant to the Act.

7. Pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended, the District, and the Municipality may enter into an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them and for the purposes of the planning, design, inspection, ownership, control, maintenance, operation or repair of public infrastructure.

8. Pursuant to the Act, the District may also enter into an agreement with Quail Creek and Arlington with respect to the advance of moneys for public infrastructure purposes and the repayment of such advances and to obtain credit enhancement for, and process disbursement and investment of proceeds of, general obligation bonds of the District to be hereafter issued.

9. There has been presented to us in connection with the purposes described in paragraphs 1.e. through h. a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), to be dated as of September 12, 2005, (hereinafter referred to as the "Development Agreement"), by and among the Municipality, the District, Quail Creek and Arlington.

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2. Matters Noticed by the Municipality.

1. The Petitioner seeks formation of the District to exercise the powers and functions set forth in the Act as such powers and functions are modified, waived or restricted pursuant to agreements to be entered into by and among the Petitioner, the Municipality and the District.

2. The General Plan has been filed with the Clerk of the Municipality.

3. The Petition and all necessary supporting materials have been filed with us, and the showings in the Petition are each noticed by us and are hereby incorporated at this place as if set forth hereat in whole.

4. The purposes for which organization of the District is sought are as described in the Petition and are purposes for which a district created pursuant to the Act may be lawfully formed.

5. The public convenience and necessity require us to adopt this Resolution.

3. Granting of Petition; Formation of District. The Petition attached hereto as Exhibit "A" and made a part hereof for all purposes is hereby granted, and the District is hereby formed as a district pursuant to the terms and provisions of, and with the powers and authority established by, the Act, subject to the restrictions and modifications set forth in the Petition, with jurisdiction over the Property and that, as the Petition is signed by the owner of the Property and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the Property, requirements of posting, publication, mailing, notices, hearing and election otherwise required by the Act with respect to formation of the District are hereby found to be unnecessary.

4. District Board and Officers. The District shall be governed by a "District Board" comprised of the members of the governing body of the Municipality, *ex officio*. The Mayor of the Municipality shall be the "Chairperson of the District Board"; the Vice Mayor of the Municipality shall be the "Vice Chairperson of the District Board"; the Town Clerk of the Municipality shall be the "District Clerk"; the Town Treasurer of the Municipality shall be the "District Treasurer"; the Town Manager of the Municipality shall be the "District Manager" and the Town Attorney of the Municipality shall be the "District Counsel."

5. District Boundaries and Map. The District boundaries are as described in metes and bounds in Exhibit "A" to the Petition. A map showing the District boundaries is hereby ordered to be drawn and provided by the District Manager.

6. Dissemination of this Resolution. The Petitioner shall cause a copy of this Resolution to be delivered to the County Assessor and the Board of Supervisors of Pima County, Arizona, and to the Department of Revenue of the State of Arizona.

7. Authorization and Approval of Development Agreement. The Development Agreement is hereby approved in substantially the form submitted herewith, with such changes, additions, deletions, insertions and omissions, if any, as the Mayor of the Municipality, with the advice of the Town Manager of the Municipality and the Town Attorney of the Municipality, shall authorize, the execution and delivery of the Development Agreement to be conclusive evidence of the propriety of such document and the authority of the persons or persons executing the same. The Mayor of the Municipality, with the advice of the Town Manager of the Municipality and the Town Attorney of the Municipality, is hereby authorized and directed to execute, and the Town Clerk of the Municipality to attest and deliver, the Development Agreement on behalf of the Municipality.

8. No Liability of or for the Municipality. Neither the Municipality nor the State of Arizona or any political subdivision of either (other than the District) shall be directly, indirectly or morally liable or obligated for the costs of the public infrastructure contemplated by the General Plan and the Development Agreement nor for the payment or repayment of any indebtedness, liability, cost, expense or obligation of the District, and neither the credit nor the taxing power of the Municipality, the State of Arizona or any political subdivision of either (other than the District) shall be pledged therefor.

9. Effect of Resolution.

   1. 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 remaining provisions of this Resolution.

   2. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

10. Emergency Clause. The immediate operation of the provisions of this Resolution is necessary to the orderly development of property within the Municipality and the resulting preservation of the public peace, health and safety, an EMERGENCY is hereby declared to exist. This Resolution shall be in full force and effect from and after its passage, adoption and approval by us, as required by law, and is hereby exempted from the referendum provision of the constitution and laws of the State of Arizona pursuant to Section 19-1 42(B), Arizona Revised Statutes, as amended, and the Code of the Municipality.

2005 0127

PASSED AND ADOPTED by the Mayor and Council of the Town of Sahuarita, Arizona, this 12th day of September, 2005.

Mayor Charles Oldham

ATTEST:

Sandra R. Olivas
Town Clerk

APPROVED AS TO FORM:

Daniel J. Hochuli
As Town Attorney
and not personally

REVIEWED BY:

James R. Stahle
Town Manager

1227 0172

EXHIBIT A

CONFORMED COPY OF PETITION
FOR ADOPTION OF THIS RESOLUTION

PETITION FOR ADOPTION OF A RESOLUTION
ORDERING AND DECLARING
FORMATION OF
QUAIL CREEK COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA)
COUNTY OF PIMA) ss.
TOWN OF SAHUARITA)

THE UNDERSIGNED OWNERS (hereinafter referred to as, collectively, "Petitioner") OF ALL OF THE REAL PROPERTY hereinafter described by metes and bounds, acting pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act"), respectfully petitions The Honorable Common Council of the Town of Sahuarita, Arizona (hereinafter referred to as the "Municipality"), to adopt a resolution (hereinafter referred to as the "Resolution") declaring and ordering formation of a community facilities district (hereinafter referred to as the "District") and would respectfully request the following with respect thereto:

I.

The name of the District to be "Quail Creek Community Facilities District,"

II.

The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the Municipality and the District,

III.

The District to contain an area of approximately 1192 acres of land, more or less, wholly within the corporate boundaries of the Municipality and to be composed of the land included in the three parcels described by metes and bounds as provided in Exhibit "A" hereto, which is made a part hereof for all purposes,

IV.

The District to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona, separate and apart from the Municipality; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act,

V.

The formation of the District to result in the levy of ad valorem taxes to pay costs of improvements constructed by the District and for their operation and maintenance,

VI.

Before the Resolution is adopted, the Clerk of the Municipality to accept the filing of a "general plan" (as such term is

defined in the Act and hereinafter referred to as the "General Plan") for the District setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved, and

VII.

The Municipality to determine that public convenience and necessity require the adoption of the Resolution;

WHEREFORE, Petitioner attests and declares that on the date hereof, as shown on the assessment roll for State and county taxes in Pima County, Arizona, all of the land to be in the District is owned by Petitioner or, if a person listed on such assessment roll is no longer the owner of land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to be Petitioner; that there currently are no residents on the land to be in the District and there shall be no residents within fifty (50) days preceding the first anticipated election for the District; that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the Municipality and the District; that public convenience and necessity require the adoption of the Resolution; and that the Municipality shall in no way be liable for the payment of any of the costs of the public infra-

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structure described in the General Plan, nor liable for any liability, debt or obligation of the District;

WHEREFORE, as this Petition is signed by the owners of all the land to be in the District and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the land in the District, any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with adoption of the Resolution are waived, and the Municipality may, on receipt of this Petition, adopt the Resolution to declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or election; and

WHEREFORE, Petitioner respectfully prays that this Petition be properly filed as provided by law; that the Municipality adopt the Resolution and declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the Resolution; and that such other orders, acts, procedure and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as The Honorable Common Council of the Municipality shall deem proper and necessary.

[BALANCE OF PAGE LEFT BLANK INTENTIONALLY]

RESPECTFULLY SUBMITTED this 9th day of September, 2005.

LAWYERS TITLE OF ARIZONA INC., an Arizona corporation as Trustee under Trust No. 7916-T

By:.....
Printed Name:.....
Title:.....

CONSENTED TO THE SAME DATE BY SOLE BENEFICIARY OF SUCH TRUST AND TRUSTOR OF DEED OF TRUST, DATED FEBRUARY 24, 2005, AND RECORDED AT DOCKET 12497, PAGE 8802 AND DOCKET 12539, PAGE 1311, RECORDS OF COUNTY RECORDER OF PIMA COUNTY, ARIZONA, ROBSON RANCH QUAIL CREEK, LLC, a Delaware limited liability company

By: Arlington Property Management Company, an Arizona corporation, its Manager

By.....
Printed Name:.....
Title:.....

AND TRUSTEE AND BENEFICIARY OF SUCH DEED OF TRUST, J.P. MORGAN CHASE BANK, N.A., a national banking association

By.....
Printed Name:.....
Title:.....

QUAIL CREEK WATER COMPANY, INC., an Arizona corporation

By.....
Printed Name:.....
Title:.....

12727 0126

PAGE 5/7 * RCVD AT 9/9/2005 11:42:42 AM [US Mountain Standard Time] * SVR:ROSWELLX/3 * DNIS:6322 * CSID: * DURATION (mm-ss):02-14

RESPECTFULLY SUBMITTED this 9th day of September, 2005.

LAWYERS TITLE OF ARIZONA INC., an Arizona corporation as Trustee under Trust No. 7916-T

By.....
Printed Name:.....
Title:.....

CONSENTED TO THE SAME DATE BY SOLE BENEFICIARY OF SUCH TRUST AND TRUSTOR OF DEED OF TRUST, DATED FEBRUARY 24, 2005, AND RECORDED AT DOCKET 12497, PAGE 8802 AND DOCKET 12539, PAGE 1311, RECORDS OF COUNTY RECORDER OF PIMA COUNTY, ARIZONA, ROBSON RANCH QUAIL CREEK, LLC, a Delaware limited liability company

By: Arlington Property Management Company, an Arizona corporation, its Manager

By... Steven M. Sorian
Printed Name: Steven M. Sorian
Title: VP

AND TRUSTEE AND BENEFICIARY OF SUCH DEED OF TRUST, J.P. MORGAN CHASE BANK, N.A., a national banking association

By.....
Printed Name:.....
Title:.....

QUAIL CREEK WATER COMPANY, INC., an Arizona corporation

By.....
Printed Name: James D. Hubbard
Title: Treasurer

RESPECTFULLY SUBMITTED this 9th day of September, 2005.

LAWYERS TITLE OF ARIZONA INC., an Arizona corporation as Trustee under Trust No. 7916-T

By.....
Printed Name:.....
Title:.....

CONSENTED TO THE SAME DATE BY SOLE BENEFICIARY OF SUCH TRUST AND TRUSTOR OF DEED OF TRUST, DATED FEBRUARY 24, 2005, AND RECORDED AT DOCKET 12497, PAGE 8802 AND DOCKET 12539, PAGE 1311, RECORDS OF COUNTY RECORDER OF PIMA COUNTY, ARIZONA, ROBSON RANCH QUAIL CREEK, LLC, a Delaware limited liability company

By: Arlington Property Management Company, an Arizona corporation, its Manager

By.....
Printed Name:.....
Title:.....

AND TRUSTEE AND BENEFICIARY OF SUCH DEED OF TRUST, J.P. MORGAN CHASE BANK, N.A., a national banking association

By.....
Printed Name: John Ellis
Title: Senior Vice President

QUAIL CREEK WATER COMPANY, INC., an Arizona corporation

By.....
Printed Name:.....
Title:.....

QUAIL CREEK COUNTRY CLUB OWNERS ASSOCIATION, an Arizona non-profit corporation

By. Laurie A Hegger
Printed Name: Laurie A. Hegger
Title: Treasurer

13727 01201

STATE OF ARIZONA)
) ss.
COUNTY OF Pima)

The foregoing instrument was acknowledged before me this 9 day of September, 2005, by Lupe M. Ford an authorized representative of LAWYERS TITLE OF ARIZONA, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My commission expires:

OFFICIAL SEAL
DENNIS A. DERBY
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Exp. Sep. 11, 2005

STATE OF ARIZONA)
) ss.
COUNTY OF .....)

On this day, personally appeared before me ....., ..., as ..... of ARLINGTON PROPERTY MANAGEMENT COMPANY, an Arizona corporation, the Manager in Robson Ranch Quail Creek, LLC, an Arizona limited liability company, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on ....., 2005.

.....
Notary Public

My commission expires:

.....

20030431243 09/12/2003

PAGE 7/7 * RCVD AT 9/9/2005 11:42:42 AM [US Mountain Standard Time] * SVR:ROSWELLX/3 * DNIS:6322 * CSID: * DURATION (mm-ss):02-14

STATE OF ARIZONA)
) ss.
COUNTY OF .....)

The foregoing instrument was acknowledged before me this ..... day of ....., 2005, by ...., an authorized representative of LAWYERS TITLE OF ARIZONA, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF Maricopa)

On this day, personally appeared before me Steven M. Soriano....., as Vice President..... of ARLINGTON PROPERTY MANAGEMENT COMPANY, an Arizona corporation, the Manager in Robson Ranch Quail Creek, LLC, an Arizona limited liability company, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on September...9....., 2005.

Denene A. Till.....
Notary Public

My commission expires:
.....12/31/05.....

OFFICIAL SEAL
DENENE A. TILL
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Dec. 31, 2005

20050947132

STATE OF .....)
) ss.
COUNTY OF .....)

The foregoing instrument was acknowledged before me this ..... day of ....., 2005, by ...., an authorized representative of J.P. MORGAN CHASE BANK, N.A., a national banking corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 9th day of September, 2005, by James D. Hubbard, Treasurer, an authorized representative of QUAIL CREEK WATER COMPANY, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Denene A. Till
Notary Public

My commission expires:

12/31/05

OFFICIAL SEAL
DENENE A. TILL
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Dec. 31, 2005

STATE OF Arizona)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 9th day of September, 2005, by John Eldean, an authorized representative of J.P. MORGAN CHASE BANK, N.A., a national banking corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

OFFICIAL SEAL
DEBORAH LAWRENCE
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Comm. Expires May 23, 2008

Deborah Lawrence
Notary Public

My commission expires:
May 23, 2008

STATE OF ARIZONA)
) ss.
COUNTY OF .....)

The foregoing instrument was acknowledged before me this ..... day of ....., 2005, by ....., an authorized representative of QUAIL CREEK WATER COMPANY, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

.....
Notary Public

My commission expires:

.....

12727 0126

STATE OF ARIZONA)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 9th day of September, 2005, by Laurie Heggem..., an authorized representative of QUAIL CREEK COUNTRY CLUB OWNERS ASSOCIATION, an Arizona non-profit corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Denene A. Till
Notary Public

My commission expires:

12/31/05

OFFICIAL SEAL
DENENE A. TILL
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Dec. 31, 2005

ATTACHMENT:

EXHIBIT A - Legal Description Of Property To Be Included In The District

1471528.1-9/9/05

EXHIBIT A

LEGAL DESCRIPTION OF LAND TO BE INCLUDED IN THE DISTRICT

PARCEL 1

A parcel of land located in Sections 6, 7, and 8, T.18S., R.14E., and Sections 1 and 12, T.18S., R13E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6, T18S., R.14E., said point being a found aluminum cap marked "NORTHWEST CORNER SECTION 6";

THENCE along the North line of the Northwest quarter of said Section 6, S89'25'48"E, a distance of 689.37 feet to the POINT OF BEGINNING;

THENCE continuing along said North line, S89°25'48"E, a distance of 1,858.47 feet;

THENCE S89°25'26"E, a distance of 1620.62 feet;

THENCE S17°57'47"W a distance of 689.75 feet;

THENCE S12°46'24"W a distance of 115.96 feet,

THENCE S05°53'16"W a distance of 476.75 feet;

THENCE S79°12'27"W a distance of 496.86 feet;

THENCE N34°33'43"W, a distance of 297.82 feet;

THENCE S55°26'17"W a distance of 728.89 feet;

THENCE S17°46'29"E, a distance of 548.81 feet to the Northwesterly comer of lot 150 of Quail Creek Block 1, Lots 1-306 and Common Areas "B", "C", and "D" recorded in Book 43, Page 39, Pima County Recorder;

THENCE S17°46'29"E along the Westerly line of said Quail Creek Block 1, Lots 1-306, a distance of 744.94 feet, to an angle point in said Westerly line;

THENCE continuing along said Westerly line S12°52'00"E, a distance of 1037.57 feet, to the Southwesterly corner of lot 174M of said Quail Creek Block 1, Lots 1-306;

THENCE Southeasterly along the Southerly line of said Quail Creek Block 1, Lots 1-306 S85°16'22"E, a distance of 296.51 to the Southeasterly corner of lot 175M;

THENCE leaving said Southerly line S36°46'53"E, a distance of 1,354.26 feet;

THENCE S04°23'03"E, a distance of 866.39 feet;

THENCE S78°30'18"E, a distance of 1,177.70 feet to a point on the centerline of Quail View Loop per the Final Plat of Quail Creek 2, Blocks 1-64 recorded in Book 51, Page 58, Pima County Recorder;

THENCE along the centerline of Quail Range Loop S52°10'00"E, a distance of 476.65 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 42°50'00";

THENCE Easterly along the arc of said centerline, a distance of 448.55 feet;

THENCE continuing along said centerline N85°00'00"E, a distance of 376.62 feet to a point of curve to the right, having a radius of 600.00 feet and a central angle of 34°00'00";

THENCE Easterly along the arc of said centerline, a distance of 356.05 feet;

THENCE continuing along said centerline S61°00'00"E, a distance of 522.00 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 75°30'00";

THENCE Easterly along the arc of said centerline, a distance of 790.63 feet;

THENCE continuing along said centerline N43°30'00"E, a distance of 227.70 feet to point hereinafter referred to as POINT "B";

THENCE S46°30'00"E, a distance of 45.00 feet, to the beginning of a non-tangent curve, concave to the South, having a radius of 25.00 feet, the center of which bears S46°30'00"E;

THENCE Easterly along said curve through a central angle of 90°00'00", an arc distance of 39.27 feet;

THENCE S46°30'00"E, a distance of 151.15 feet to the beginning of a tangent curve, concave to the Southwest, having a radius of 970.00 feet;

THENCE Southeasterly along said curve, through a central angle of 01°49'57", an arc distance of 31.02 feet; to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 25.00 feet, the center of which bears S45°19'57"W;

THENCE Northwesterly along said curve through a central angle of 38°42'09", an arc distance of 16.89 feet;

THENCE S43°30'00"W a distance of 109.65 feet;

THENCE S41°00'38"E a distance of 133.26 feet;

THENCE S32°03'46"E a distance of 133.52 feet;

THENCE S23°06'22"E a distance of 133.52 feet;

THENCE S08°02'24"W a distance of 90.35 feet;

THENCE S51°25'37"E. a distance of 65.18 feet;

THENCE N78°29'36"E, a distance of 110.00 feet;

THENCE S11°30'24"E. a distance of 193.54 feet to the beginning of a tangent curve, concave to the Northeast, having a radius of 1,030.00 feet;

THENCE Southeasterly along said curve, through a central angle of 26°19'27", an arc distance of 473.23 feet;

THENCE N52°10'09"E, a distance of 60.00 feet, to the beginning of a non-tangent curve, concave to the Northeast, having a radius of 970.00 feet, the center of which bears N52°10'09"E;

THENCE Southeasterly along said curve through a central angle of 06°06'27", an arc distance of 103.40 feet;

THENCE N46°03'43"E, a distance of 122.43 feet;

THENCE S43°56'17"E, a distance of 66.81 feet;

THENCE S47°11'51"E, a distance of 100.91 feet;

THENCE N52°28'40"E, a distance of 131.50 feet;

THENCE N63°52'30"E, a distance of 198.74 feet;

THENCE N45°58'06"E a distance of 186.86 feet;

THENCE N20°39'25"E a distance of 80.53 feet;

THENCE N03°23'52"W a distance of 82.36 feet;

THENCE N36°01'32"E a distance of 93.31 feet;

THENCE N19°30'26"W a distance of 43.06 feet;

THENCE N40°58'24"W a distance of 101.90 feet;

THENCE N50°51'33"W a distance of 59.43 feet;

THENCE N25°35'36"W a distance of 36.36 feet;

THENCE N03°28'22"E a distance of 60.07 feet;

THENCE N27°20'33"E a distance of 60.58 feet;

THENCE N41°10'36"E a distance of 212.18 feet to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 1,427.50 feet, the center of which bears S48°54'23"W;

THENCE Northwesterly along said curve through a central angle of 04°10'24", an arc distance of 103.98 feet;

THENCE N44°43'59"E, a distance of 45.00 feet;

THENCE N45°26'32"W, a distance of 9.00 feet;

THENCE N44°22'58"E, a distance of 120.00 feet;

THENCE N37°57'52"E, a distance of 75.65 feet;

THENCE S36°52'18"E, a distance of 721.37 feet to a point on the East line of said Section 8;

THENCE S00°19'00"E, a distance of 811.56 feet;

THENCE S00°19'51"E, a distance of 651.86 feet;

THENCE S89°15'28"W, a distance of 2,642.16 feet;

THENCE S89°16'11"W, a distance of 1,319.79 feet;

THENCE N00°28'48"W, a distance of 655.34 feet;

THENCE S89°18'44"W, a distance of 1,197.28 feet;

THENCE N00°42'14"W, a distance of 72.65 feet;

THENCE N42°10'27"W, a distance of 342.88 feet to the beginning of a non-tangent curve, concave to the Northwest, having a radius of 845.00 feet, the center of which bears N46°55'34"W;

THENCE Southwesterly along said curve through a central angle of 46°57'01", an arc distance of 692.43 feet;

THENCE S00°01'30"W, a distance of 60.00 feet;

THENCE N89°58'30"W, a distance of 594.68 feet;

THENCE S00°31'37"E, a distance of 1,311.64 feet;

THENCE N89°55'51"W, a distance of 692.48 feet;

12247 0128

THENCE N22°54'16"E a distance of 810.76 feet;

THENCE N59°28'16"W a distance of 1,385.45 feet;

THENCE N59°30'41"W a distance of 2,662.66 feet;

THENCE N59°30'29"W a distance of 1,385.47 feet;

THENCE N30°29'31"E. a distance of 407.54 feet;

THENCE N59°30'29"W a distance of 75.00 feet;

THENCE N80°03'48"W a distance of 150.96 feet;

THENCE N66°28'33"W a distance of 188.76 feet;

THENCE N42°42'29"W a distance of 137.40 feet;

THENCE N02°09'13"N, a distance of 56.55 feet;

THENCE N14°57'58"E a distance of 85.47 feet;

THENCE N21°49'39"W a distance of 258.88 feet;

THENCE N28°55'06"E a distance of 254.73 feet;

THENCE N61°31'39"E a distance of 136.53 feet;

THENCE N72°52'39"E a distance of 422.49 feet;

THENCE N34°44'43"E a distance of 153.07 feet;

THENCE N71°28'23"E a distance of 111.45 feet;

THENCE N41°01'44"E a distance of 137.87 feet;

THENCE N58°21'09"E a distance of 292.98 feet;

THENCE S80°09'49"E a distance of 75.00 feet to the point of curve of a non tangent curve to the left, of which the radius point lies N80°09'49"W, a radial distance of 2,000.00 feet;

THENCE Northerly along the arc, through a central angle of 05°14'33", a distance of 183.00 feet

THENCE N04°35'38"E, a distance of 1,046.83 feet;

THENCE S87°03'00"E, a distance of 1,101.85 feet;

THENCE N02°57'00"E, a distance of 99.08 feet;

THENCE N09°58'23"W, a distance of 1,861.54 feet;

THENCE N16°56'59"E, a distance of 280.91 feet;

THENCE N03°22'05"W, a distance of 633.45 feet to the POINT OF BEGINNING.

The above described parcel contains 929.49 acres, more or less.

PARCEL 2

A parcel of land located in Section 5, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 5, T18S., R.14E.;

THENCE along the North line of the Northwest quarter of said Section 5, S89°24'40"E, a distance of 919.94 feet to the POINT OF BEGINNING;

THENCE continuing S89°24'40"E, a distance of 1711.16 feet;

THENCE S89°26'12"E, a distance of 2,628.94 feet;

THENCE S00°33'46"E, a distance of 2,600.25 feet;

THENCE S00°29'09"E, a distance of 1,177.63 feet;

THENCE N63°51'17"W, a distance of 914.96 feet;

THENCE N31°25'45"W, a distance of 955.64 feet;

THENCE S69°24'01"W, a distance of 274.89 feet to a point on curve of a non tangent curve to the left, said curve being on the centerline of Quail Range Loop per the Final Plat of Quail Creek 2 Unit 16 recorded in Book 55, Page 62, Pima County Recorder, of which the radius point lies S69°24'01"W, a radial distance of 1,300.00 feet;

THENCE Westerly along the arc of said centerline of Quail Range Loop, through a central angle of 110°10'10", a distance of 2,499.67 feet;

THENCE S49°13'51"W, a distance of 58.50 feet;

THENCE leaving said centerline of Quail Range Loop N34°50'20"W, a distance of 908.75 feet; THENCE N55°03'30"W, a distance of 470.74 feet;

THENCE N62°43'56"W, a distance of 376.71 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 322.50 feet, the center of which bears N87°18'49"W;

THENCE Northerly along said curve through a central angle of 12°45'07", an arc distance of 71.78 feet;

THENCE N10°03'57"W, a distance of 68.46 feet;

THENCE N58°08'56"E, a distance of 165.49 feet;

THENCE N20°16'58"E, a distance of 196.06 feet;

THENCE N59°42'02"E, a distance of 233.09 feet;

THENCE S61°26'23"E, a distance of 178.00 feet;

THENCE N85°54'34"E, a distance of 287.29 feet;

THENCE N28°33'37"E, a distance of 45.00 feet;

THENCE N08°33'37"E, a distance of 174.61 feet;

THENCE N43°44'51"W, a distance of 480.23 feet to the POINT OF BEGINNING.

The above described parcel contains 244.58 acres, more or less.

PARCEL 3

A parcel of land located in Sections 5 and 8, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the aforementioned POINT "B", described in the legal description of PARCEL 1;

THENCE N43°30'00"E, a distance of 222.29 feet to the beginning of a tangent curve, concave Northwesterly, having a radius of 2600.00 feet;

THENCE Northerly along said curve, through a central angle of 19°23'44", an arc distance of 880.14 feet to the POINT OF BEGINNING;

THENCE N65°53'43"W, a distance of 45.00 feet;

THENCE N17°19'29"W, a distance of 365.55 feet;

THENCE N28°38'24"W, a distance of 319.69 feet;

THENCE N34°52'48"W, a distance of 269.69 feet;

THENCE N41°04'54"W, a distance of 58.17 feet;

THENCE N72°59'01"W a distance of 888.47 feet;

THENCE S88°08'09"W a distance of 65.69 feet;

THENCE S22°49'31"W a distance of 84.90 feet;

THENCE S65°06'02"E a distance of 40.00 feet;

THENCE S58°18'20"E a distance of 93.52 feet;

THENCE S53°17'39"E a distance of 95.03 feet;

THENCE S52°09'00"E a distance of 127.17 feet;

THENCE S55°16'49"E a distance of 97.42 feet;

THENCE S31°51'34"W a distance of 60.44 feet;

THENCE N75°07'27"W a distance of 30.48 feet;

THENCE N67°08'11"W, a distance of 61.67 feet;

THENCE N41°41'08"W, a distance of 131.83 feet;

THENCE N58°19'02"W a distance of 73.33 feet;

THENCE N80°40'31"W a distance of 50.02 feet;

THENCE S75°58'19"W. a distance of 58.64 feet;

THENCE N88°06'15"W, a distance of 52.06 feet;

THENCE N69°07'01"W a distance of 48.36 feet;

THENCE N48°01'26"W a distance of 52.87 feet;

THENCE N18°06'05"W a distance of 74.56 feet;

THENCE N08°25'37"W a distance of 106.61 feet;

THENCE N09°49'57"W a distance of 74.86 feet;

THENCE N09°56'55"W, a distance of 186.01 feet;

THENCE N80°03'05"E, a distance of 46.69 feet;

THENCE S68°04'15"E, a distance of 196.72 feet;

THENCE N67°24'03"E, a distance of 64.98 feet;

THENCE N19°01'53"E, a distance of 178.30 feet;

THENCE S70°16'15"E, a distance of 206.75 feet;

THENCE N65°15'48"E, a distance of 101.24 feet;

THENCE S57°59'26"E a distance of 122.37 feet;

THENCE S52°51'17"E, a distance of 232,85 feet;

1227 0124

THENCE S52°34'38"E a distance of 213.67 feet;

THENCE S64°12'16"E, a distance of 191.58 feet;

THENCE S64°19'02"E a distance of 190.06 feet;

THENCE S36°16'11"E, a distance of 297.39 feet;

THENCE S61°27'59"E a distance of 161.28 feet;

THENCE S65°06'09"E a distance of 120.17 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 2,600.00 feet, the center of which bears N81°16'35"W;

THENCE Southerly along said curve through a central angle of 15°22'51", an arc distance of 697.96 feet to the POINT OF BEGINNING.

The above described parcel contains 17.94 acres, more or less.

12-27-07 DRAFT

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: NMB
DEPUTY RECORDER
1134 PE8

W
MICHAEL CAFISO
2375 E CAMELBACK RD 700
PHOENIX AZ 85016

DOCKET: 12727
PAGE: 1261
NO. OF PAGES: 5
SEQUENCE: 20060160543
01/25/2006
NOTICE 14:22

MAIL
AMOUNT PAID $ 13.00

When recorded, please return to:

Michael Cafiso, Esq.
Greenberg Traurig, LLP
Suite 700
2375 East Camelback Road
Phoenix, Arizona 85016

September 12, 2005

NOTICE OF FORMATION OF

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA)
)
COUNTY OF PIMA) ss.
)
TOWN OF SAHUARITA)

Pursuant to Resolution No. 2005-86 (Ordering and Declaring Formation of Quail Creek Community Facilities District) adopted by the Mayor and Council of the Town of Sahuarita, Arizona, on September 12, 2005, a community facilities district was formed pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended, over all of the real property described by metes and bounds in Exhibit A attached hereto. For further information, please contact the Town Manager of the Town of Sahuarita, Arizona, who is also the District Manager of Quail Creek Community Facilities District.

12727 0126

ATTACHMENT:

Exhibit A - Legal Description of District

Pima County Recorder
Tracking #200502958

6

EXHIBIT A

LEGAL DESCRIPTION OF DISTRICT

Parcel I

That portion of the South Half of Section 26, Township 11 South, Range 11 East, Gila and Salt River Base and Meridian, Pima County, Arizona, lying Southerly and Westerly of that portion conveyed to Cortaro-Sahuarita Irrigation District in Docket 1985 at page 243.

EXCEPT the South 30 feet within the right of way of Grier Road #112 (Moore Road) as shown in Book 2 of Road Maps at page 126;

AND EXCEPT the West 30 feet within the right of way of Postvale Road #28 as shown in Book 1 of Road Maps at page 70;

AND EXCEPT that portion conveyed to the Town of Sahuarita by Deed recorded in Docket 9014 at page 1524, more particularly described as follows:

BEGINNING at the Northwest corner of the Southwest Quarter of said Section 26, Township 11 South, Range 11 East;

THENCE North 89 degrees 45 minutes 37 seconds East, along the North line of said Southwest Quarter of Section 26, a distance of 1605.05 feet to a point in the Southwest right of way line of Interstate Highway 10;

THENCE South 49 degrees 36 minutes 21 seconds East, along said Southwest right of way line, 47.90 feet;

THENCE Northwesterly along a curve concave to the South having a radius of 25.00 feet and a central angle of 41 degrees 38 minutes 02 seconds, 18.17 feet;

THENCE South 89 degrees 45 minutes 37 seconds West parallel to and 25.00 feet South of the North line of said Southwest Quarter, 1569.80 feet;

THENCE Southerly along a curve concave to the Southeast having a radius of 25.00 feet and a central angle of 89 degrees 51 minutes 26 seconds, 39.21 feet;

THENCE South 89 degrees 45 minutes 37 seconds West, 30.00 feet to a point in the West line of said Southwest Quarter of Section 26;

THENCE North 00 degrees 05 minutes 49 seconds West, 49.94 feet to the POINT OF BEGINNING, EXCLUDING THEREFROM any portions previously dedicated as public right of way.

20072470 01/26/2007

Parcel II

The South Half of Section 27, Township 11 South, Range 11 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT the East 30 feet within the right of way of Postvale Road #28 as shown in Book 1 of Road Maps at page 70;

AND EXCEPT the South 30 feet within the right of way of Grier Road #112 (Moore Road) as shown in Book 2 of Road Maps at page 127;

AND EXCEPT the West 30 feet within the right of way of Grier Road #117 (Sandario Road) as shown in Book 2 of Road Maps at page 174;

AND EXCEPT the North 25 feet within the right of way of Barnett Road as shown in Book 14 of Road Maps at page 21;

AND EXCEPT any portion thereof within Farm Field Five, a subdivision of record in the Office of the Pima County Recorder in Book 57 of Maps and Plats at page 2.

AND EXCEPT that portion conveyed in Deed recorded in Docket 12459 at page 7508 and re-recorded in Docket 12485 at page 379, described as follows:

A portion of the South Half of Section 27, Township 11 South, Range 11 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

Commencing at the South Quarter corner of said Section 27;

Thence North 00 degrees 35 minutes 52 seconds West, along the mid-section line of said Section 27, a distance of 30.00 feet to the POINT OF BEGINNING;

Thence South 89 degrees 25 minutes 06 seconds West, along a line 30.00 feet North of and parallel to the South line of said Section 27, a distance of 720.01 feet;

Thence North 00 degrees 35 minutes 37 seconds West, a distance of 95.00 feet to the Southeast corner of FARM FIELD FIVE, a subdivision of record in Book 52 of Maps and Plats at page 2, records of Pima County, Arizona;

Thence continue North 00 degrees 35 minutes 37 seconds West along the East line of said FARM FIELD FIVE, a distance of 1325.37 feet to the Northeast corner thereof;

Thence North 89 degrees 27 minutes 05 seconds East, a distance of 1271.45 feet to the beginning of a tangent curve concave to the North having a radius of 2045.00 feet;

12727 0203

Thence Easterly, along said curve, through a central angle of 11 degrees 15 minutes 06 seconds, an arc distance of 401.59 feet to a point of tangency;

Thence North 78 degrees 11 minutes 59 seconds East, a distance of 218.49 feet to the beginning of a tangent curve concave to the Southwest, having a radius of 64.00 feet;

Thence Easterly and Southerly along said curve, through a central angle of 90 degrees 00 minutes 00 seconds, an arc distance of 100.53 feet to a point of tangency;

Thence South 11 degrees 48 minutes 01 seconds East, a distance of 642.08 feet to the beginning of a tangent curve concave to the West, having a radius of 1955.00 feet;

Thence South along said curve, through a central angle of 11 degrees 48 minutes 01 seconds, an arc distance of 402.64 feet to a point of tangency;

Thence South 00 degrees 00 minutes 00 seconds West, a distance of 438.54 feet to a point on a line 30.00 feet North of and parallel to the South line of said Section 27;

Thence South 89 degrees 25 minutes 03 seconds West, along said line, a distance of 1393.93 feet to the North-South mid-section line of said Section 27, and the POINT OF BEGINNING.

Parcel III

A portion of the South Half of Section 27, Township 11 South, Range 11 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

Commencing at the South Quarter corner of said Section 27;

Thence North 00 degrees 35 minutes 52 seconds West, along the mid-section line of said Section 27, a distance of 30.00 feet to the POINT OF BEGINNING;

Thence South 89 degrees 25 minutes 06 seconds West, along a line 30.00 feet North of and parallel to the South line of said Section 27, a distance of 720.01 feet;

Thence North 00 degrees 35 minutes 37 seconds West, a distance of 95.00 feet to the Southeast corner of FARM FIELD FIVE, a subdivision of record in Book 52 of Maps and Plats at page 2, records of Pima County, Arizona;

Thence continue North 00 degrees 35 minutes 37 seconds West along the East line of said FARM FIELD FIVE, a distance of 1325.37 feet to the Northeast corner thereof;

Thence North 89 degrees 27 minutes 05 seconds East, a distance of 1271.45 feet to the beginning of a tangent curve concave to the North having a radius of 2045.00 feet;

Thence Easterly, along said curve, through a central angle of 11 degrees 15 minutes 06 seconds, an arc distance of 401.59 feet to a point of tangency;

Thence North 78 degrees 11 minutes 59 seconds East, a distance of 218.49 feet to the beginning of a tangent curve concave to the South-west, having a radius of 64.00 feet;

Thence Easterly and Southerly along said curve, through a central angle of 90 degrees 00 minutes and 00 seconds, an arc distance of 100.53 feet to a point of tangency;

Thence South 11 degrees 48 minutes 01 seconds East, a distance of 642.08 feet to the beginning of a tangent curve concave to the West, having a radius of 1955.00 feet;

Thence South along said curve, through a central angle of 11 degrees 48 minutes 01 seconds, an arc distance of 402.64 feet to a point of tangency;

Thence South 00 degrees 00 minutes 00 seconds West, a distance of 438.54 feet to a point on a line 30.00 feet North of and parallel to the South line of said Section 27;

Thence South 89 degrees 25 minutes 03 seconds West, along said line, a distance of 1393.93 feet to the North-South mid-section line of said Section 27, and the POINT OF BEGINNING.

Parcel IV

Lots 1 through 248 and Common Areas "A" through "K" of FARM FIELD FIVE, a subdivision of Pima County, Arizona, according to the map of record in the Office of the Pima County Recorder in Book 57 of Maps and Plats at page 2, as amended by Declaration of Scrivener's Error recorded in Docket 12369 at page 1453.

P. O. Box 3145
Tucson, AZ 85702-3145

Located in the Old Courthouse at:
115 North Church Avenue, Tucson, AZ

http://www.recorder.pima.gov

F. Ann Rodriguez
Pima County Recorder

Recording history one document at a time.

Christopher J. Roads
Chief Deputy Recorder
Registrar of Voters

Document Recording: (520) 740-4350
Voter Registration: (520) 740-4330
Fax: (520) 623-1785

CERTIFICATE OF COUNTY RECORDER

Quail Creek Property Located Within the Town of Sahuarita

I hereby certify that, as of September 2, 2005, there were 0 qualified active electors residing in the Quail Creek Property Located Within the Town of Sahuarita, a legal description is attached.

Christopher J. Roads
Chief Deputy Recorder
Registrar of Voters
Pima County

Dated: September 2, 2005

05mem109

EXHIBIT A

LEGAL DESCRIPTION OF DISTRICT

Parcel I

That portion of the South Half of Section 26, Township 11 South, Range 11 East, Gila and Salt River Base and Meridian, Pima County, Arizona, lying Southerly and Westerly of that portion conveyed to Cortaro-Sahuarita Irrigation District in Docket 1985 at page 243.

EXCEPT the South 30 feet within the right of way of Grier Road #112 (Moore Road) as shown in Book 2 of Road Maps at page 126;

AND EXCEPT the West 30 feet within the right of way of Postvale Road #28 as shown in Book 1 of Road Maps at page 70;

AND EXCEPT that portion conveyed to the Town of Sahuarita by Deed recorded in Docket 9014 at page 1524, more particularly described as follows:

BEGINNING at the Northwest corner of the Southwest Quarter of said Section 26, Township 11 South, Range 11 East;

THENCE North 89 degrees 45 minutes 37 seconds East, along the North line of said Southwest Quarter of Section 26, a distance of 1605.05 feet to a point in the Southwest right of way line of Interstate Highway 10;

THENCE South 49 degrees 36 minutes 21 seconds East, along said Southwest right of way line, 47.90 feet;

THENCE Northwesterly along a curve concave to the South having a radius of 25.00 feet and a central angle of 41 degrees 38 minutes 02 seconds, 18.17 feet;

THENCE South 89 degrees 45 minutes 37 seconds West parallel to and 25.00 feet South of the North line of said Southwest Quarter, 1569.80 feet;

THENCE Southerly along a curve concave to the Southeast having a radius of 25.00 feet and a central angle of 89 degrees 51 minutes 26 seconds, 39.21 feet;

THENCE South 89 degrees 45 minutes 37 seconds West, 30.00 feet to a point in the West line of said Southwest Quarter of Section 26;

THENCE North 00 degrees 05 minutes 49 seconds West, 49.94 feet to the POINT OF BEGINNING, EXCLUDING THEREFROM any portions previously dedicated as public right of way.

Parcel II

The South Half of Section 27, Township 11 South, Range 11 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT the East 30 feet within the right of way of Postvale Road #28 as shown in Book 1 of Road Maps at page 70;

AND EXCEPT the South 30 feet within the right of way of Grier Road #112 (Moore Road) as shown in Book 2 of Road Maps at page 127;

AND EXCEPT the West 30 feet within the right of way of Grier Road #117 (Sandario Road) as shown in Book 2 of Road Maps at page 174;

AND EXCEPT the North 25 feet within the right of way of Barnett Road as shown in Book 14 of Road Maps at page 21;

AND EXCEPT any portion thereof within Farm Field Five, a subdivision of record in the Office of the Pima County Recorder in Book 57 of Maps and Plats at page 2.

AND EXCEPT that portion conveyed in Deed recorded in Docket 12459 at page 7508 and re-recorded in Docket 12485 at page 379, described as follows:

A portion of the South Half of Section 27, Township 11 South, Range 11 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

Commencing at the South Quarter corner of said Section 27;

Thence North 00 degrees 35 minutes 52 seconds West, along the mid-section line of said Section 27, a distance of 30.00 feet to the POINT OF BEGINNING;

Thence South 89 degrees 25 minutes 06 seconds West, along a line 30.00 feet North of and parallel to the South line of said Section 27, a distance of 720.01 feet;

Thence North 00 degrees 35 minutes 37 seconds West, a distance of 95.00 feet to the Southeast corner of FARM FIELD FIVE, a subdivision of record in Book 52 of Maps and Plats at page 2, records of Pima County, Arizona;

Thence continue North 00 degrees 35 minutes 37 seconds West along the East line of said FARM FIELD FIVE, a distance of 1325.37 feet to the Northeast corner thereof;

Thence North 89 degrees 27 minutes 05 seconds East, a distance of 1271.45 feet to the beginning of a tangent curve concave to the North having a radius of 2045.00 feet;

Thence Easterly, along said curve, through a central angle of 11 degrees 15 minutes 06 seconds, an arc distance of 401.59 feet to a point of tangency;

Thence North 78 degrees 11 minutes 59 seconds East, a distance of 218.49 feet to the beginning of a tangent curve concave to the Southwest, having a radius of 64.00 feet;

Thence Easterly and Southerly along said curve, through a central angle of 90 degrees 00 minutes 00 seconds, an arc distance of 100.53 feet to a point of tangency;

Thence South 11 degrees 48 minutes 01 seconds East, a distance of 642.08 feet to the beginning of a tangent curve concave to the West, having a radius of 1955.00 feet;

Thence South along said curve, through a central angle of 11 degrees 48 minutes 01 seconds, an arc distance of 402.64 feet to a point of tangency;

Thence South 00 degrees 00 minutes 00 seconds West, a distance of 438.54 feet to a point on a line 30.00 feet North of and parallel to the South line of said Section 27;

Thence South 89 degrees 25 minutes 03 seconds West, along said line, a distance of 1393.93 feet to the North-South mid-section line of said Section 27, and the POINT OF BEGINNING.

Parcel III

A portion of the South Half of Section 27, Township 11 South, Range 11 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

Commencing at the South Quarter corner of said Section 27;

Thence North 00 degrees 35 minutes 52 seconds West, along the mid-section line of said Section 27, a distance of 30.00 feet to the POINT OF BEGINNING;

Thence South 89 degrees 25 minutes 06 seconds West, along a line 30.00 feet North of and parallel to the South line of said Section 27, a distance of 720.01 feet;

Thence North 00 degrees 35 minutes 37 seconds West, a distance of 95.00 feet to the Southeast corner of FARM FIELD FIVE, a subdivision of record in Book 52 of Maps and Plats at page 2, records of Pima County, Arizona;

Thence continue North 00 degrees 35 minutes 37 seconds West along the East line of said FARM FIELD FIVE, a distance of 1325.37 feet to the Northeast corner thereof;

Thence North 89 degrees 27 minutes 05 seconds East, a distance of 1271.45 feet to the beginning of a tangent curve concave to the North having a radius of 2045.00 feet;

Thence Easterly, along said curve, through a central angle of 11 degrees 15 minutes 06 seconds, an arc distance of 401.59 feet to a point of tangency;

Thence North 78 degrees 11 minutes 59 seconds East, a distance of 218.49 feet to the beginning of a tangent curve concave to the South-west, having a radius of 64.00 feet;

Thence Easterly and Southerly along said curve, through a central angle of 90 degrees 00 minutes and 00 seconds, an arc distance of 100.53 feet to a point of tangency;

Thence South 11 degrees 48 minutes 01 seconds East, a distance of 642.08 feet to the beginning of a tangent curve concave to the West, having a radius of 1955.00 feet;

Thence South along said curve, through a central angle of 11 degrees 48 minutes 01 seconds, an arc distance of 402.64 feet to a point of tangency;

Thence South 00 degrees 00 minutes 00 seconds West, a distance of 438.54 feet to a point on a line 30.00 feet North of and parallel to the South line of said Section 27;

Thence South 89 degrees 25 minutes 03 seconds West, along said line, a distance of 1393.93 feet to the North-South mid-section line of said Section 27, and the POINT OF BEGINNING.

Parcel IV

Lots 1 through 248 and Common Areas "A" through "K" of FARM FIELD FIVE, a subdivision of Pima County, Arizona, according to the map of record in the Office of the Pima County Recorder in Book 57 of Maps and Plats at page 2, as amended by Declaration of Scrivener's Error recorded in Docket 12369 at page 1453.

CERTIFICATE OF COUNTY ASSESSOR

WITH RESPECT TO THE PROPOSED

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

I, the undersigned Assessor of Pima County, Arizona, hereby certify that the following persons are the owners of the real property described on Exhibit A hereto as shown on the most recent assessment roll for State and County *ad valorem* property taxes and owners of the corresponding tax parcels, which are all of the tax parcels included in the area described on Exhibit A.

Owner Tax Parcel Number

WITNESS MY HAND this 9th day of September, 2005.

For Bill Staples James Kane
Assessor of Pima County, Arizona

ATTACHMENT:

Exhibit A - Legal Description

LEGAL DESCRIPTION

QUAIL CREEK CFD

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

PARCEL 1
A parcel of land located in Sections 6, 7, and 8, T.18S., R.14E., and Sections 1 and 12, T.18S.,R13E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6, T18S., R.14E., said point being a found aluminum cap marked "NORTHWEST CORNER SECTION 6";

THENCE along the North line of the Northwest quarter of said Section 6, S89°25'48"E, a distance of 689.37 feet to the POINT OF BEGINNING;

THENCE continuing along said North line, S89°25'48"E, a distance of 1,858.47 feet;

THENCE S89°25'26"E, a distance of 1620.62 feet;

THENCE S17°57'47"W, a distance of 689.75 feet;

THENCE S12°46'24"W, a distance of 115.96 feet,

THENCE S05°53'16"W, a distance of 476.75 feet;

THENCE S79°12'27"W, a distance of 496.86 feet;

THENCE N34°33'43"W, a distance of 297.82 feet;

THENCE S55°26'17"W, a distance of 728.89 feet;

THENCE S17°46'29"E, a distance of 548.81 feet to the Northwesterly corner of lot 150 of Quail Creek Block 1, Lots 1-306 and Common Areas "B", "C", and "D" recorded in Book 43, Page 39, Pima County Recorder;

THENCE S17°46'29"E along the Westerly line of said Quail Creek Block 1, Lots 1-306, a distance of 744.94 feet, to an angle point in said Westerly line;

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.)

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

THENCE continuing along said Westerly line S12°52'00"E, a distance of 1037.57 feet, to the Southwesterly corner of lot 174M of said Quail Creek Block 1, Lots 1-306;

THENCE Southeasterly along the Southerly line of said Quail Creek Block 1, Lots 1-306 S85°16'22"E, a distance of 296.51 to the Southeasterly corner of lot 175M;

THENCE leaving said Southerly line S36°46'53"E, a distance of 1,354.26 feet;

THENCE S04°23'03"E, a distance of 866.39 feet;

THENCE S78°30'18"E, a distance of 1,177.70 feet to a point on the centerline of Quail View Loop per the Final Plat of Quail Creek 2, Blocks 1-64 recorded in Book 51, Page 58, Pima County Recorder;

THENCE along the centerline of Quail Range Loop S52°10'00"E, a distance of 476.65 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 42°50'00";

THENCE Easterly along the arc of said centerline, a distance of 448.55 feet;

THENCE continuing along said centerline N85°00'00"E, a distance of 376.62 feet to a point of curve to the right, having a radius of 600.00 feet and a central angle of 34°00'00";

THENCE Easterly along the arc of said centerline, a distance of 356.05 feet;

THENCE continuing along said centerline S61°00'00"E, a distance of 522.00 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 75°30'00";

THENCE Easterly along the arc of said centerline, a distance of 790.63 feet;

THENCE continuing along said centerline N43°30'00"E, a distance of 227.70 feet to point hereinafter referred to as POINT "B";

THENCE S46°30'00"E, a distance of 45.00 feet, to the beginning of a non-tangent curve, concave to the South, having a radius of 25.00 feet, the center of which bears S46°30'00"E;

THENCE Easterly along said curve through a central angle of 90°00'00", an arc distance of 39.27 feet;

THENCE S46°30'00"E, a distance of 151.15 feet to the beginning of a tangent curve, concave to the Southwest, having a radius of 970.00 feet;

Description No. 517

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Prior Description No. 450

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.')

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

THENCE Southeasterly along said curve, through a central angle of 01°49'57", an arc distance of 31.02 feet; to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 25.00 feet, the center of which bears S45°19'57"W;

THENCE Northwesterly along said curve through a central angle of 38°42'09", an arc distance of 16.89 feet;

THENCE S43°30'00"W, a distance of 109.65 feet;

THENCE S41°00'38"E, a distance of 133.26 feet;

THENCE S32°03'46"E, a distance of 133.52 feet;

THENCE S23°06'22"E, a distance of 133.52 feet;

THENCE S08°02'24"W, a distance of 90.35 feet;

THENCE S51°25'37"E, a distance of 65.18 feet;

THENCE N78°29'36"E, a distance of 110.00 feet;

THENCE S11°30'24"E, a distance of 193.54 feet to the beginning of a tangent curve, concave to the Northeast, having a radius of 1,030.00 feet;

THENCE Southeasterly along said curve, through a central angle of 26°19'27", an arc distance of 473.23 feet;

THENCE N52°10'09"E, a distance of 60.00 feet, to the beginning of a non-tangent curve, concave to the Northeast, having a radius of 970.00 feet, the center of which bears N52°10'09"E;

THENCE Southeasterly along said curve through a central angle of 06°06'27", an arc distance of 103.40 feet;

THENCE N46°03'43"E, a distance of 122.43 feet;

THENCE S43°56'17"E, a distance of 66.81 feet;

THENCE S47°11'51"E, a distance of 100.91 feet;

THENCE N52°28'40"E, a distance of 131.50 feet;

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.)

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

THENCE N63°52'30"E, a distance of 198.74 feet;

THENCE N45°58'06"E, a distance of 186.86 feet;

THENCE N20°39'25"E, a distance of 80.53 feet;

THENCE N03°23'52"W, a distance of 82.36 feet;

THENCE N36°01'32"E, a distance of 93.31 feet;

THENCE N19°30'26"W, a distance of 43.06 feet;

THENCE N40°58'24"W, a distance of 101.90 feet;

THENCE N50°51'33"W, a distance of 59.43 feet;

THENCE N25°35'36"W, a distance of 36.36 feet;

THENCE N03°28'22"E, a distance of 60.07 feet;

THENCE N27°20'33"E, a distance of 60.58 feet;

THENCE N41°10'36"E, a distance of 212.18 feet to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 1,427.50 feet, the center of which bears S48°54'23"W;

THENCE Northwesterly along said curve through a central angle of 04°10'24", an arc distance of 103.98 feet;

THENCE N44°43'59"E, a distance of 45.00 feet;

THENCE N45°26'32"W, a distance of 9.00 feet;

THENCE N44°22'58"E, a distance of 120.00 feet;

THENCE N37°57'52"E, a distance of 75.65 feet;

THENCE S36°52'18"E, a distance of 721.37 feet to a point on the East line of said Section 8;

THENCE S00°19'00"E, a distance of 811.56 feet;

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.')

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

THENCE S00°19'51"E, a distance of 651.86 feet;

THENCE S89°15'28"W, a distance of 2,642.16 feet;

THENCE S89°16'11"W, a distance of 1,319.79 feet;

THENCE N00°28'48"W, a distance of 655.34 feet;

THENCE S89°18'44"W, a distance of 1,197.28 feet;

THENCE N00°42'14"W, a distance of 72.65 feet;

THENCE N42°10'27"W, a distance of 342.88 feet to the beginning of a non-tangent curve, concave to the Northwest, having a radius of 845.00 feet, the center of which bears N46°55'34"W;

THENCE Southwesterly along said curve through a central angle of 46°57'01", an arc distance of 692.43 feet;

THENCE S00°01'30"W, a distance of 60.00 feet;

THENCE N89°58'30"W, a distance of 594.68 feet;

THENCE S00°31'37"E, a distance of 1,311.64 feet;

THENCE N89°55'51"W, a distance of 692.48 feet;

THENCE N22°54'16"E, a distance of 810.76 feet;

THENCE N59°28'16"W, a distance of 1,385.45 feet;

THENCE N59°30'41"W, a distance of 2,662.66 feet;

THENCE N59°30'29"W, a distance of 1,385.47 feet;

THENCE N30°29'31"E, a distance of 407.54 feet;

THENCE N59°30'29"W, a distance of 75.00 feet;

THENCE N80°03'48"W, a distance of 150.96 feet;

THENCE N66°28'33"W, a distance of 188.76 feet;

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Prior Description No. 459

Description No. 517

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.')

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

THENCE N42°42'29"W, a distance of 137.40 feet;

THENCE N02°09'13"W, a distance of 56.55 feet;

THENCE N14°57'58"E, a distance of 85.47 feet;

THENCE N21°49'39"W, a distance of 258.88 feet;

THENCE N28°55'06"E, a distance of 254.73 feet;

THENCE N61°31'39"E, a distance of 136.53 feet;

THENCE N72°52'39"E, a distance of 422.49 feet;

THENCE N34°44'43"E, a distance of 153.07 feet;

THENCE N71°28'23"E, a distance of 111.45 feet;

THENCE N41°01'44"E, a distance of 137.87 feet;

THENCE N58°21'09"E, a distance of 292.98 feet;

THENCE S80°09'49"E, a distance of 75.00 feet to the point of curve of a non tangent curve to the left, of which the radius point lies N80°09'49"W, a radial distance of 2,000.00 feet;

THENCE Northerly along the arc, through a central angle of 05°14'33", a distance of 183.00 feet

THENCE N04°35'38"E, a distance of 1,046.83 feet;

THENCE S87°03'00"E, a distance of 1,101.85 feet;

THENCE N02°57'00"E, a distance of 99.08 feet;

THENCE N09°56'23"W, a distance of 1,861.54 feet;

THENCE N16°56'59"E, a distance of 280.91 feet;

THENCE N03°22'05"W, a distance of 633.45 feet to the POINT OF BEGINNING.

The above described parcel contains 929.49 acres, more or less.

Description No. 517

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Prior Description No. 458

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.)

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

PARCEL 2
A parcel of land located in Section 5, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 5, T18S., R.14E.;

THENCE along the North line of the Northwest quarter of said Section 5, S89°24'40"E, a distance of 919.94 feet to the POINT OF BEGINNING;

THENCE continuing S89°24'40"E, a distance of 1711.16 feet;

THENCE S89°26'12"E, a distance of 2,628.94 feet;

THENCE S00°33'46"E, a distance of 2,600.25 feet;

THENCE S00°29'09"E, a distance of 1,177.63 feet;

THENCE N63°51'17"W, a distance of 914.96 feet;

THENCE N31°25'45"W, a distance of 955.64 feet;

THENCE S69°24'01"W, a distance of 274.89 feet to a point on curve of a non tangent curve to the left, said curve being on the centerline of Quail Range Loop per the Final Plat of Quail Creek 2 Unit 16 recorded in Book 55, Page 62, Pima County Recorder, of which the radius point lies S69°24'01"W, a radial distance of 1,300.00 feet;

THENCE Westerly along the arc of said centerline of Quail Range Loop, through a central angle of 110°10'10", a distance of 2,499.67 feet;

THENCE S49°13'51"W, a distance of 58.50 feet;

THENCE leaving said centerline of Quail Range Loop N34°50'20"W, a distance of 908.75 feet;

THENCE N55°03'30"W, a distance of 470.74 feet;

THENCE N62°43'56"W, a distance of 376.71 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 322.50 feet, the center of which bears N87°16'49"W;

THENCE Northerly along said curve through a central angle of 12°45'07", an arc distance of 71.78 feet;

THENCE N10°03'57"W, a distance of 68.46 feet;

Description No. 517

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Prior Description No. 459

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.')

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

THENCE N58°08'56"E, a distance of 165.49 feet;

THENCE N20°16'58"E, a distance of 196.06 feet;

THENCE N59°42'02"E, a distance of 233.09 feet;

THENCE S81°26'23"E, a distance of 178.00 feet;

THENCE N85°54'34"E, a distance of 287.29 feet;

THENCE N28°33'37"E, a distance of 45.00 feet;

THENCE N08°33'37"E, a distance of 174.61 feet;

THENCE N43°44'51"W, a distance of 480.23 feet to the POINT OF BEGINNING.

The above described parcel contains 244.58 acres, more or less.

PARCEL 3
A parcel of land located in Sections 5 and 8, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the aforementioned POINT "B", described in the legal description of PARCEL 1;

THENCE N43°30'00"E, a distance of 222.29 feet to the beginning of a tangent curve, concave Northwesterly, having a radius of 2600.00 feet;

THENCE Northerly along said curve, through a central angle of 19°23'44", an arc distance of 880.14 feet to the POINT OF BEGINNING;

THENCE N65°53'43"W, a distance of 45.00 feet;

THENCE N17°19'29"W, a distance of 365.55 feet;

THENCE N28°38'24"W, a distance of 319.69 feet;

THENCE N34°52'48"W, a distance of 269.69 feet;

THENCE N41°04'54"W, a distance of 58.17 feet;

Description No. 517

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Prior Description No. 459

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.')

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

THENCE N72°59'01"W, a distance of 888.47 feet;

THENCE S88°08'09"W, a distance of 65.69 feet;

THENCE S22°49'31"W, a distance of 84.90 feet;

THENCE S65°06'02"E, a distance of 40.00 feet;

THENCE S58°18'20"E, a distance of 93.52 feet;

THENCE S53°17'39"E, a distance of 95.03 feet;

THENCE S52°09'00"E, a distance of 127.17 feet;

THENCE S55°16'49"E, a distance of 97.42 feet;

THENCE S31°51'34"W, a distance of 60.44 feet;

THENCE N75°07'27"W, a distance of 30.48 feet;

THENCE N67°08'11"W, a distance of 61.67 feet;

THENCE N41°41'08"W, a distance of 131.83 feet;

THENCE N58°19'02"W, a distance of 73.33 feet;

THENCE N80°40'31"W, a distance of 50.02 feet;

THENCE S75°58'19"W, a distance of 58.64 feet;

THENCE N88°06'15"W, a distance of 52.06 feet;

THENCE N69°07'01"W, a distance of 48.36 feet;

THENCE N48°01'26"W, a distance of 52.87 feet;

THENCE N18°06'05"W, a distance of 74.56 feet;

THENCE N08°25'37"W, a distance of 106.61 feet;

THENCE N09°49'57"W, a distance of 74.86 feet;

Description No. 517

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Prior Description No. 489

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.)

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

THENCE N09°56'55"W, a distance of 186.01 feet;

THENCE N80°03'05"E, a distance of 46.69 feet;

THENCE S68°04'15"E, a distance of 196.72 feet;

THENCE N67°24'03"E, a distance of 64.98 feet;

THENCE N19°01'53"E, a distance of 178.30 feet;

THENCE S70°16'15"E, a distance of 206.75 feet;

THENCE N65°15'48"E, a distance of 101.24 feet;

THENCE S57°59'26"E, a distance of 122.37 feet;

THENCE S52°51'17"E, a distance of 232.85 feet;

THENCE S52°34'38"E, a distance of 213.67 feet;

THENCE S64°12'16"E, a distance of 191.58 feet;

THENCE S64°19'02"E, a distance of 190.06 feet;

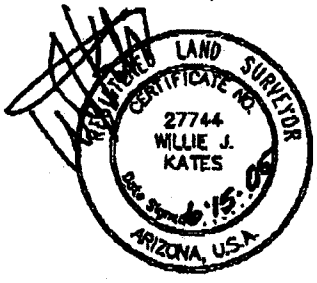
THENCE S36°16'11"E, a distance of 297.39 feet;

THENCE S61°27'59"E, a distance of 161.28 feet;

THENCE S65°06'09"E, a distance of 120.17 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 2,600.00 feet, the center of which bears N81°16'35"W;

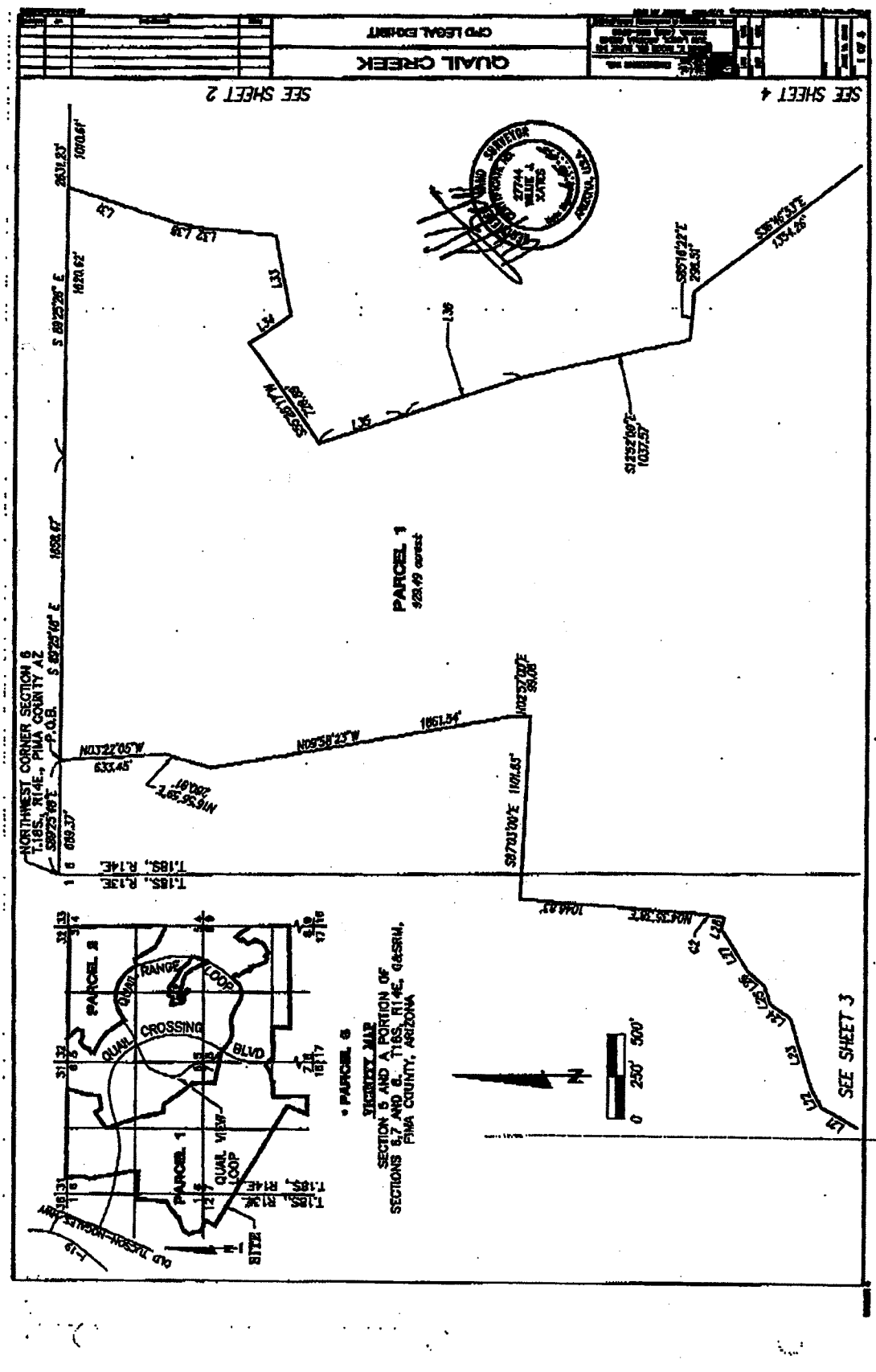
THENCE Southerly along said curve through a central angle of 15°22'51", an arc distance of 697.96 feet to the POINT OF BEGINNING.

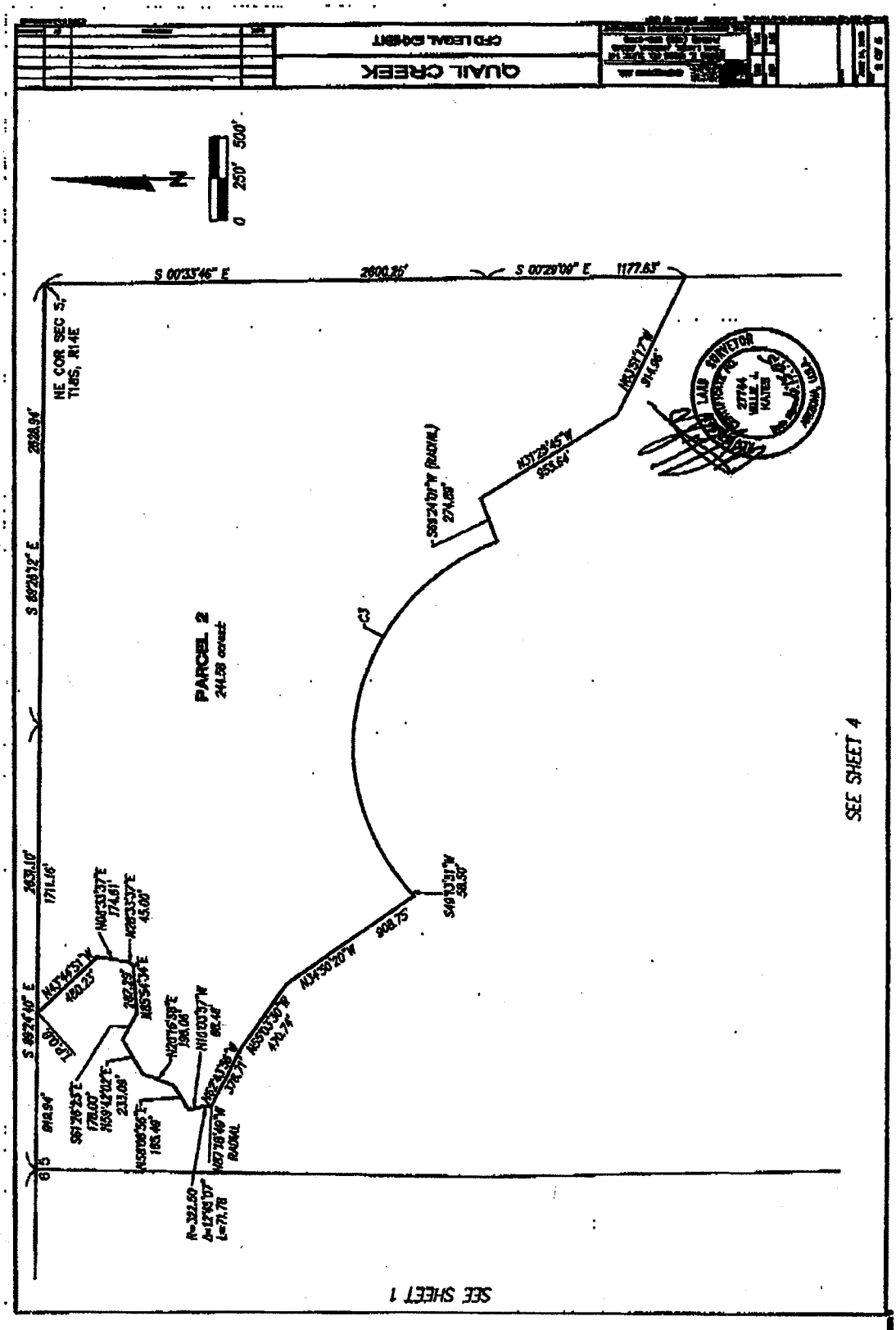
The above described parcel contains 17.94 acres, more or less.

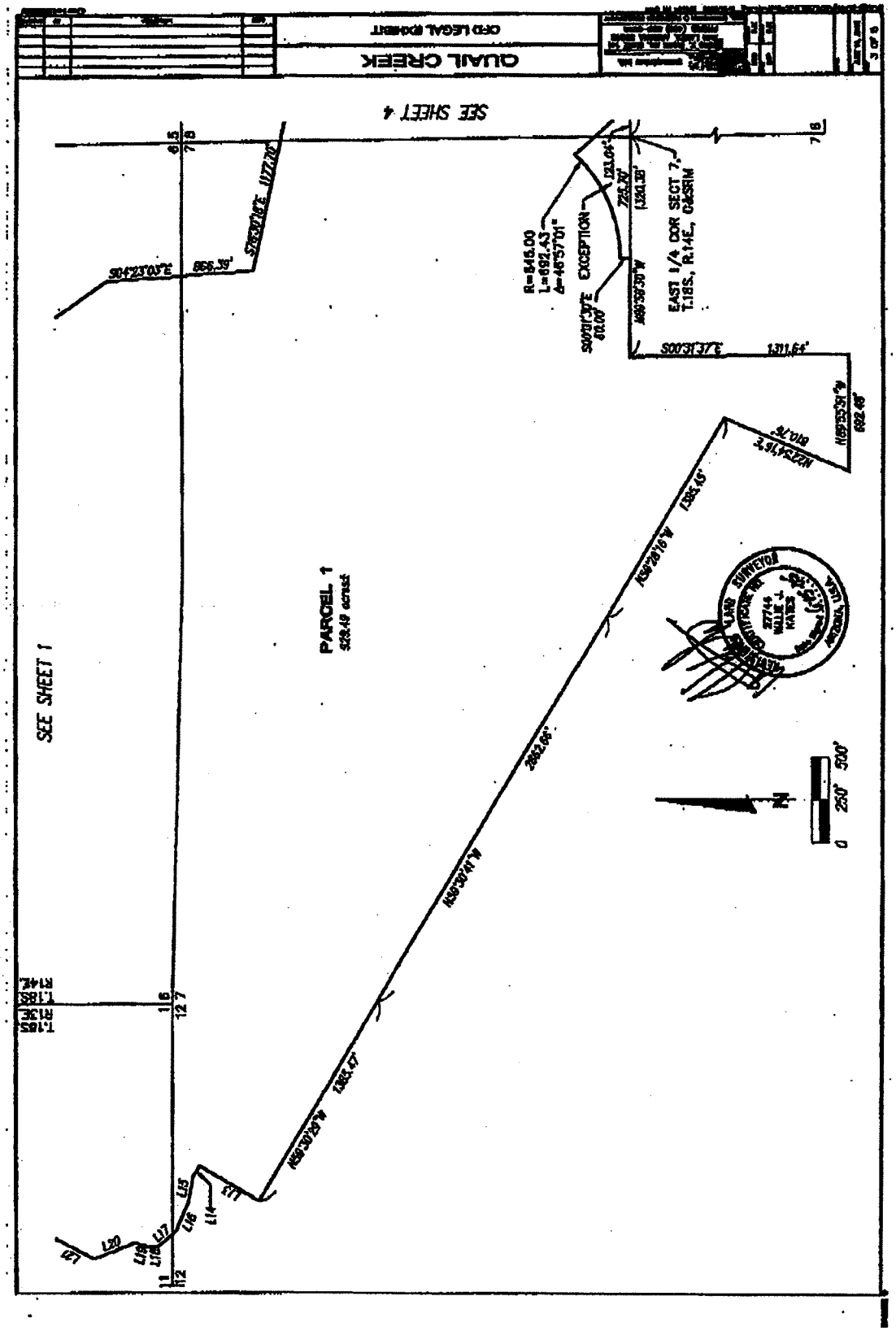


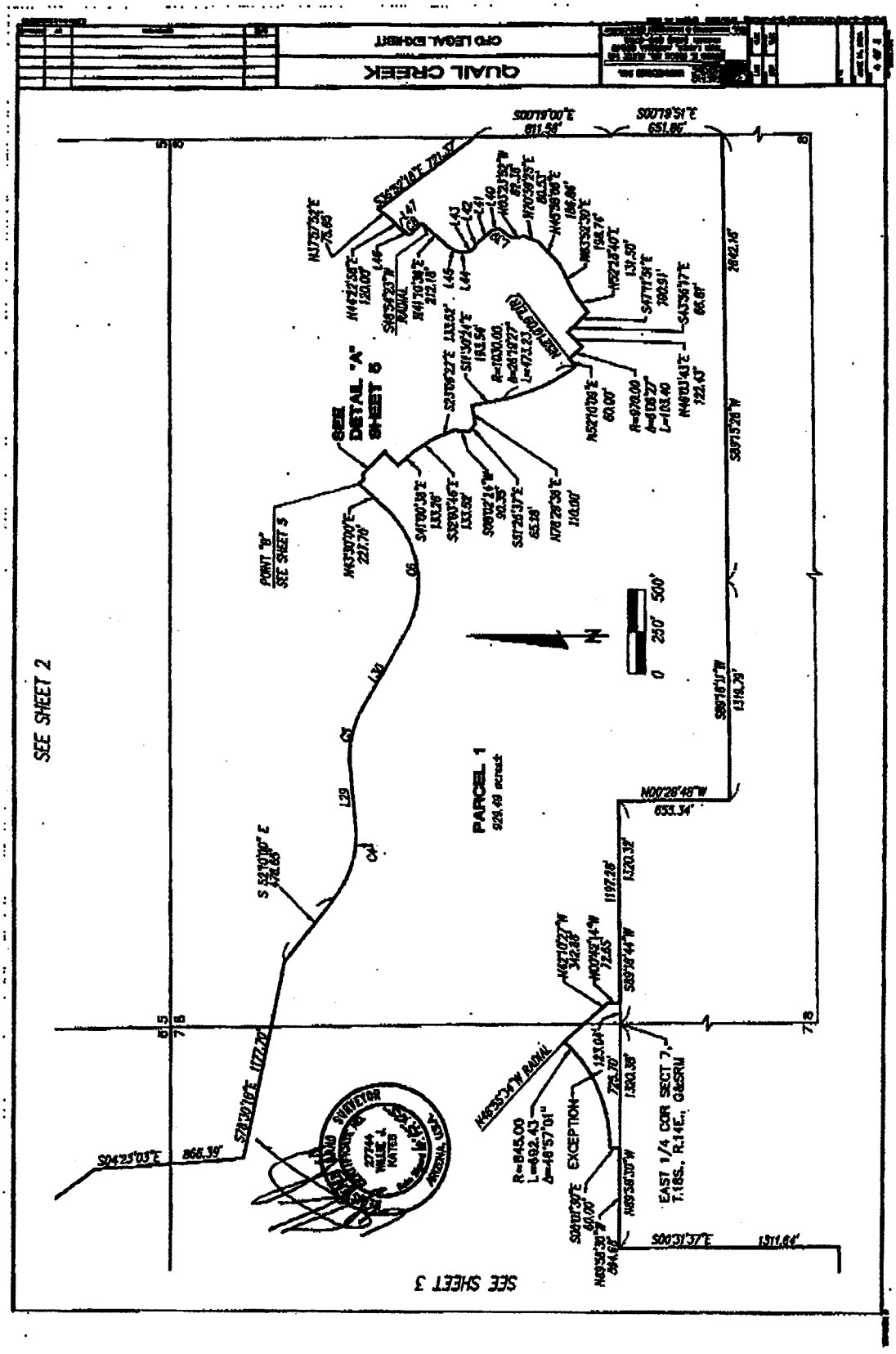
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Prior Description No. 460

Description No. 517


QUAIL CREEK
CPD LEGAL EXHIBIT
SEE SHEET 2
SEE SHEET 4
SEE SHEET 3
PARCEL 1
PARCEL 2
PARCEL 3
NORTHWEST CORNER SECTION 6
T.18S., R14E., PIMA COUNTY AZ
P.O.B.
T.18S., R.14E.
T.18S., R.13E.
QUAIL RANGE LOOP
QUAIL CROSSING BLVD
QUAIL VIEW LOOP
SITE
VICINITY MAP
SECTION 5 AND A PORTION OF
SECTIONS 6, 7 AND 8, T18S, R14E, G&SRM,
PIMA COUNTY, ARIZONA
0 250' 500'
N


QUAIL CREEK
CFD LEGAL EXHIBIT
N
0 250' 500'
S 00°33'46" E
2600.25'
S 00°29'09" E
1177.83'
NE COR SEC 5, T14S, R14E
2628.94'
S 89°29'12" E
2633.10'
171L46'
PARCEL 2
244.88 acres
SEE SHEET 4
SEE SHEET 1
S 89°24'40" E
818.94'
615
S 69°13'31" W
98.50'
L3
R=321.50
Δ=12°49'07"
L=71.78
RADIAL

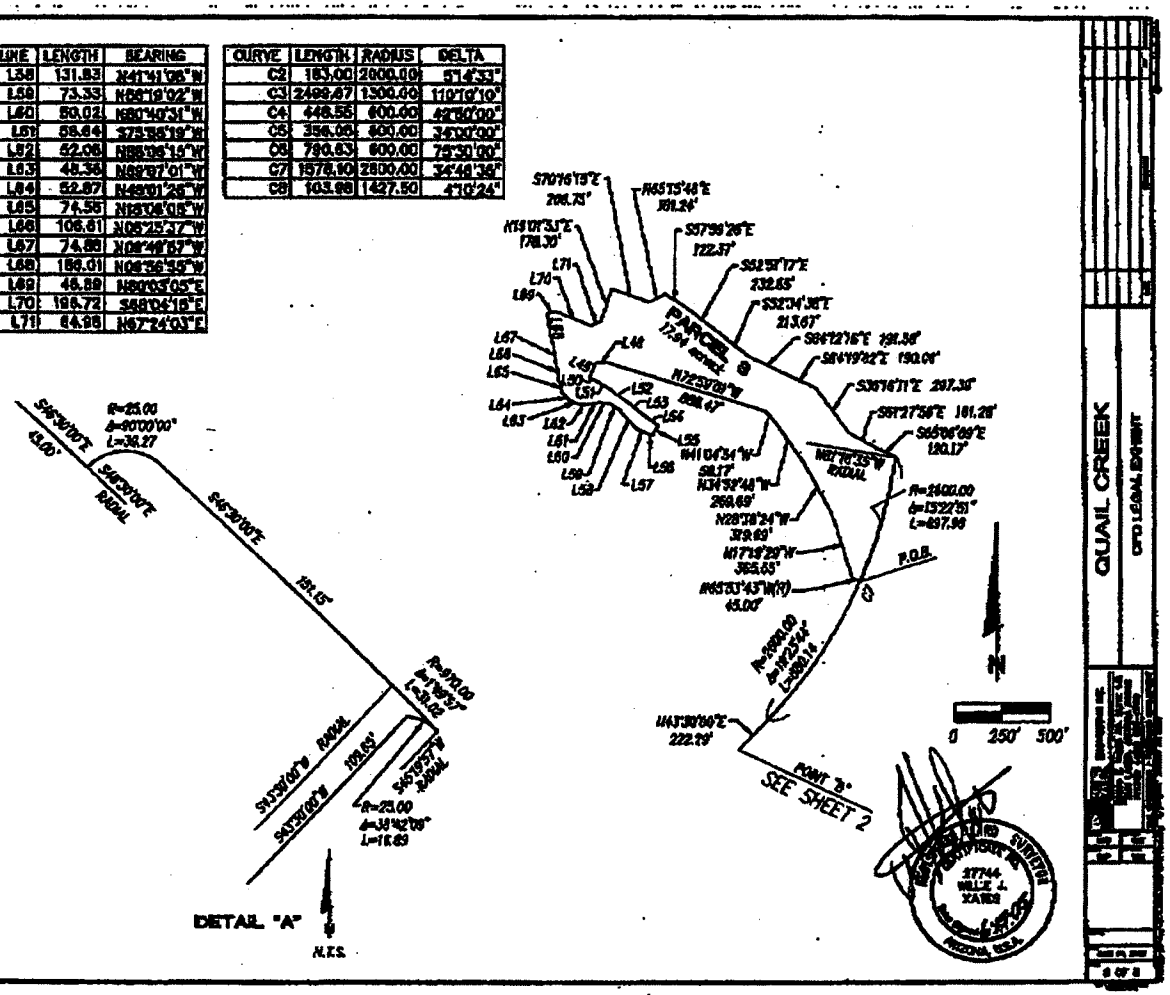

QUAIL CREEK
CFD LEGAL EXHIBIT
SEE SHEET 4
SEE SHEET 1
PARCEL 1
528.49 acres
EAST 1/4 COR SECT 7,
T.18S., R.14E., G&SRM
R=645.00
L=692.43
Δ=46°57'01"
EXCEPTION
S00°31'37"E 1311.64'
N89°28'16"W 1385.45'
N89°30'41"W 2652.66'
N89°30'29"W 1383.47'
S84°23'05"E 866.39'
S00°31'37"E 1327.70'
0 250' 500'
N
T.18S.
R.14E.
SECT. 7
SECT. 12


QUAIL CREEK
CFD LEGAL EXHIBIT
SEE DETAIL "A" SHEET 6
SEE SHEET 2
SEE SHEET 3
PARCEL 1
928.49 acres
EAST 1/4 COR SECT 7, T.18S., R.14E., G&SRM
EXCEPTION
POINT "B" SEE SHEET 5
0 250' 500'
N
S89°16'01"W 1319.39'
N00°26'48"W 655.34'
S89°16'44"W 1320.38'
S00°31'37"E 1311.64'
S04°25'03"E 866.39'
S28°30'10"E 1172.20'
S 82°10'00" E 124.68'
R=845.00
L=402.43
Δ=48°57'01"

LINE	LENGTH	BEARING
L13	407.54	N30°28'31"E
L14	75.00	N59°30'29"W
L15	150.66	N80°03'48"W
L16	188.78	N66°28'33"W
L17	137.40	N42°42'29"W
L18	56.85	N02°09'13"W
L19	85.47	N14°57'55"E
L20	266.68	N21°49'39"W
L21	254.73	N28°55'06"E
L22	136.53	N61°31'39"E
L23	422.49	N72°52'39"E
L24	153.07	N34°44'43"E
L25	111.46	N71°28'23"E
L26	137.87	N41°01'44"E
L27	282.98	N56°21'09"E
L28	75.00	S80°09'49"E
L29	376.62	N88°00'00"E
L30	522.00	S88°00'00"E
L31	688.75	S17°57'47"W
L32	475.75	S05°51'18"W
L33	486.86	S28°12'27"W
L34	287.82	N34°23'43"W
L35	548.61	S17°46'29"E
L36	744.94	S17°48'28"E
L37	58.50	S48°13'51"W
L38	115.86	S12°46'24"W
L39	93.31	N38°01'39"E
L40	43.06	N19°39'28"W
L41	101.90	N40°58'24"W
L42	59.43	N60°58'33"W
L43	36.38	N28°33'36"W
L44	90.07	N15°28'22"E
L45	60.58	N27°26'33"E
L46	45.00	N44°49'38"E
L47	9.00	N49°26'32"W
L48	65.68	S86°08'08"W
L49	84.90	S12°49'31"W
L50	40.00	S85°08'02"E
L51	93.52	S88°16'20"E
L52	95.03	S83°17'39"E
L53	127.17	S82°39'00"E
L54	97.42	S85°16'48"E
L55	60.44	S31°51'34"W
L56	30.48	N78°07'27"W
L57	61.67	N67°09'11"W

LINE	LENGTH	BEARING
L58	131.83	N41°41'06"N
L59	73.33	N56°19'02"W
L60	80.02	N80°40'31"W
L61	58.64	S75°56'19"W
L62	52.06	N88°06'15"W
L63	48.36	N89°07'01"W
L64	52.87	N49°01'26"W
L65	74.56	N18°08'08"W
L66	106.61	N06°25'47"W
L67	74.88	N08°48'57"W
L68	186.01	N08°36'35"W
L69	46.89	N80°03'05"E
L70	198.72	S88°04'15"E
L71	64.96	N67°24'03"E

CURVE	LENGTH	RADIUS	DELTA
C2	183.00	2000.00	5°14'53"
C3	2499.67	1300.00	110°10'10"
C4	448.56	600.00	42°50'00"
C5	356.06	600.00	34°00'00"
C6	790.63	600.00	75°30'00"
C7	1578.90	2600.00	34°46'36"
C8	103.98	1427.50	4°10'24"



OWNER	TAX PARCEL NUMBER
LAWYERS TITLE OF AZ TR 7916	30429001H
LAWYERS TITLE OF AZ TR 7916	30429001L
LAWYERS TITLE OF AZ TR 7916	30429001M
LAWYERS TITLE OF AZ TR 7916	30429001V
LAWYERS TITLE OF AZ TR 7916	30429320A
LAWYERS TITLE OF AZ TR 7916	30429321A
LAWYERS TITLE OF AZ TR 7916	30429331B
LAWYERS TITLE OF AZ TR 7916	30429340B
LAWYERS TITLE OF AZ TR 7916	30429340C
LAWYERS TITLE OF AZ TR 7916	30429341C
LAWYERS TITLE OF AZ TR 7916	30429342D
LAWYERS TITLE OF AZ TR 7916	30429345B
LAWYERS TITLE OF AZ TR 7916	30429345D
LAWYERS TITLE OF AZ TR 7916	30429345E
LAWYERS TITLE OF AZ TR 7916	30429346A
LAWYERS TITLE OF AZ TR 7916	30429347A
LAWYERS TITLE OF AZ TR 7916	30429348B
LAWYERS TITLE OF AZ TR 7916	30429349A
LAWYERS TITLE OF AZ TR 7916	30429350B
LAWYERS TITLE OF AZ TR 7916	30429351B
LAWYERS TITLE OF AZ TR 7916	304293520
LAWYERS TITLE OF AZ TR 7916	304293540
LAWYERS TITLE OF AZ TR 7916	304293570
LAWYERS TITLE OF AZ TR 7916	30429358A
LAWYERS TITLE OF AZ TR 7916	304293590
LAWYERS TITLE OF AZ TR 7916	30429360B
LAWYERS TITLE OF AZ TR 7916	30429361B
LAWYERS TITLE OF AZ TR 7916	304293650
LAWYERS TITLE OF AZ TR 7916	30429366C
LAWYERS TITLE OF AZ TR 7916	304293670
LAWYERS TITLE OF AZ TR 7916	304293680
LAWYERS TITLE OF AZ TR 7916	304293690
LAWYERS TITLE OF AZ TR 7916	304293700
LAWYERS TITLE OF AZ TR 7916	304293710
LAWYERS TITLE OF AZ TR 7916	304293720
LAWYERS TITLE OF AZ TR 7916	30429373A
LAWYERS TITLE OF AZ TR 7916	30429381A
LAWYERS TITLE OF AZ TR 7916	30429382B
QUAIL CREEK WATER CO INC	304293850
LAWYERS TITLE OF AZ TR 7916	304298890
QUAIL CREEK COUNTRY CLUB PROPERTY	304298910
LAWYERS TITLE OF AZ TR 7916	304731950
QUAIL CREEK COUNTRY CLUB PROPERTY OWNERS	304821550
QUAIL CREEK COUNTRY CLUB PROPERTY OWNERS	304824850
QUAIL CREEK COUNTRY CLUB PROPERTY OWNERS	304826360
LAWYERS TITLE OF AZ TR 7916	304830010 thru 304831020

LandAmerica
Lawyers Title

LAWYERS TITLE INSURANCE CORPORATION, a Virginia corporation, herein called the Company, for valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof .

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six (6) months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

IN WITNESS WHEREOF, LAWYERS TITLE INSURANCE CORPORATION has caused its corporate name and seal to be hereunto affixed by its duly authorized officers, the Commitment to become valid when countersigned by an authorized officer or agent of the Company.

LAWYERS TITLE INSURANCE CORPORATION

Attest: _____ Secretary

LAWYERS TITLE INSURANCE CORPORATION — SEAL — 1925 — RICHMOND, VA

By: _____ President

DISCLOSURE NOTICES

Good Funds Law
Arizona Revised Statutes Section 6-843 regulates the disbursement of escrow funds by an escrow agent. The law requires that funds be deposited in the escrow agent's escrow account and available for withdrawal prior to disbursement. Funds deposited with the Company by wire transfer may be disbursed upon receipt. Funds deposited with the Company in the form of cashier's checks, certified checks or teller's checks, or checks which are made by an affiliate of a state or federally regulated depository institution when the check is drawn on that institution, may be disbursed the same day as deposited. If funds are deposited with the Company by other methods, recording and/or disbursement may be delayed.

Privacy Notice (15 U.S.C. 6801 and 16 CFR Part 313):
We collect nonpublic personal information about you from information you provide on forms and documents and from other people such as your lender, real estate agent, attorney, escrow, etc. We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

PURCHASER DWELLING ACTIONS NOTICE
Pursuant to Arizona Revised Statutes Section 12-1363.N, notice is hereby provided to the purchaser of a dwelling of the provisions of Arizona Revised Statutes Sections 12-1361, 1362 and 1363. These statutory sections set forth the requirements to be met by a purchaser prior to bringing an action against the seller of a dwelling arising out of or related to the design, construction, condition or sale of the dwelling. "Dwelling" means a single or multifamily unit designed for residential use and common areas and improvements owned or maintained by an association or its members. "Seller" means any person, firm, partnership, corporation, association or other organization engaged in the business of designing, constructing or selling dwellings. The complete statutory sections can be viewed on the Arizona State Legislature's web site: www.azleg.state.az.us/ars/ars.htm.

NOTICE:
Pursuant to Arizona Revised Statutes 11-480, effective January 1, 1991, the County Recorder may not accept documents for recording that do not comply with the following:

a Print must be ten-point type (pica) or larger.

b Margins of at least one-half inch along the left and right sides one-half inch across the bottom and at least two inches on top for recording and return address information.

c Each instrument shall be no larger than 8 ½ inches in width and 14 inches in length.

Escrow Officer: **Title Direct Orders**
Lawyers Title of Arizona
7840 E. Broadway
Suite 210
Tucson, Az 85710

COMMITMENT FOR TITLE INSURANCE
Issued by

Lawyers Title Insurance Corporation

SCHEDULE A

1. Effective Date: **July 27, 2005** at 7:30 a.m. File No.: 02369276

2. Policy or Policies to be issued: **None**

   Proposed Insured:

   Liability: $

   Policy or Policies to be issued: **None**

   Proposed Insured:

   Liability: $

   Policy or Policies to be issued: **None**

   Proposed Insured:

   Liability: $

3. The estate or interest in the land described or referred to in the Commitment and covered herein is **A FEE** .

4. Title to the said estate or interest in said land is at the effective date hereof vested in:

   Lawyers Title Of Arizona, Inc., an Arizona corporation as Trustee under Trust No 7916-T

5. The land referred to in this Commitment is situated in the County of Pima, State of ARIZONA, and is described as follows:

   As fully set forth on "Exhibit A" attached hereto and by this reference incorporated herein

EXHIBIT "A"

PARCEL 1:

A parcel of land located in Sections 6, 7 and 8, Township 18 South, Range 14 East, and Sections 1 and 12, Township 18 South, Range 13 East of the Gila and Salt River Base and Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6, Township 18 South, Range 14 East, said point being a found aluminum cap marked "Northwest corner Section 6";

THENCE along the North line of the Northwest quarter of said Section 6, South 89 degrees 25 minutes 48 seconds East, a distance of 689.37 feet to the POINT OF BEGINNING;

THENCE continuing along said North line, South 89 degrees 25 minutes 48 seconds East, a distance of 1,858.47 feet;

THENCE South 89 degrees 25 minutes 26 seconds East, a distance of 1,620.62 feet;

THENCE South 17 degrees 57 minutes 47 seconds West, a distance of 689.75 feet;

THENCE South 12 degrees 46 minutes 24 seconds West, a distance of 115.96 feet;

THENCE South 05 degrees 53 minutes 16 seconds West, a distance of 476.75 feet;

THENCE South 79 degrees 12 minutes 27 seconds West, a distance of 496.86 feet;

THENCE North 34 degrees 33 minutes 43 seconds West, a distance of 297.82 feet;

THENCE South 55 degrees 26 minutes 17 seconds West, a distance of 728.89 feet;

THENCE South 17 degrees 46 minutes 29 seconds East, a distance of 548.81 feet to the Northwesterly corner of Lot 150 of Quail Creek Block 1, Lots 1-

EXHIBIT "A"
(Continued)

306 and Common Areas B, C and D recorded in Book 43, page 39, Pima County Recorder;

THENCE South 17 degrees 46 minutes 29 seconds East along the Westerly line of said Quail Creek Block 1, Lots 1-306, a distance of 744.94 feet to an angle point in said Westerly line;

THENCE continuing along said Westerly line South 12 degrees 52 minutes 00 seconds East, a distance of 1,037.57 feet to the Southwesterly corner of Lot 174M of said Quail Creek Block 1, Lots 1-306;

THENCE Southeasterly along the Southerly line of said Quail Creek Block 1, Lots 1-306, South 85 degrees 16 minutes 22 seconds East, a distance of 296.51 feet to the Southeasterly corner of Lot 175M;

THENCE leaving said Southerly line South 36 degrees 46 minutes 53 seconds East, a distance of 1,354.26 feet;

THENCE South 04 degrees 23 minutes 03 seconds East, a distance of 866.39 feet;

THENCE South 78 degrees 30 minutes 18 seconds East, a distance of 1177.70 feet to a point on the centerline of Quail View Loop per the Final Plat of Quail Creek II, Blocks 1-64 recorded in Book 51, page 58, Pima County Recorder;

THENCE along said centerline of Quail Range Loop, South 52 degrees 10 minutes 00 seconds East, a distance of 476.65 feet to a point of curve to the left having a radius of 600.00 feet and a central angle of 42 degrees 50 minutes 00 seconds;

THENCE Easterly along the arc of said centerline a distance of 448.55 feet;

THENCE continuing along said centerline North 85 degrees 00 minutes 00 seconds East, a distance of 376.62 feet to a point of curve to the right, having a radius of 600.00 feet and a central angle of 34 degrees 00 minutes 00 seconds;

THENCE Easterly along the arc of said centerline, a distance of 356.05 feet;

THENCE continuing along said centerline South 61 degrees 00 minutes 00 seconds East, a distance of 522.00 feet to a point of curve to the left having

EXHIBIT "A"
(Continued)

a radius of 600.00 feet and a central angle of 75 degrees 30 minutes 00 seconds;

THENCE Easterly along the arc of said centerline, a distance of 790.63 feet;

THENCE continuing along said centerline North 43 degrees 30 minutes 00 seconds East, a distance of 227.70 feet to a point hereinafter referred to as Point "B";

THENCE South 46 degrees 30 minutes 00 seconds East, a distance of 45.00 feet to the beginning of a non-tangent curve concave to the South, having a radius of 25.00 feet, the center of which bears South 46 degrees 30 minutes 00 seconds East,;

THENCE Easterly along said curve through a central angle of 90 degrees 00 minutes 00 seconds, an arc distance of 39.27 feet;

THENCE South 46 degrees 30 minutes 00 seconds East, a distance of 151.15 feet to the beginning of a tangent curve, concave to the Southwest, having a radius of 970.00 feet;

THENCE Southeasterly along said curve, through a central angle of 01 degrees 49 minutes 57 seconds, an arc a distance of 31.02 feet to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 25.00 feet, the center of which bears South 45 degrees 19 minutes 57 seconds West;

THENCE Northwesterly along said curve through a central angle of 38 degrees 42 minutes 09 seconds, an arc distance of 16.89 feet;

THENCE South 43 degrees 30 minutes 00 seconds West, a distance of 109.65 feet;

THENCE South 41 degrees 00 minutes 38 seconds East, a distance of 133.26 feet;

THENCE South 32 degrees 03 minutes 46 seconds East, a distance of 133.52 feet;

THENCE South 23 degrees 06 minutes 22 seconds East, a distance of 133.52 feet;

EXHIBIT "A"
(Continued)

THENCE South 08 degrees 02 minutes 24 seconds West, a distance of 90.35 feet;

THENCE South 51 degrees 25 minutes 37 seconds East, a distance of 65.18 feet;

THENCE North 78 degrees 29 minutes 36 seconds East, a distance of 110.00 feet;

THENCE South 11 degrees 30 minutes 24 seconds East, a distance of 193.54 feet to the beginning of a tangent curve, concave to the Northeast, having a radius of 1,030.00 feet;

THENCE Southeasterly along said curve, through a central angle of 26 degrees 19 minutes 27 seconds, an arc distance of 473.23 feet;

THENCE North 52 degrees 10 minutes 09 seconds East, a distance of 60.00 feet, to the beginning of a non-tangent curve, concave to the Northeast, having a radius of 970.00 feet, the center of which bears North 52 degrees 10 minutes 09 seconds East;

THENCE Southeasterly along said curve through a central angle of 06 degrees 06 minutes 27 seconds, an arc a distance of 103.40 feet;

THENCE North 46 degrees 03 minutes 43 seconds East, a distance of 122.43 feet;

THENCE South 43 degrees 56 minutes 17 seconds East, a distance of 66.81 feet;

THENCE South 47 degrees 11 minutes 51 seconds East, a distance of 100.91 feet;

THENCE North 52 degrees 28 minutes 40 seconds East, a distance of 131.50 feet;

THENCE North 63 degrees 52 minutes 30 seconds East, a distance of 198.74 feet;

THENCE North 45 degrees 58 minutes 06 seconds East, a distance of 186.86 feet;

EXHIBIT "A"
(Continued)

THENCE North 20 degrees 39 minutes 25 seconds East, a distance of 80.53 feet;

THENCE North 03 degrees 23 minutes 52 seconds West, a distance of 82.36 feet;

THENCE North 36 degrees 01 minutes 32 seconds East, a distance of 93.31 feet;

THENCE North 19 degrees 30 minutes 26 seconds West, a distance of 43.06 feet;

THENCE North 40 degrees 58 minutes 24 seconds West, a distance of 101.90 feet;

THENCE North 50 degrees 51 minutes 33 seconds West, a distance of 59.43 feet;

THENCE North 25 degrees 35 minutes 36 seconds West, a distance of 36.36 feet;

THENCE North 03 degrees 28 minutes 22 seconds East, a distance of 60.07 feet;

THENCE North 27 degrees 20 minutes 33 seconds East, a distance of 60.58 feet;

THENCE North 41 degrees 10 minutes 36 seconds East, a distance of 212.18 feet to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 1,427.50 feet, the center of which bears South 48 degrees 54 minutes 23 seconds West;

THENCE Northwesterly along said curve through a central angle of 04 degrees 10 minutes 24 seconds, an arc distance of 103.98 feet;

THENCE North 44 degrees 43 minutes 59 seconds East, a distance of 45.00 feet;

THENCE North 45 degrees 26 minutes 32 seconds West, a distance of 9.00 feet;

THENCE North 44 degrees 22 minutes 58 seconds East, a distance of 120.00 feet;

EXHIBIT "A"
(Continued)

THENCE North 37 degrees 57 minutes 52 seconds East, a distance of 75.65 feet;

THENCE South 36 degrees 52 minutes 18 seconds East, a distance of 721.37 feet to a point on the East line of said Section 8;

THENCE South 00 degrees 19 minutes 00 seconds East, a distance of 811.56 feet;

THENCE South 00 degrees 19 minutes 51 seconds East, a distance of 651.86 feet;

THENCE South 89 degrees 15 minutes 28 seconds West, a distance of 2,642.16 feet;

THENCE South 89 degrees 16 minutes 11 seconds West, a distance of 1,319.79 feet;

THENCE North 00 degrees 28 minutes 48 seconds West, a distance of 655.34 feet;

THENCE South 89 degrees 18 minutes 44 seconds West, a distance of 1,197.28 feet;

THENCE North 00 degrees 42 minutes 14 seconds West, a distance of 72.65 feet;

THENCE North 42 degrees 10 minutes 27 seconds West, a distance of 342.88 feet to the beginning of a non-tangent curve, concave to the Northwest, having a radius of 845.00 feet, the center of which bears North 46 degrees 55 minutes 34 seconds West;

THENCE Southwesterly along said curve through a central angle of 46 degrees 57 minutes 01 seconds, an arc distance of 692.43 feet;

THENCE South 00 degrees 01 minutes 30 seconds West, a distance of 60.00 feet;

THENCE North 89 degrees 58 minutes 30 seconds West, a distance of 594.68 feet;

EXHIBIT "A"
(Continued)

THENCE South 00 degrees 31 minutes 37 seconds East, a distance of 1,311.64 feet;

THENCE North 89 degrees 55 minutes 51 seconds West, a distance of 692.48 feet;

THENCE North 22 degrees 54 minutes 16 seconds East, a distance of 810.76 feet;

THENCE North 59 degrees 28 minutes 16 seconds West, a distance of 1,385.45 feet;

THENCE North 59 degrees 30 minutes 41 seconds West, a distance of 2,662.66 feet;

THENCE North 59 degrees 30 minutes 29 seconds West, a distance of 1,385.47 feet;

THENCE North 30 degrees 29 minutes 31 seconds East, a distance of 407.54 feet;

THENCE North 59 degrees 30 minutes 29 seconds West, a distance of 75.00 feet;

THENCE North 80 degrees 03 minutes 48 seconds West, a distance of 150.96 feet;

THENCE North 66 degrees 28 minutes 33 seconds West, a distance of 188.76 feet;

THENCE North 42 degrees 42 minutes 29 seconds West, a distance of 137.40 feet;

THENCE North 02 degrees 09 minutes 13 seconds West, a distance of 56.55 feet;

THENCE North 14 degrees 57 minutes 58 seconds East, a distance of 85.47 feet;

THENCE North 21 degrees 49 minutes 39 seconds West, a distance of 258.88 feet;

EXHIBIT "A"
(Continued)

THENCE North 28 degrees 55 minutes 06 seconds East, a distance of 254.73 feet;

THENCE North 61 degrees 31 minutes 39 seconds East, a distance of 136.53 feet;

THENCE North 72 degrees 52 minutes 39 seconds East, a distance of 422.49 feet;

THENCE North 34 degrees 44 minutes 43 seconds East, a distance of 153.07 feet;

THENCE North 71 degrees 28 minutes 23 seconds East, a distance of 111.45 feet;

THENCE North 41 degrees 01 minutes 44 seconds East, a distance of 137.87 feet;

THENCE North 58 degrees 21 minutes 09 seconds East, a distance of 292.98 feet;

THENCE South 80 degrees 09 minutes 49 seconds East, a distance of 75.00 feet to the point of curve of a non-tangent curve to the left, of which the radius point lies North 80 degrees 09 minutes 49 seconds West, a radial distance of 2,000.00 feet;

THENCE Northerly along the arc, through a central angle of 05 degrees 14 minutes 33 seconds, a distance of 183.00 feet;

THENCE North 04 degrees 35 minutes 38 seconds East, a distance of 1,046.83 feet;

THENCE South 87 degrees 03 minutes 00 seconds East, a distance of 1,101.85 feet;

THENCE North 02 degrees 57 minutes 00 seconds East, a distance of 99.08 feet;

THENCE North 09 degrees 58 minutes 23 seconds West, a distance of 1,861.54 feet;

THENCE North 16 degrees 56 minutes 59 seconds East, a distance of 280.91 feet;

EXHIBIT "A"
(Continued)

THENCE North 03 degrees 22 minutes 05 seconds West, a distance of 633.45 feet to the POINT OF BEGINNING.

PARCEL 2:

A parcel of land located in Section 5, Township 18 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 5;

THENCE along the North line of the Northwest quarter of said Section 5, South 89 degrees 24 minutes 40 seconds East, a distance of 919.94 feet to the POINT OF BEGINNING;

THENCE continuing South 89 degrees 24 minutes 40 seconds East, a distance of 1,711.16 feet;

THENCE South 89 degrees 26 minutes 12 seconds East, a distance of 2,628.94 feet;

THENCE South 00 degrees 33 minutes 46 seconds East, a distance of 2,600.25 feet;

THENCE South 00 degrees 29 minutes 09 seconds East, a distance of 1,177.63 feet;

THENCE North 63 degrees 51 minutes 17 seconds West, a distance of 914.96 feet;

THENCE North 31 degrees 25 minutes 45 seconds West, a distance of 955.64 feet;

THENCE South 69 degrees 24 minutes 01 seconds West, a distance of 274.89 feet to a point on a curve of a non-tangent curve to the left, said curve being on the centerline of Quail Range Loop per the Final Plat of Quail Creek II Unit 16 recorded in Book 55, page 62, Pima County Recorder, of which the radius point lies South 69 degrees 24 minutes 01 seconds West, a radial distance of 1300.00 feet;

EXHIBIT "A"
(Continued)

THENCE Westerly along the arc of said centerline of Quail Range Loop, through a central angle of 110 degrees 10 minutes 10 seconds, a distance of 2499.67 feet;

THENCE South 49 degrees 13 minutes 51 seconds West, a distance of 58.50 feet;

THENCE leaving said centerline of Quail Range Loop North 34 degrees 50 minutes 20 seconds West, a distance of 908.75 feet;

THENCE North 55 degrees 03 minutes 30 seconds West, a distance of 470.74 feet;

THENCE North 62 degrees 43 minutes 56 seconds West, a distance of 376.71 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 322.50 feet, the center of which bears North 87 degrees 18 minutes 49 seconds West;

THENCE Northerly along said curve through a central angle 12 degrees 45 minutes 07 seconds, an arc distance of 71.78 feet;

THENCE North 10 degrees 03 minutes 57 seconds West, a distance of 68.46 feet;

THENCE North 58 degrees 08 minutes 56 seconds East, a distance of 165.49 feet;

THENCE North 20 degrees 16 minutes 58 seconds East, a distance of 196.06 feet;

THENCE North 59 degrees 42 minutes 02 seconds East, a distance of 233.09 feet;

THENCE South 61 degrees 26 minutes 23 seconds East, a distance of 178.00 feet;

THENCE North 85 degrees 54 minutes 34 seconds East, a distance of 287.29 feet;

THENCE North 28 degrees 33 minutes 37 seconds East, a distance of 45.00 feet;

EXHIBIT "A"
(Continued)

THENCE North 08 degrees 33 minutes 37 seconds East, a distance of 174.61 feet

THENCE North 43 degrees 44 minutes 51 seconds West, a distance of 480.23 feet to the POINT OF BEGINNING.

PARCEL 3:

A parcel of land located in Sections 5 and 8, Township 18 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the aforementioned POINT "B", described in the legal description of parcel 1 above;

THENCE North 43 degrees 30 minutes 00 seconds East, a distance of 222.29 feet to the beginning of a tangent curve, concave Northwesterly, having a radius of 2,600.00 feet;

THENCE Northerly along said curve , through a central angle of 19 degrees 23 minutes 44 seconds, an arc distance of 880.14 feet to the POINT OF BEGINNING;

THENCE North 65 degrees 53 minutes 43 seconds West, a distance of 45.00 feet;

THENCE North 17 degrees 19 minutes 29 seconds West, a distance of 365.55 feet;

THENCE North 28 degrees 38 minutes 24 seconds West, a distance of 319.69 feet;

THENCE North 34 degrees 52 minutes 48 seconds West, a distance of 269.69 feet;

THENCE North 41 degrees 04 minutes 54 seconds West, a distance of 58.17 feet;

THENCE North 72 degrees 59 minutes 01 seconds West, a distance of 888.47 feet;

THENCE South 88 degrees 08 minutes 09 seconds West, a distance of 65.69 feet;

EXHIBIT "A"
(Continued)

THENCE South 22 degrees 49 minutes 31 seconds West, a distance of 84.90 feet;

THENCE South 65 degrees 06 minutes 02 seconds East, a distance of 40.00 feet;

THENCE South 58 degrees 18 minutes 20 seconds East, a distance of 93.52 feet;

THENCE South 53 degrees 17 minutes 39 seconds East, a distance of 95.03 feet;

THENCE South 52 degrees 09 minutes 00 seconds East, a distance of 127.17 feet;

THENCE South 55 degrees 16 minutes 49 seconds East, a distance of 97.42 feet;

THENCE South 31 degrees 51 minutes 34 seconds West, a distance of 60.44 feet;

THENCE North 75 degrees 07 minutes 27 seconds West, a distance of 30.48 feet;

THENCE North 67 degrees 08 minutes 11 seconds West, a distance of 61.67 feet;

THENCE North 41 degrees 41 minutes 08 seconds West, a distance of 131.83 feet;

THENCE North 58 degrees 19 minutes 02 seconds West, a distance of 73.33 feet;

THENCE North 80 degrees 40 minutes 31 seconds West, a distance of 50.02 feet;

THENCE South 75 degrees 58 minutes 19 seconds West, a distance of 58.64 feet;

THENCE North 88 degrees 06 minutes 15 seconds West, a distance of 52.06 feet;

EXHIBIT "A"
(Continued)

THENCE North 69 degrees 07 minutes 01 seconds West, a distance of 48.36 feet;

THENCE North 48 degrees 01 minutes 26 seconds West, a distance of 52.87 feet;

THENCE North 18 degrees 06 minutes 05 seconds West, a distance of 74.56 feet;

THENCE North 08 degrees 25 minutes 37 seconds West, a distance of 106.61 feet;

THENCE North 09 degrees 49 minutes 57 seconds West, a distance of 74.86 feet;

THENCE North 09 degrees 56 minutes 55 seconds West a distance of 186.01 feet;

THENCE North 80 degrees 03 minutes 05 seconds East, a distance of 46.69 feet;

THENCE South 68 degrees 04 minutes 15 seconds East, a distance of 196.72 feet;

THENCE North 67 degrees 24 minutes 03 seconds East, a distance of 64.98 feet;

THENCE North 19 degrees 01 minutes 53 seconds East, a distance of 178.30 feet;

THENCE South 70 degrees 16 minutes 15 seconds East, a distance of 206.75 feet;

THENCE North 65 degrees 15 minutes 48 seconds East, a distance of 101.24 feet;

THENCE South 57 degrees 59 minutes 26 seconds East, a distance of 122.37 feet;

THENCE South 52 degrees 51 minutes 17 seconds East, a distance of 232.85 feet;

EXHIBIT "A"
(Continued)

THENCE South 52 degrees 34 minutes 38 seconds East, a distance of 213.67 feet;

THENCE South 64 degrees 12 minutes 16 seconds East, a distance of 191.58 feet;

THENCE South 64 degrees 19 minutes 02 seconds East, a distance of 190.06 feet;

THENCE South 36 degrees 16 minutes 11 seconds East, a distance of 297.39 feet;

THENCE South 61 degrees 27 minutes 59 seconds East, a distance of 161.28 feet;

THENCE South 65 degrees 06 minutes 09 seconds East, a distance of 120.17 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 2,600.00 feet, the center of which bears North 81 degrees 16 minutes 35 seconds West;

THENCE Southerly along said curve through a central angle of 15 degrees 22 minutes 51 seconds, an arc distance of 697.96 feet to the POINT OF BEGINNING.

SCHEDULE B – SECTION I
REQUIREMENTS

The following are the requirements to be complied with prior to the issuance of said policy or policies. Any other instrument recorded subsequent to the date hereof may appear as an exception under Schedule B of the policy to be issued. Unless otherwise noted, all documents must be recorded in the office of the Recorder of the County in which said property is located.

1. There are no further matters of records concerning the property through the date of this report

END OF SCHEDULE B – SECTION I

SCHEDULE B – SECTION II
EXCEPTIONS

Schedule B of policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

A. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this commitment.

1. RESERVATIONS or exceptions in Patents or in Acts authorizing the issuance thereof.

2. TAXES AND ASSESSMENTS of record in the offices of the Pima County Treasurer and Assessor.

3. TAXES for the year 2005, a lien not yet due and payable.

4. EASEMENTS, restrictions, reservations and conditions as set forth on the recorded plat of Quail Creek II recorded in Book 51 of Maps and Plats at page 58 and as affected by Scrivener's Error recorded in Docket 10978 at page 567.

5. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Book	37 of Miscellaneous Records
Page	337
Purpose	electric and communication facilities and associated matters

6. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Book	58 of Miscellaneous Records
Page	362 and 363
Purpose	electric and communication facilities and associated matters

7. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Book	61 of Miscellaneous Records
Page	264
And recorded in Book 103 of Miscellaneous Records 629	
Purpose	highway

8. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Book	69 of Miscellaneous Records
Page	509
Purpose	electric and communication facilities and associated matters

9. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Book	95 of Miscellaneous Records
Page	224
Purpose	electric facilities and associated matters

SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)

10. RESTRICTIONS recorded in Book 122 of Deeds at page 214

11. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	458
Page	85
Purpose	electric and communication facilities and associated matters

12. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	548
Page	465
Purpose	electric and communication facilities and associated matters

13. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	567
Page	206
Purpose	electric and communication facilities and associated matters

14. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	618
Page	396
Purpose	electric and communication facilities and associated matters

15. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	1731
Page	525
Purpose	electric facilities and associated matters

16. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	2089
Page	20
Purpose	gas distribution lines and associated matters

17. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	2283
Page	382
Purpose	electric and communication facilities and associated matters

18. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	2413
Page	94
Purpose	sewer lines and associated matters

SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)

19. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	2499
Page	100
Purpose	gas distribution lines and associated matters

And as affected by Partial Release of Easement recorded in Docket 12552 at page 3

20. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	2561
Page	290 and 291
recorded in Docket	4007
Page	360
recorded in Docket	4112
Page	421 and 423
Purpose	ingress and egress

And as affected by instrument recorded in Docket 12085 at page 8185

21. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	2611
Page	33
Purpose	ingress and egress

22. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	2672
Page	113
Purpose	electric and communication facilities and associated matters

23. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	2677
Page	107
Purpose	electric facilities and associated matters

24. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	2716
Page	196
Purpose	electric facilities and associated matters

25. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	4310
Page	714 and 716
Purpose	electric facilities and associated matters

26. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	5100
Page	74
Purpose	drainageway

SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)

27. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	5845
Page	938
Purpose	electric facilities and associated matters

28. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	5854
Page	719
Purpose	roadway and sewer lines

29. RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, LIABILITIES AND OBLIGATIONS, including but not limited to any recitals creating easements or party walls, omitting, if any, from the above, any restrictions based on race, color, religion, sex, handicap, familial status or national origin contained in instrument:

Recorded in Docket 6179
Page 719
and re-recorded in Docket 6223 at page 671
and recorded in Docket 7496 at page 864
and recorded in Docket 7753 at page 897
and recorded in Docket 7956 at page 984
and re-recorded in Docket 7993 at page 534
and recorded in Docket 8163 at page 2286
and re-recorded in Docket 8290 at page 2064
and recorded in Docket 8208 at page 1540
and recorded in Docket 8208 at page 1574
and recorded in Docket 8208 at page 1641
and recorded in Docket 8438 at page 1803
and recorded in Docket 8496 at page 560

30. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	6239
Page	997
Purpose	sewer lines and associated matters

31. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	6542
Page	1033
Purpose	communication facilities and associated matters

32. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	6621
Page	770
Purpose	sewer and water lines

33. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	7817
Page	1590
Purpose	sewer lines and associated matters

SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)

34. EASEMENT to TG&E for electric lines, set forth in Exception No. 2 on Exhibit D in instrument recorded March 17, 1987 in Docket 7993 at page 547.

35. FLOWAGE EASEMENT as set forth in Exception No. 3 on Exhibit D in instrument recorded March 17, 1987 in Docket 7993 at page 547.

36. DRAINAGEWAY EASEMENT dated May 14, 1976 granted to Pima County, Arizona by Anamax Mining Company, as set forth as Exception No. 2 on Exhibit D in instrument recorded March 17, 1987 in Docket 7993 at page 547.

37. ANY PRIVATE RIGHTS or EASEMENTS on, under and across those portions of said land lying within the road, street or alley abandoned by Resolution or Ordinance:

Recorded in Docket	8075
Page	2388

38. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8208
Page	1641 and 1821
Purpose	ingress and egress, roadway and utilities

39. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8221
Page	497
Purpose	communication facilities and associated matters

40. ASSIGNMENT, Assumption and Indemnity Agreement as set forth in instrument recorded in Docket 8438 at page 1828.

41. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8557
Page	680
Purpose	electric facilities and associated matters

42. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8603
Page	1580
And re-recorded in Docket 8657 at page 357	
Purpose	water facilities and associated matters

43. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8615
Page	1346
Purpose	electric facilities and water lines

44. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8615
Page	1355
Purpose	water and sewer lines and associated matters

SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)

45. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8615
Page	1359
Purpose	slope, drainage and water lines

46. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8616
Page	1258 and 1264
Purpose	electric facilities and water lines and associated matters

47. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8626
Page	1345
Purpose	sewer lines and associated matters

48. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8635
Page	1785
Purpose	sewer lines and associated matters

49. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8638
Page	1661
Purpose	utilities

50. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8659
Page	1239
Purpose	electric facilities and associated matters

51. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8688
Page	636
Purpose	electric facilities and associated matters

SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)

52. RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, LIABILITIES AND OBLIGATIONS, including but not limited to any recitals creating easements or party walls, omitting, if any, from the above, any restrictions based on race, color, religion, sex, handicap, familial status or national origin contained in instrument:

Recorded in Docket 8716
Page 1334
and recorded in Docket 8716 at page 1390
and recorded in Docket 8764 at page 2050
and recorded in Docket 8785 at page 1130
and recorded in Docket 9130 at page 2909
and recorded in Docket 9130 at page 2912
and recorded in Docket 9754 at page 1928
and recorded in Docket 10587 at page 2358
and recorded in Docket 11150 at page 1088
and recorded in Docket 11150 at page 1154
Tract Declaration recorded in Docket 11611 at page 621
Tract Declaration recorded in Docket 12472 at page 3646

53. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket 8735
Page 472
Purpose communication facilities and associated matters

54. AGREEMENT for Effluent Reuse recorded in Docket 8697 at page 904
as disclosed by Assignment of Contract Rights recorded in Docket 8764 at page 2085.
And Assignment of Effluent Agreement recorded in Docket 11116 at page 2699

55. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket 8783
Page 138
Purpose drainage

56. QUAIL CREEK SPECIFIC PLAN as set forth in instrument recorded in Docket 8785 at page 1137.

57. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket 9510
Page 3964
Purpose sewer and utilities

58. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket 9510
Page 3967
And recorded in Docket 9692 at page 760
Purpose erosion control

59. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket 9510
Page 3970
Purpose drainageway

SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)

60. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	10073
Page	431
Purpose	electric and communication facilities and associated matters

61. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	10713
Page	1899
Purpose	public utilities

62. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	10814
Page	2314
Purpose	utilities

63. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	10880
Page	2077
Purpose	cable tv

And as affected by Release of Utility Easement recorded in Docket 12448 at page 1094

64. TERMS, CONDITIONS AND RESTRICTIONS contained in Agreement between Pima County, Arizona and Trustee under Trust No. referred to below:

Trustee	Lawyers Title Of Arizona, Inc., an Arizona corporation
Trust No.	7916-T
Docket	11113
Page	51

65. INTENTIONALLY OMITTED

66. SAHUARITA RESOLUTION NO. 2001-28 vacating certain roadways, as set forth in instrument recorded in Docket 11578 at pages 319 and 335.

67. DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS for Quail Creek Phase II Regarding Membership in the Central Arizona Groundwater Replenishment District, as set forth in instrument recorded in Docket 11869 at page 979.

68. AGREEMENT and Notice of Municipal Provider Reporting Requirements for Quail Creek Phase II Regarding Membership in the Central Arizona Groundwater Replenishment District, as set forth in instrument recorded in Docket 11869 at page 994.

69. LICENSE For Emergency Access, as set forth in instrument recorded in Docket 11892 at page 786.

70. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	12014
Page	268
Purpose	drainage slope protection

SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)

71. RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS AND EASEMENTS, including but not limited to any recitals creating liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion sex, handicap, familial status or national origin contained in instrument:

Recorded in Docket	12085
Page	4148

72. RESOLUTION NO. 2003-287 by the Board of Supervisors of Pima County, Arizona authorizing a Franchise granted to Quail Creek Water Company, Inc., as set forth in instruments recorded in Docket 12201 at page 349 and in Docket 12216 at page 1041.

73. AGREEMENT, according to the terms and conditions, contained therein:

Purpose	Easement and maintenance
Recorded	August 03, 2004
Docket	12357
Page	5429

74. RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion sex, handicap, familial status or national origin contained in instrument:

Recorded in Docket	10826
Page	436
And recorded in Docket 11204 at page	694
And recorded in Docket 11803 at page	360

75. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	11714
Page	1466
Purpose	electric and communication facilities and associated matters

76. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	11996
Page	1492
Purpose	sewer lines and associated matters

77. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	12336
Page	13
Purpose	electric and communication facilities and associated matters

SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)

78. TERMS, CONDITIONS AND RESTRICTIONS contained in Agreement between the Town of Sahuarita and Trustee under Trust No. referred to below:

Trustee	Lawyers Title Of Arizona, Inc., an Arizona corporation
Trust No.	7916-T
Dated	December 01, 2004
Recorded	January 06, 2005
Docket	12463
Page	393

79. DEED OF TRUST given to secure the original amount shown below, and any other amount payable under the terms thereof:

Amount	$30,000,000.00
Dated	February 24, 2005
Recorded	February 25, 2005
Docket	12497
Page	8802
And re-recorded in Docket 12539 at page 1311	
Trustor	Robson ranch Quail Creek, LLC, a Delaware limited liability company
Trustee	JPMorgan Chase Bank, N.A., a national banking association
Beneficiary	JPMorgan Chase Bank, N.A., a national banking association

80. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	12536
Page	793
Purpose	sewer lines

END OF SCHEDULE B – SECTION II

COMMITMENT CONDITIONS AND STIPULATIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed insured has or acquires actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act or reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed insured and such parties included under the definition of insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith, (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions, the Conditions and Stipulations, and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. Any action or actions or rights of action that the proposed insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment

AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE
and
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation effecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant'
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy; (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material) or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim which arises out of the transaction creating the interest of the mortgagee insured by this Policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
   (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer, or
   (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
   (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
      (i) to timely record the instrument of transfer; or
      (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the pubic records.
2. Any facts, rights, interests or claim which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)
And
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violating affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental policy power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant'
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy; (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material) or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by the policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
   (a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
   (b) the transaction creating the estate or interest insured by the policy being deemed a preferential transfer except where the preferential transfer results from the failure:
      (i) to timely record the instrument of transfer; or
      (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Exceptions.

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the pubic records.
2. Any facts, rights, interests or claim which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

AMERICAN LAND TITLE ASSOCIATION
HOMEOWNER'S POLICY OF TITLE INSURANCE (10/17/98)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
   a. building
   b. zoning
   c. land use
   d. improvements on the Land
   e. land division
   f. environmental protection

   This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.
   This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
   a. a notice of exercising the right appears in the Public Records at the Policy Date; or
   b. the taking happened before the Policy date and is binding on You if You bought the Land without knowing of the taking.
4. Risks:
   a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
   b. that are known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
   c. that result in no loss to You; or
   d. that first occur after the Policy Date – this does not limit the coverage described in Covered Risk 7, 8d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
   a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
   b. in streets, alleys, or waterways that touch the land.

   This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-2-87)
EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
   - Land use
   - Improvements on the land
   - Land division
   - Environmental protection

   This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
   This exclusion does not limit the zoning coverage described in items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless;
   - A notice of exercising the right appears in the public records on the Policy Date
   - The taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
   - That are created, allowed, or agreed to by you
   - That are known to you, but not to us, on the Policy Date – unless they appeared in the Public Records
   - That result in no loss to you
   - That first affect your title after the Policy Date – this does not limit the labor and material lien coverage in Item B of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
   - To any land outside the area specifically described and referred to in Item 3 of Schedule A

     OR
   - In streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks

Greenberg Traurig

Michael Cafiso
(602) 445-8452
CafisoM@GTLaw.com

February 3, 2006

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Compliance Information
State Real Estate Department
2910 North 44th Street, Suite 100
Phoenix, Arizona 85018

Re: Quail Creek Community Facilities District

Ladies and Gentlemen:

On behalf of the captioned District, we have provided for the recording with the County Recorder of Pima County, Arizona, of:

1. A notice of the formation of the captioned District showing the number and date of the Resolution of the Town of Sahuarita, Arizona, and giving a description of the land included in such District pursuant to Section 48-708(A), Arizona Revised Statutes, as amended;

2. The Resolution of the Town of Sahuarita, Arizona, forming the District pursuant to Section 48-718, Arizona Revised Statutes, as amended;

3. The General Plan of the District pursuant to Section 48-718, Arizona Revised Statutes, as amended, and

4. A Development Agreement, dated as of April 1, 2005, by and among the Town of Sahuarita, Arizona, certain owners of land within the District, and the District pursuant to Section 9-500.05, Arizona Revised Statutes, as amended.

ALBANY
AMSTERDAM
ATLANTA
BOCA RATON
BOSTON
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DELAWARE
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FORT LAUDERDALE
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LAS VEGAS
LOS ANGELES
MIAMI
MILAN*
NEW JERSEY
NEW YORK
ORANGE COUNTY, CA
ORLANDO
PHILADELPHIA
PHOENIX
ROME*
SACRAMENTO
SILICON VALLEY
TALLAHASSEE
TOKYO*
TYSONS CORNER
WASHINGTON, D.C.
WEST PALM BEACH
ZURICH
*Strategic Alliances
Tokyo-Office/Strategic Alliance

Pursuant to Section 48-718, Arizona Revised Statutes, as amended, we enclose copies of the recorded instruments indicated in subparagraphs 2 and 3 above.

Please call me at the telephone number referenced above if you have any questions or if we can be of any assistance in this matter.

Yours very truly,

Michael Cafiso

MC:cg
Enclosures

cc (w/o encl.): Daniel Hochuli, Esq., Town Attorney, Town of Sahuarita, Arizona
Mr. James Stahle, Manager, Town of Sahuarita, Arizona
Ms. Sandra Olivas, Town Clerk, Town of Sahuarita, Arizona
Lesa J. Storey, Esq., Greenberg Traurig, LLP

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Total Postage & Fees	$ 4.32

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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Compliance Information
State Real Estate Dept.
Suite 100
2910 North 44th Street
Phoenix, AZ 85018

76501.010100 MNC (Res)

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X [signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) | C. Date of Delivery: 2/6/06

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☒ No

3. Service Type
☑ Certified Mail ☐ Express Mail
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4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7005 1820 0007 1672 8622

PS Form 3811, February 2004 — Domestic Return Receipt — 102595-02-M-1540

Greenberg Traurig

Michael Cafiso
(602) 445-8452
CafisoM@GTLaw.com

December 21, 2005

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Arizona Department of Revenue
Data Management Division/CIS
1600 West Monroe, Fourth Floor
Phoenix, Arizona 85007

Attention: Director

Re: Resolution Ordering and Declaring Formation of Quail Creek Community Facilities District

Dear Director:

Pursuant to Sections 42-17257 and 48-708(A), Arizona Revised Statutes, as amended, on behalf of Quail Creek Community Facilities District, we enclose a copy of the captioned Resolution, adopted by the Mayor and Council of the Town of Sahuarita, Arizona, on September 12, 2005, and request that you take official notice of its contents. Please file such Resolution in the official records of the Department and provide for all steps necessary for such District to be eligible to levy taxes next year. (For your convenience, we also enclose a map of the District as described in such Resolution.)

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AMSTERDAM
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MIAMI
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PHILADELPHIA
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TALLAHASSEE
TOKYO*
TYSONS CORNER
WASHINGTON, D.C.
WEST PALM BEACH
ZURICH
*Strategic Alliances
Tokyo-Office/Strategic Alliance

Please call me at the telephone number referenced above if you have any questions or if we can be of any assistance in this matter.

Yours very truly,

Michael Cafiso cg

Michael Cafiso

MC:cg
Enclosure

cc (w/o encl.): Daniel Hochuli, Esq., Town Attorney, Town of Sahuarita, Arizona
Mr. James Stahle, Manager, Town of Sahuarita, Arizona
Ms. Sandra Olivas, Town Clerk, Town of Sahuarita, Arizona
Lesa Storey, Esq., Storey & Burnham, P.L.C.

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$5.60

PHOENIX AZ GMF 85026 DEC 23 2005 USPS Postmark Here

Sent To: AZ Dept. of Revenue
Street, Apt. No.; or PO Box No.: 1600 W Monroe, 4th Fl.
City, State, ZIP+4: Phoenix, AZ 85007

PS Form 3800, June 2002 — See Reverse for Instructions

SENDER: *COMPLETE THIS SECTION*

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1. Article Addressed to:

Arizona Department of Revenue
1600 W Monroe, 4th Fl.
Phoenix, AZ 85007

76501.010100 MNC

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by *(Printed Name)* | C. Date of Delivery

Arizona Dept of Revenue

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☒ No

DEC 23 2005

3. Service Type
☒ Certified Mail ☐ Express Mail
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☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7005 1820 0007 1672 9988

PS Form 3811, February 2004 — Domestic Return Receipt — 102595-02-M-1540

Greenberg Traurig

Michael Cafiso
(602) 445-8452
CafisoM@GTLaw.com

February 3, 2006

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ms. Lori Godoshian
Clerk of the Board of Supervisors
Pima County, Arizona
130 West Congress, Fifth Floor
Tucson, Arizona 85701

Re: Resolution Ordering and Declaring Formation of Quail Creek Community Facilities District

Dear Ms. Godoshian:

Pursuant to Section 48-708(A), Arizona Revised Statutes, as amended, on behalf of Quail Creek Community Facilities District, we enclose a copy of the captioned, recorded Resolution, adopted by the Mayor and Council of the Town of Sahuarita, Arizona, on September 12, 2005. Please provide a copy of such Resolution to the members of the Board of Supervisors of the County and file a copy in the official records of the County.

Please call me at the telephone number referenced above if you have any questions or if we can be of any assistance in this matter.

Yours very truly,

Michael Cafiso

MC:cg
Enclosure

cc (w/o encl.): Daniel Hochuli, Esq., Town Attorney, Town of Sahuarita, Arizona
Mr. James Stahle, Manager, Town of Sahuarita, Arizona
Ms. Sandra Olivas, Town Clerk, Town of Sahuarita, Arizona
Lesa J. Storey, Esq., Greenberg Traurig, LLP

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MILAN*
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NEW YORK
ORANGE COUNTY, CA
ORLANDO
PHILADELPHIA
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ROME*
SACRAMENTO
SILICON VALLEY
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Total Postage & Fees	$ 5.64

PHOENIX AZ SMF 85026
Postmark
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Sent To
Ms. Lori Godoshian
Street, Apt. No.; or PO Box No. 130 W Congress, 5th Fl.
City, State, ZIP+4 Tucson, AZ 85701

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: *COMPLETE THIS SECTION*

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1. Article Addressed to:

Ms. Lori Godoshian
Clerk of the Board
of Supervisors
Pima County, Arizona
130 W Congress, 5th Fl.
Tucson, AZ 85701

76501.010100 MNC

COMPLETE THIS SECTION ON DELIVERY

A. Signature Mike Lieber ☐ Agent ☐ Addressee

B. Received by *(Printed Name)* C. Date of Delivery FEB 06 2006

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☒ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7005 1820 0007 1672 8615

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Greenberg Traurig

Michael Cafiso
(602) 445-8452
CafisoM@GTLaw.com

December 21, 2005

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Bill Staples
County Assessor
Pima County, Arizona
130 West Congress, Fifth Floor
Tucson, Arizona 85701

Re: Resolution Ordering and Declaring Formation of Quail Creek Community Facilities District

Dear Mr. Staples:

Pursuant to Sections 42-17257 and 48-708(A), Arizona Revised Statutes, as amended, on behalf of Quail Creek Community Facilities District, we enclose a copy of the captioned Resolution, adopted by the Mayor and Council of the Town of Sahuarita, Arizona, on September 12, 2005, and request that you take official notice of its contents. Please file such Resolution in the official records of the County Assessor. (For your convenience, we also enclose a map of the District as described in such Resolution.)

ALBANY
AMSTERDAM
ATLANTA
BOCA RATON
BOSTON
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
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LOS ANGELES
MIAMI
MILAN*
NEW JERSEY
NEW YORK
ORANGE COUNTY, CA
ORLANDO
PHILADELPHIA
PHOENIX
ROME*
SACRAMENTO
SILICON VALLEY
TALLAHASSEE
TOKYO*
TYSONS CORNER
WASHINGTON, D.C.
WEST PALM BEACH
ZURICH
*Strategic Alliances
Tokyo-Office/Strategic Alliance

Please call me at the telephone number referenced above if you have any questions or if we can be of any assistance in this matter.

Yours very truly,

Michael Cafiso

MC:cg
Enclosure

cc (w/o encl.): Daniel Hochuli, Esq., Town Attorney, Town of Sahuarita, Arizona
Mr. James Stahle, Manager, Town of Sahuarita, Arizona
Ms. Sandra Olivas, Town Clerk, Town of Sahuarita, Arizona
Lesa Storey, Esq., Storey & Burnham, P.L.C.

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Total Postage & Fees	$ 5.80

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Sent To: Mr. Bill Staples
Street, Apt. No.; or PO Box No.: 130 W Congress, 5th Fl.
City, State, ZIP+4: Tucson, AZ 85701

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Bill Staples
County Assessor
Pima County, Arizona
130 West Congress, 5th Fl.
Tucson, AZ 85701

76501.010100 MNC

COMPLETE THIS SECTION ON DELIVERY

A. Signature: Mike Lieber ☐ Agent ☐ Addressee

B. Received by (Printed Name) | C. Date of Delivery: DEC 22 2005

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☒ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
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4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7005 1820 0007 1672 9995

PS Form 3811, February 2004 — Domestic Return Receipt — 102595-02-M-1540

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
RESOLUTION NO. 1

A RESOLUTION OF THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT TAKING CERTAIN ACTIONS WITH REGARD TO ORGANIZATION OF THE DISTRICT; APPROVING THE GENERAL PLAN FOR THE DISTRICT; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (QUAIL CREEK COMMUNITY FACILITIES DISTRICT); APPROVING THE PROPOSED BUDGET FOR THE DISTRICT FOR THE REMAINDER OF FISCAL YEAR 2005-06 AND AUTHORIZING THE GIVING OF NOTICE OF HEARING WITH RESPECT THERETO; APPROVING THE PREPARATION OF, AND AUTHORIZING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO APPROVING, A FEASIBILITY REPORT WHICH INCLUDES IDENTIFYING THE PUBLIC INFRASTRUCTURE OF THE PROJECTS, THE AREAS TO BE BENEFITTED, THE EXPECTED METHOD OF FINANCING AND THE SYSTEM OF PROVIDING REVENUES TO OPERATE AND MAINTAIN THE PROJECTS, ALL AS PROVIDED IN SUCH REPORT AND ORDERING AND CALLING AN ELECTION WITH RESPECT TO ISSUANCE OF BONDS BY THE DISTRICT AND THE LEVY OF AN *AD VALOREM* PROPERTY TAX THEREFOR AND TO THE LEVY OF A SEPARATE *AD VALOREM* PROPERTY TAX ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT.

BE IT RESOLVED BY THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT as follows:

1. Findings.

   a. On September 12, 2005, the Mayor and Common Council of the Town of Sahuarita, Arizona (hereinafter called the "Municipality"), adopted Resolution No. 2005-86 which, among other things, ordered and declared formation of Quail Creek Community Facilities District (hereinafter called the "District").

   b. The District is a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1., 3.2, 4 and 5, Arizona Revised Statutes, as amended, and, except as otherwise provided in Section 48-708(B), Arizona Revised Statutes, as amended, is considered to be a municipal corporation

3. and political subdivision of the State of Arizona, separate and apart from the Municipality.

4. Certain matters relating to the organization of the District must be determined by the district board of the District (hereinafter referred to as the "District Board").

5. There was filed with the City Clerk of the Municipality the "general plan" for the District, which sets out a general description of the public infrastructure improvements for which the District was formed and the general areas to be improved (hereinafter referred to as the "General Plan").

6. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the District and Robson Ranch Quail Creek, LLC (hereinafter called "Quail Creek") are entering into a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for public infrastructure (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time.

7. With regard to the property which makes up the real property included within the District, the District and Quail Creek determined to specify some of such matters in such an agreement, particularly matters relating to the acquisition or construction of certain public infrastructure by the District, the acceptance by the Municipality or other appropriate political subdivisions and the reimbursement or repayment of Quail Creek with respect thereto, all pursuant to the Act.

8. Pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended, the District and the Municipality may enter into an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them and for the purposes of the planning, design, inspection, ownership, control, maintenance, operation or repair of public infrastructure.

9. Pursuant to the Act, the District may also enter into an agreement with Quail Creek with respect to the advance of moneys for public infrastructure purposes and the repayment of such advances and to obtain credit enhancement for, and process disbursement and investment of proceeds of, the hereinafter-described Bonds.

10. There has been placed on file with the District Clerk of the District and presented to the district board of the District (hereinafter called the "District Board") in connection with the purposes described in paragraphs 1.a. through h. a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), to be dated as of September 1, 2005 (hereinafter referred to as the "Development Agreement"), by and among the Quail Creek, the Municipality and the District relating to, among other things, the Bonds.

11. Pursuant to Section 48-716, Arizona Revised Statutes, as amended, the District Manager has caused to be prepared for the District Board a proposed budget (including as part thereof an appropriate capital plan) for the fiscal year 2005-06 (hereinafter referred to as the "Proposed Budget") and has caused the Proposed Budget to be submitted to the District Board for approval. (Pursuant to Section 48-723(C), Arizona Revised Statutes, the Proposed Budget has been filed with the District Clerk.) A public hearing on the Proposed Budget will hereafter be held (hereinafter referred to as the "Budget Hearing"), after provision for publication of notice thereof as provided by law (hereinafter referred to as the "Budget Hearing Notice").

12. The District is authorized by Section 48-719, Arizona Revised Statutes, as amended, to issue and sell general obligation bonds of the District to provide moneys for public infrastructure purposes consistent with the General Plan and by Section 48-709(F), Arizona Revised Statutes, as amended, to repay all or part of fees and charges collected from landowners for public infrastructure purposes, the advance of moneys by landowners for public infrastructure purposes or the granting of real property by the landowner for public infrastructure purposes from the proceeds of such bonds pursuant to agreements entered into with landowners and the Municipality pursuant to Section 48-709(A)(10), Arizona Revised Statutes, as amended.

13. Pursuant to Section 48-723, Arizona Revised Statutes, as amended, the District is authorized to levy an *ad valorem* tax on the assessed value of all real and personal property in the District at a rate which does not exceed the maximum rate specified in the ballot with respect thereto as hereinafter described, including taxes attributable to the operation and maintenance expenses of the District, but not in excess of thirty cents (30¢) per one hundred dollars ($100) of such assessed valuation for such operation and maintenance.

14. Such bonds may not be issued and such tax may not be levied unless approved at an election ordered and called to submit to the qualified electors of the District or to those persons who are qualified to vote pursuant to Section 48-707(G), Arizona Revised Statutes, as amended (being, if no person has registered to vote within the District within fifty (50) days immediately preceding any scheduled election date, the owners of land within the District who are qualified electors of the State of Arizona and other landowners according to Section 48-3043, Arizona Revised Statutes, as amended) the question of authorizing the District Board to issue such bonds for such purposes (hereinafter referred to as the "Bonds") and to levy such tax (hereinafter referred to as the "Operation and Maintenance Expenses Tax").

15. Pursuant to Section 48-715, Arizona Revised Statutes, as amended, the District Board shall cause a report of the feasibility and benefits of the projects relating to certain public infrastructure provided for in the General Plan and to be financed with proceeds of the sale of the first series of the Bonds to be prepared, such report having

included a description of certain public infrastructure to be acquired and all other information useful to understand the projects, a map showing, in general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, an estimated schedule for completion of the projects, a map or description of the area to be benefitted by the projects and a plan for financing the projects (hereinafter referred to as the "Report"). A public hearing on the Report will hereafter be held (hereinafter referred to as the "Report Hearing"), after provision for publication of notice thereof as provided by law (hereinafter referred to as the "Report Notice").

2. District Officers and Consultants. The Mayor and the Vice Mayor of the Municipality are hereby appointed "Chairperson" and "Vice Chairperson," respectively, of the District Board; the Town Clerk of the Municipality is hereby appointed "District Clerk"; the Town Treasurer of the Municipality is hereby appointed "District Treasurer"; the Town Manager of the Municipality is hereby appointed "District Manager" and the Town Attorney of the Municipality is hereby appointed "District Counsel."

3. Posting of Notices. Statements of the District Manager directing where all public notices of the meetings of the District shall be posted in substantially the forms attached hereto and marked as Exhibit "A" have been provided to those indicated therein and are hereby approved and ratified for all purposes thereof.

4. Approval of General Plan. The General Plan as previously submitted to the City Clerk of the Municipality is hereby approved in all respects.

5. Development Agreement.

   1. Approval of Development Agreement. The Development Agreement is hereby approved in substantially the form submitted herewith, with such changes, additions, deletions, insertions and omissions, if any, as the Chairperson of the District Board, with the advice of the District Manager and the District Counsel, shall authorize, the execution and delivery of the Development Agreement to be conclusive evidence of the propriety of such document and the authority of the person or persons executing the same.

   2. Completion of Development Agreement. The District Manager or his or her designee is hereby authorized to complete the Development Agreement by including the appropriate materials as necessary therein.

   3. Execution of Development Agreement. The Chairperson of the District Board, with the advice of the District Manager and the District Counsel, is hereby authorized and directed to execute, and the District Clerk to attest, the Development Agreement on behalf of the District.

6. Budget.

1. Approval of Proposed Budget. The Proposed Budget submitted to the District Board and filed with the District Clerk is hereby approved.

2. Approval of Notice of Hearing on Budget. The Budget Hearing is hereby ordered as required by law, and the District Manager is hereby instructed to establish the date and time of such hearing and to cause the Budget Hearing Notice to be provided as required by law. The form of the Budget Hearing Notice attached hereto and marked Exhibit "B" is hereby approved in all respects as well as the publication thereof in the *Green Valley News*, the official newspaper of the Municipality. (The District Manager is hereby authorized to complete the Budget Hearing Notice prior to its publication.)

7. Report.

1. Preparation of Report. The preparation of the Report is hereby approved. (Upon completion of a draft of the Report, the Report, marked in a conspicuous fashion "DRAFT," shall be submitted to the District Board for review and comment.)

2. Approval of Notice of Hearing on Report. The Report Hearing is hereby ordered as required by law, and the District Manager is hereby instructed to establish the date and time of such hearing and to cause the Report Hearing Notice to be provided by law. The form of the Report Hearing Notice attached hereto and marked as Exhibit "C" is hereby approved in all respects as well as the publication of the Report Hearing Notice in the *Green Valley News*, the official newspaper of the Municipality and the mailing of the Report to the governing body of the Municipality. (The District Manager is hereby authorized to complete the Report Hearing Notice prior to its publication.)

8. Election.

1. Order and Call of Election. A special election be and the same is hereby ordered and called to be held on November 8, 2005 (hereinafter referred to as the "Election"), at which time there shall be submitted to those who will be qualified electors of the District the question with respect to the Bonds and the Operations and Maintenance Expenses Tax set forth in the official ballot described in Section 8c. of this Resolution.

2. Posting and Publishing of Matters Relating to Election. The Election shall be called by posting notices in three (3) public places within the proposed boundaries of the District not less than twenty (20) days before the date of the Election in substantially the form hereto attached and marked Exhibit "D." Notice shall also be published in the *Green Valley News*, a newspaper of general circulation in the Municipality, once

a week for two consecutive weeks before the Election in substantially the form hereto attached and marked Exhibit "D."

3. Form of Ballot. The official ballot for the Election shall be in substantially the form hereto attached and marked Exhibit "E."

4. Polling Place. The polling place and the time the polls shall be opened and closed shall be as provided in Exhibit "D." While outside the boundaries of the District, the District Board hereby finds that such polling place is appropriate as it is the polling place for the precinct in which the area of the District is included for County-wide elections.

5. Affidavit of Landowners. Prospective electors voting in the Election shall execute an affidavit substantially in the form hereto attached and marked Exhibit "F."

6. Preparation of Ballots and Affidavits. The District Clerk is hereby authorized and directed to have printed and delivered to the election officers at such polling places such ballots and, if necessary, such affidavits, to be by them furnished to the qualified electors of the District offering to vote at the Election, in substantially the forms as hereto attached and marked Exhibits "E" and "F."

7. Compliance with Voting Rights Act of 1965. In order to comply with the Voting Rights Act of 1965, as amended, the following shall be translated into Spanish and posted, published and recorded in each instance where posting, publication and recording of such proceedings are required, to wit: Exhibits "D," "E" and "F," all absentee/early voting materials and all instructions at the polls.

8. Applicable Law. The Election shall be held, conducted and canvassed in conformity with the provisions of the general election laws of the State of Arizona, except as other-wise provided by law, and only such persons shall be permitted to vote at the Election who are the qualified electors. Absentee/ early voting shall be permitted in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes, as amended.

9. Canvassing. Within fourteen (14) days after the date of the Election, the District Board shall meet and canvass the returns, and if a majority of the votes cast at the Election are in favor of issuing the Bonds and levying the Operations and Maintenance Expenses Tax, the District Board shall enter the fact on its minutes.

9. No Liability of or for the Municipality. Neither the Municipality nor the State of Arizona or any political subdivision of either (other than the District) shall be directly, indirectly or morally liable or obligated for the payment or repayment of any indebtedness, liability, cost, expense or obligation of the District, and neither the credit nor the taxing power of the Municipality, the State of Arizona or any political subdivision of either (other than the District) shall be pledged therefor.

10. Severability; Amendment.

1. 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.

2. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

11. Effective Date. This Resolution shall be effective immediately.

PASSED by the District Board of Quail Creek Community Facilities District this 12th day of September, 2005.

Charles Oldham
Chairperson, District Board, Quail Creek Community Facilities District

ATTEST:

Sandra R. Olivas
District Clerk, Quail Creek Community Facilities District

APPROVED AS TO FORM:

Daniel J. Hochuli
District Counsel, Quail Creek Community Facilities District

ATTACHMENTS:

EXHIBIT "A" --	Statements Regarding Posting Of Public Meetings
EXHIBIT "B" --	Form of Budget Hearing Notice
EXHIBIT "C" --	Form Of Report Hearing Notice
EXHIBIT "D" --	Form of Notice of Election
EXHIBIT "E" --	Form of Official Ballot
EXHIBIT "F" --	Form of Affidavit of Elector

* * *

EXHIBIT "A"

STATEMENTS REGARDING POSTING
OF PUBLIC MEETINGS
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
c/o Town of Sahuarita, Arizona
Box 879
725-2 West Via Rancho Sahuarita
Sahuarita, Arizona 85629

....., 2005

Lori Godoshian, Clerk
Board of Supervisors of Pima County
Fifth Floor, 130 West Congress
Tucson, Arizona 85701

TO: Clerk of the Board of Supervisors of Pima County, Arizona, and the Citizens of Pima County, Arizona

Pursuant to A.R.S. Section 38-431.02, the District Board of Quail Creek Community Facilities District hereby states that all notices of its meetings will be posted at the official bulletin boards of the Town of Sahuarita, Arizona, for posting notices which are located at the following locations:

_	Sahuarita Town Hall:	725-2 W. Via Rancho Sahuarita Sahuarita, Arizona
_	Sahuarita School District Administration Building:	350 W. Sahuarita Road Sahuarita, Arizona
_	Basha's Supermarket:	1875 S. I-19 Frontage Road Green Valley, Arizona

which notices will be available for viewing by the public 24 hours a day. Such notices will indicate the date, time and place of the meeting and will include an agenda or information concerning the manner in which the public may obtain an agenda for the meeting.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By.....
District Counsel

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
c/o Town of Sahuarita, Arizona
Box 879
725-2 West Via Rancho Sahuarita
Sahuarita, Arizona 85629

....., 2005

Ms. Jan Brewer
Secretary of State
14 North 18th Avenue
Phoenix, Arizona 85007

TO: Secretary of State of the State of Arizona and the Citizens of the State of Arizona

Pursuant to A.R.S. Section 38-431.02, the District Board of Quail Creek Community Facilities District hereby states that all notices of its meetings will be posted at the official bulletin boards of the Town of Sahuarita, Arizona, for posting notices which are located at the following locations:

_	Sahuarita Town Hall:	725-2 W. Via Rancho Sahuarita Sahuarita, Arizona
_	Sahuarita School District Administration Building:	350 W. Sahuarita Road Sahuarita, Arizona
_	Basha's Supermarket:	1875 S. I-19 Frontage Road Green Valley, Arizona

which notices will be available for viewing by the public 24 hours a day. Such notices will indicate the date, time and place of the meeting and will include an agenda or information concerning the manner in which the public may obtain an agenda for the meeting.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By.....
District Counsel

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
c/o Town of Sahuarita, Arizona
Box 879
725-2 West Via Rancho Sahuarita
Sahuarita, Arizona 85629

....., 2005

Ms. Sandra Olivos
Town Clerk
Town of Sahuarita, Arizona
Box 879
725-2 West Via Rancho Sahuarita
Sahuarita, Arizona 85629

TO: Clerk of the Town of Sahuarita, Arizona, and the Citizens of the Town of Sahuarita, Arizona

Pursuant to A.R.S. Section 38-431.02, the District Board of Quail Creek Community Facilities District hereby states that all notices of its meetings will be posted at the official bulletin boards of the Town of Sahuarita, Arizona, for posting notices which are located at the following locations:

_	Sahuarita Town Hall:	725-2 W. Via Rancho Sahuarita Sahuarita, Arizona
_	Sahuarita School District Administration Building:	350 W. Sahuarita Road Sahuarita, Arizona
_	Basha's Supermarket:	1875 S. I-19 Frontage Road Green Valley, Arizona

which notices will be available for viewing by the public 24 hours a day. Such notices will indicate the date, time and place of the meeting and will include an agenda or information concerning the manner in which the public may obtain an agenda for the meeting.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By.....
District Counsel

EXHIBIT "B"

FORM OF BUDGET HEARING NOTICE

NOTICE FOR HEARING REQUIRED BY A.R.S. § 48-716 AND § 48-723(C) ON THE BUDGET FOR FISCAL YEAR 2005-06 FOR QUAIL CREEK COMMUNITY FACILITIES DISTRICT

Pursuant to Sections 48-716 and 48-723(C), Arizona Revised statutes, as amended, notice is hereby given that a public hearing on the budget for fiscal year 2005-06 for Quail Creek Community Facilities District will be held by the District Board on ....., 2005, at approximately ..... p.m. (Phoenix, Arizona, time), or immediately preceding the meeting of the Mayor and Council of the Town of Sahuarita, Arizona, on the same date in the ..... located at ....., Sahuarita, Arizona. Such budget and further information relating thereto are available from the City Clerk of the Town of Sahuarita, Arizona/District Clerk of Quail Creek Community Facilities District, Box 879, 725-2 West Via Rancho Sahuarita, Sahuarita, Arizona 85629, telephone number: (520) 648-1972.

Dated this ..... day of ....., 2005.

/s/ Jim Stahle

.....
District Manager, Quail Creek
Community Facilities District

EXHIBIT "C"

FORM OF REPORT HEARING NOTICE

NOTICE FOR HEARING REQUIRED BY A.R.S. § 48-715 ON REPORT OF THE FEASIBILITY AND BENEFITS OF CERTAIN PROJECTS TO BE FINANCED WITH THE PROCEEDS OF THE SALE OF GENERAL OBLIGATION BONDS OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT

Pursuant to Section 48-715, Arizona Revised Statutes, as amended, notice is hereby given that a public hearing on the report of the feasibility and benefits of projects to be financed with the proceeds of the sale of general obligation bonds of Quail Creek Community Facilities District shall be held by the District Board on ....., 200..., at approximately ..... p.m. (Phoenix, Arizona, time), or immediately preceding the meeting of the Mayor and Council of the Town of Sahuarita, Arizona, on the same date in the ..... located at ....., Sahuarita, Arizona. Such feasibility report and further information relating thereto are on file with the City Clerk of the Town of Sahuarita, Arizona/District Clerk of Quail Creek Community Facilities District, Box 879, 725-2 West Via Rancho Sahuarita, Sahuarita, Arizona 85629, telephone number: (520) 648-1972.

Dated this ..... day of ....., 2005.

/s/ Jim Stahle

.....
District Manager, Quail Creek
Community Facilities District

EXHIBIT "D"

FORM OF NOTICE OF ELECTION

TO THE QUALIFIED RESIDENT AND LANDOWNER ELECTORS OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT"):

A special election to establish certain matters will be held on November 8, 2005, at the following precinct's polling place, such precinct being the precinct in which the area within the District is located:

Precinct	Polling Place
Sahuarita	725-2 West Via Rancho SahuaritaSahuarita, Arizona

The polling place will open at 8:00 a.m. and close at 2:00 p.m. The purpose of the election is to permit those who would be the qualified resident and landowner electors of the District to vote on the following questions:

SHALL THE DISTRICT BOARD (THE "BOARD") OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS OF THE DISTRICT, IN THE DENOMINATION OF THE BONDS, THE SIZE OF EACH ISSUE AND THE FORM OF THE BONDS PRESCRIBED, AND HAVING THE MATURITIES (NOT EXCEEDING TWENTY-FIVE (25) YEARS), INTEREST PAYMENT DATES AND INTEREST RATES, WHETHER FIXED OR VARIABLE, NOT EXCEEDING TWELVE PERCENT (12%) PER ANNUM, ESTABLISHED, BY THE BOARD AND CONTAINING SUCH TERMS, CONDITIONS, COVENANTS AND AGREEMENTS AS THE BOARD DEEMS PROPER, IN THE MAXIMUM AMOUNT OF THIRTY MILLION DOLLARS ($30,000,000) TO PROVIDE MONEYS (A)(1) FOR PLANNING, DESIGN, ENGINEERING, CONSTRUCTION, ACQUISITION OR INSTALLATION OF ANY OR ALL OF THE FOLLOWING IMPROVEMENTS, INCLUDING NECESSARY OR INCIDENTAL WORK, WHETHER NEWLY CONSTRUCTED, RENOVATED OR EXISTING, AND ALL NECESSARY OR DESIRABLE APPURTENANCES ("PUBLIC INFRASTRUCTURE"): (a) SANITARY SEWAGE SYSTEMS, INCLUDING COLLECTION, TRANSPORT, STORAGE, TREATMENT, DISPERSAL, EFFLUENT USE AND DISCHARGE, (b) DRAINAGE AND FLOOD CONTROL SYSTEMS, INCLUDING COLLECTION, TRANSPORT, DIVERSION, STORAGE, DETENTION, RETENTION,

DISPERSAL, USE AND DISCHARGE, (c) WATER SYSTEMS FOR DOMESTIC, INDUSTRIAL, IRRIGATION, MUNICIPAL OR FIRE PROTECTION PURPOSES INCLUDING PRODUCTION, COLLECTION, STORAGE, TREATMENT, TRANSPORT, DELIVERY, CONNECTION AND DISPERSAL, BUT NOT INCLUDING FACILITIES FOR AGRICULTURAL IRRIGATION PURPOSES UNLESS FOR THE REPAIR OR REPLACEMENT OF EXISTING FACILITIES WHEN REQUIRED BY OTHER IMPROVEMENTS DESCRIBED HEREIN, (d) HIGHWAYS, STREETS, ROADWAYS AND PARKING FACILITIES INCLUDING ALL AREAS FOR VEHICULAR USE FOR TRAVEL, INGRESS AND EGRESS, (e) AREAS FOR PEDESTRIAN, EQUESTRIAN, BICYCLE OR OTHER NON-MOTOR VEHICLE USE FOR TRAVEL, INGRESS, EGRESS AND PARKING, (f) PEDESTRIAN MALLS, PARKS, RECREATIONAL FACILITIES, AND OPEN SPACE AREAS FOR THE USE OF MEMBERS OF THE PUBLIC FOR ENTERTAINMENT, ASSEMBLY AND RECREATION, (g) LANDSCAPING INCLUDING EARTHWORKS, STRUCTURES, LAKES AND OTHER WATER FEATURES, PLANTS, TREES AND RELATED WATER DELIVERY SYSTEMS, (h) PUBLIC BUILDINGS, PUBLIC SAFETY FACILITIES AND FIRE PROTECTION FACILITIES, (i) LIGHTING SYSTEMS, (j) TRAFFIC CONTROL SYSTEMS AND DEVICES INCLUDING SIGNALS, CONTROLS, MARKINGS AND SIGNAGE, (k) SCHOOL SITES AND FACILITIES AND (1) EQUIPMENT, VEHICLES, FURNISHINGS AND OTHER PERSONALTY RELATED TO ANY OF THE FOREGOING; (2) ACQUIRING, CONVERTING, RENOVATING OR IMPROVING EXISTING FACILITIES FOR PUBLIC INFRASTRUCTURE; (3) ACQUIRING INTERESTS IN REAL PROPERTY FOR PUBLIC INFRASTRUCTURE; (4) ESTABLISHING, MAINTAINING AND REPLENISHING RESERVES FROM ANY SOURCE IN ORDER TO SECURE PAYMENT OF DEBT SERVICE ON BONDS; (5) FUNDING AND PAYING FROM BOND PROCEEDS INTEREST ACCRUING ON BONDS FOR A PERIOD OF NOT TO EXCEED THREE (3) YEARS FROM THEIR DATE OF ISSUANCE; (6) PROVIDING FOR THE TIMELY PAYMENT OF DEBT SERVICE ON BONDS OR OTHER INDEBTEDNESS OF THE DISTRICT; (7) REFINANCING ANY MATURED OR UNMATURED BONDS, WITH NEW BONDS; AND (8) EXPENSES OF THE DISTRICT INCIDENT TO AND REASONABLY NECESSARY TO CARRY OUT THE PURPOSES SPECIFIED IN THIS PARAGRAPH (CLAUSES (1) THROUGH (8), BOTH INCLUSIVE, BEING "PUBLIC INFRASTRUCTURE PURPOSES") AND (B) FOR REPAYING ALL OR PART OF FEES OR CHARGES COLLECTED FROM LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES,

THE ADVANCE OF MONEYS BY LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES OR THE GRANTING OF REAL PROPERTY BY THE LANDOWNER FOR PUBLIC INFRASTRUCTURE PURPOSES PURSUANT TO AGREEMENTS ENTERED INTO WITH LANDOWNERS AND THE TOWN OF SAHUARITA, ARIZONA, PURSUANT TO SECTION 48-709 (A)(10), ARIZONA REVISED STATUTES, AS AMENDED, AND IN AN AMOUNT NOT IN EXCESS OF ONE AND ONE-HALF (1½) TIMES THE AMOUNT OF BONDS PREVIOUSLY ISSUED BY THE DISTRICT FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED BY THE DISTRICT FOR EITHER OF THE FOREGOING PURPOSES, PAYABLE FROM AN *AD VALOREM* TAX LEVIED AND COLLECTED ANNUALLY ON ALL TAXABLE PROPERTY IN THE DISTRICT, SUFFICIENT TO PAY DEBT SERVICE ON SUCH BONDS WHEN DUE, AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, TOGETHER WITH ALL AMENDMENTS AND ADDITIONS THERETO?

SHALL THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO LEVY AND COLLECT AN ANNUAL *AD VALOREM* TAX ON THE ASSESSED VALUE OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT AT A RATE NOT TO EXCEED THIRTY CENTS (30¢) PER ONE HUNDRED DOLLARS ($100) OF ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT, ALL ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) SECTION 48-723, ARIZONA REVISED STATUTES, AS AMENDED?

Absentee/early voting shall be permitted in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes, as amended. Absentee/early voting information may be obtained by contacting the office of the District Clerk, Box 879, 725-2 West Via Rancho Sahuarita, Sahuarita, Arizona 85629, telephone number (520) 648-1972.

The "general plan" for the District required by Section 48-702(A)(8), Arizona Revised Statutes, as amended, is on file with the District Clerk at the same location described in the preceding paragraph.

EXHIBIT "E"

FORM OF OFFICIAL BALLOT

OFFICIAL BALLOT
SPECIAL BOND ELECTION
QUAIL CREEK
COMMUNITY FACILITIES DISTRICT
NOVEMBER 8, 2005

SHALL THE DISTRICT BOARD (THE "BOARD") OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS OF THE DISTRICT, IN THE DENOMINATION OF THE BONDS, THE SIZE OF EACH ISSUE AND THE FORM OF THE BONDS PRESCRIBED, AND HAVING THE MATURITIES (NOT EXCEEDING TWENTY-FIVE (25) YEARS), INTEREST PAYMENT DATES AND INTEREST RATES, WHETHER FIXED OR VARIABLE, NOT EXCEEDING TWELVE PERCENT (12%) PER ANNUM, ESTABLISHED, BY THE BOARD AND CONTAINING SUCH TERMS, CONDITIONS, COVENANTS AND AGREEMENTS AS THE BOARD DEEMS PROPER, IN THE MAXIMUM AMOUNT OF THIRTY MILLION DOLLARS ($30,000,000) TO PROVIDE MONEYS (A)(1) FOR PLANNING, DESIGN, ENGINEERING, CONSTRUCTION, ACQUISITION OR INSTALLATION OF ANY OR ALL OF THE FOLLOWING IMPROVEMENTS, INCLUDING NECESSARY OR INCIDENTAL WORK, WHETHER NEWLY CONSTRUCTED, RENOVATED OR EXISTING, AND ALL NECESSARY OR DESIRABLE APPURTENANCES ("PUBLIC INFRASTRUCTURE"): (a) SANITARY SEWAGE SYSTEMS, INCLUDING COLLECTION, TRANSPORT, STORAGE, TREATMENT, DISPERSAL, EFFLUENT USE AND DISCHARGE, (b) DRAINAGE AND FLOOD CONTROL SYSTEMS, INCLUDING COLLECTION, TRANSPORT, DIVERSION, STORAGE, DETENTION, RETENTION, DISPERSAL, USE AND DISCHARGE, (c) WATER SYSTEMS FOR DOMESTIC, INDUSTRIAL, IRRIGATION, MUNICIPAL OR FIRE PROTECTION PURPOSES INCLUDING PRODUCTION, COLLECTION, STORAGE, TREATMENT, TRANSPORT, DELIVERY, CONNECTION AND DISPERSAL, BUT NOT INCLUDING FACILITIES FOR AGRICULTURAL IRRIGATION PURPOSES UNLESS FOR THE REPAIR OR REPLACEMENT OF EXISTING FACILITIES WHEN REQUIRED BY OTHER IMPROVEMENTS DESCRIBED HEREIN, (d) HIGHWAYS, STREETS, ROADWAYS AND PARKING FACILITIES INCLUDING ALL AREAS FOR VEHICULAR USE FOR TRAVEL, INGRESS

AND EGRESS, (e) AREAS FOR PEDESTRIAN, EQUESTRIAN, BICYCLE OR OTHER NON-MOTOR VEHICLE USE FOR TRAVEL, INGRESS, EGRESS AND PARKING, (f) PEDESTRIAN MALLS, PARKS, RECREATIONAL FACILITIES, AND OPEN SPACE AREAS FOR THE USE OF MEMBERS OF THE PUBLIC FOR ENTERTAINMENT, ASSEMBLY AND RECREATION, (g) LANDSCAPING INCLUDING EARTHWORKS, STRUCTURES, LAKES AND OTHER WATER FEATURES, PLANTS, TREES AND RELATED WATER DELIVERY SYSTEMS, (h) PUBLIC BUILDINGS, PUBLIC SAFETY FACILITIES AND FIRE PROTECTION FACILITIES, (i) LIGHTING SYSTEMS, (j) TRAFFIC CONTROL SYSTEMS AND DEVICES INCLUDING SIGNALS, CONTROLS, MARKINGS AND SIGNAGE, (k) SCHOOL SITES AND FACILITIES AND (1) EQUIPMENT, VEHICLES, FURNISHINGS AND OTHER PERSONALTY RELATED TO ANY OF THE FOREGOING; (2) ACQUIRING, CONVERTING, RENOVATING OR IMPROVING EXISTING FACILITIES FOR PUBLIC INFRASTRUCTURE; (3) ACQUIRING INTERESTS IN REAL PROPERTY FOR PUBLIC INFRASTRUCTURE; (4) ESTABLISHING, MAINTAINING AND REPLENISHING RESERVES FROM ANY SOURCE IN ORDER TO SECURE PAYMENT OF DEBT SERVICE ON BONDS; (5) FUNDING AND PAYING FROM BOND PROCEEDS INTEREST ACCRUING ON BONDS FOR A PERIOD OF NOT TO EXCEED THREE (3) YEARS FROM THEIR DATE OF ISSUANCE; (6) PROVIDING FOR THE TIMELY PAYMENT OF DEBT SERVICE ON BONDS OR OTHER INDEBTEDNESS OF THE DISTRICT; (7) REFINANCING ANY MATURED OR UNMATURED BONDS, WITH NEW BONDS; AND (8) EXPENSES OF THE DISTRICT INCIDENT TO AND REASONABLY NECESSARY TO CARRY OUT THE PURPOSES SPECIFIED IN THIS PARAGRAPH (CLAUSES (1) THROUGH (8), BOTH INCLUSIVE, BEING "PUBLIC INFRASTRUCTURE PURPOSES") AND (B) FOR REPAYING ALL OR PART OF FEES OR CHARGES COLLECTED FROM LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES, THE ADVANCE OF MONEYS BY LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES OR THE GRANTING OF REAL PROPERTY BY THE LANDOWNER FOR PUBLIC INFRASTRUCTURE PURPOSES PURSUANT TO AGREEMENTS ENTERED INTO WITH LANDOWNERS AND THE TOWN OF SAHUARITA, ARIZONA, PURSUANT TO SECTION 48-709 (A)(10), ARIZONA REVISED STATUTES, AS AMENDED, AND IN AN AMOUNT NOT IN EXCESS OF ONE AND ONE-HALF (1½) TIMES THE AMOUNT OF BONDS PREVIOUSLY ISSUED BY THE DISTRICT FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED BY THE DISTRICT FOR EITHER OF THE FOREGOING PURPOSES, PAYABLE FROM

AN *AD VALOREM* TAX LEVIED AND COLLECTED ANNUALLY ON ALL TAXABLE PROPERTY IN THE DISTRICT, SUFFICIENT TO PAY DEBT SERVICE ON SUCH BONDS WHEN DUE, AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, TOGETHER WITH ALL AMENDMENTS AND ADDITIONS THERETO?

Place an "X" in the box beside the way you wish to vote.

☐ BONDS, YES

☐ BONDS, NO

SHALL THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO LEVY AND COLLECT AN ANNUAL *AD VALOREM* TAX ON THE ASSESSED VALUE OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT AT A RATE NOT TO EXCEED THIRTY CENTS (30¢) PER ONE HUNDRED DOLLARS ($100) OF ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT, ALL ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) SECTION 48-723, ARIZONA REVISED STATUTES, AS AMENDED?

Place an "X" in the box beside the way you wish to vote.

☐ TAX, YES

☐ TAX, NO

EXHIBIT "F"

FORM OF AFFIDAVIT OF ELECTOR

AFFIDAVIT OF PROSPECTIVE ELECTOR
AS TO OWNERSHIP OF LAND OR
OTHER QUALIFICATION TO VOTE
PURSUANT TO SECTIONS 16-121 AND 48-3043,
ARIZONA REVISED STATUTES, AS AMENDED

STATE OF ARIZONA)
COUNTY OF PIMA)
TOWN OF SAHUARITA, ARIZONA) ss.
QUAIL CREEK COMMUNITY FACILITIES DISTRICT)

COMES NOW the undersigned and deposes and says "I am (place a mark next to 1, 2 or 3 to indicate your eligibility)

1. .... a qualified elector in .....
precinct and resident at .....
where I resided at the date of my registration, OR

2. .... a qualified elector in .....
precinct and resident at .....
where I resided at the date of my registration, AND a qualified voter pursuant to § 48-3043 (complete section 4) OR

3. .... a qualified voter pursuant to § 48-3043 (complete section 4)

4. I am an owner of land in the community facilities district to which this affidavit applies who is a qualified elector of such district; or otherwise qualified to vote pursuant to Section 48-3043, Arizona Revised Statutes, as amended (being a bona fide owner of land within the district holding title or evidence of title of record, including: an entrymen upon public lands under the public land laws of the United States or a certificate of purchase from the State of Arizona, who has held such title for ninety (90) days and who is a resident of the State of Arizona; when the holder of record title is a married person, the spouse in whose name the title stands; if record title is held in more than one name, an owner otherwise possessing the qualifications of an elector voting the number of fractions of acres represented by my legal interest or proportionate share of and in the lands; the administrator or executor of a deceased person or the guardian of a minor or an incompetent person, appointed and qualified under the laws of the State of Arizona, representing such person or estate; an officer of a corporation designated and authorized by a resolution of the Board of Directors of the corporation representing the corporation; the general partner of a partnership in whose name title to property within the district is vested as a holder of title or evidence of title, who is designated and authorized in writing by all of the

general partners; or the trustee of a trust or the trustee who is designated and authorized in writing by all of the trustees of a trust in which there is more than one trustee, in whose name title to property within such district is vested as a holder of title or evidence of title)."

My vote represents ..... acres OR ..... square feet.

.....
Signature of Affiant

.....
Printed Name of Affiant

.....
Printed Name of Entity Represented by Affiant, if any

SUBSCRIBED AND SWORN to before me this ..... day of ....., 2005.

.....
Election Board Member

TO BE COMPLETED BY AN ELECTION BOARD MEMBER ONLY:

Ballot Stub No. ...

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: C_D
DEPUTY RECORDER
0224 PE4
SAHUA
TOWN OF SAHUARITA
PO BOX 879
SAHUARITA AZ 85629
ATTN SANDRA

DOCKET: 12692
PAGE: 722
NO. OF PAGES: 9
SEQUENCE: 20052330131
12/02/2005
RES 11:52
MAIL
AMOUNT PAID $ 10.00

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
RESOLUTION NO. 3

A RESOLUTION OF THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT DECLARING THE RESULTS OF, AND ADOPTING A CERTIFICATE OF RESULTS FOR, THE ELECTION WITH RESPECT TO ISSUANCE OF BONDS BY THE DISTRICT AND THE LEVY OF AN AD VALOREM PROPERTY TAX THEREFOR AND SEPARATELY THE LEVY OF A SEPARATE AD VALOREM PROPERTY TAX FOR OPERATION AND MAINTENANCE PURPOSES.

BE IT RESOLVED BY THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT as follows:

1. **Findings.**

a. Quail Creek Community Facilities District (hereinafter called the "District") is authorized (1) by Section 48-719, Arizona Revised Statutes, as amended, to issue and sell general obligation bonds of the District to provide moneys for public infrastructure purposes consistent with the General Plan of Quail Creek Community Facilities District, and (2) by Section 48-709(F), Arizona Revised Statutes, as amended, to repay all or part of fees and charges collected from landowners for public infrastructure purposes, the advance of moneys by landowners for public infrastructure purposes or the granting of real property by the landowner for public infrastructure purposes from the proceeds of such bonds pursuant to agreements entered into with landowners and the Town of Sahuarita, Arizona, pursuant to Section 48-709(A)(10), Arizona Revised Statutes, as amended.

b. Pursuant to Section 48-723, Arizona Revised Statutes, as amended, the District is authorized to levy an ad valorem tax on the assessed value of all real and personal property in the District at a rate which does not exceed the maximum rate specified in the ballot with respect thereto as hereinafter described, including taxes attributable to the operation and maintenance expenses of the District, but not in excess of thirty cents (30¢) per one hundred dollars ($100) of such assessed valuation for such operation and maintenance.

c. Such bonds may not be issued and such tax may not be levied unless approved at an election ordered and called to submit to the qualified electors of the District or to those persons who will be qualified to vote pursuant to Section 48-707(G), Arizona Revised Statutes, as amended [being, if no person has registered to vote within the area to be included within the boundaries of the District within fifty (50) days immediately preceding any scheduled election date, the owners of land within the

District who will be qualified electors of the State of Arizona and other landowners according to Section 48-3043, Arizona Revised Statutes, as amended (hereinafter referred to as the "qualified electors"),] the question of authorizing the District Board to issue such bonds and to levy such tax.

d. The district board of the District (hereinafter called the "District Board") deemed it necessary and advisable to order and call such an election and to establish the procedures whereby such election should be held and did so pursuant to Resolution No. 1 adopted by us on September 12, 2005 (hereinafter referred to as the "Election Resolution"), which provided that a special election be held on November 8, 2005 (hereinafter referred to as the "Election"), at which time there was submitted to the qualified electors of the District the question set forth in the official ballot described in the Election Resolution.

e. The election board for the Election filed with the District Board its returns of election and the ballots cast at the polling place, and the District Board canvassed the returns of the Election and determined (1) that a total of one (1) ballot(s) had been cast in response to the questions submitted, that in answer to the questions submitted, such ballot was marked "Bonds, Yes" and no ballots were marked "Bonds, No" with respect to the issuance of the Bonds and such ballot was marked "Tax, Yes" and no ballots were marked "Tax, No" with respect to the levying of the Operation and Maintenance Expenses Tax; (2) that the Election had been conducted and the returns thereof made as required by law and (3) that only qualified electors were permitted to vote at the Election.

2. **Canvass.** After careful examination of the official returns of the Election, the District Board finds and determines as follows:

a. That a majority of the votes cast by the qualified electors voting at the Election voted "Bonds, Yes" in response to the following question:

SHALL THE DISTRICT BOARD (THE "BOARD") OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS OF THE DISTRICT, IN THE DENOMINATION OF THE BONDS, THE SIZE OF EACH ISSUE AND THE FORM OF THE BONDS PRESCRIBED, AND HAVING THE MATURITIES (NOT EXCEEDING TWENTY-FIVE (25) YEARS), INTEREST PAYMENT DATES AND INTEREST RATES, WHETHER FIXED OR VARIABLE, NOT EXCEEDING TWELVE PERCENT (12%) PER ANNUM, ESTABLISHED BY THE BOARD AND CONTAINING SUCH TERMS, CONDITIONS, COVENANTS AND AGREEMENTS AS THE BOARD DEEMS PROPER, IN THE MAXIMUM AMOUNT OF THIRTY MILLION DOLLARS ($30,000,000) TO PROVIDE MONEYS (A)(1) FOR PLANNING, DESIGN, ENGINEERING, CONSTRUCTION, ACQUISITION OR INSTALLATION OF ANY OR ALL OF THE FOLLOWING IMPROVEMENTS, INCLUDING NECESSARY OR INCIDENTAL WORK, WHETHER NEWLY CONSTRUCTED, RENOVATED OR EXISTING, AND ALL

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NECESSARY OR DESIRABLE APPURTENANCES ("PUBLIC INFRASTRUCTURE"): (a) SANITARY SEWAGE SYSTEMS, INCLUDING COLLECTION, TRANSPORT, STORAGE, TREATMENT, DISPERSAL, EFFLUENT USE AND DISCHARGE, (b) DRAINAGE AND FLOOD CONTROL SYSTEMS, INCLUDING COLLECTION, TRANSPORT, DIVERSION, STORAGE, DETENTION, RETENTION, DISPERSAL, USE AND DISCHARGE, (c) WATER SYSTEMS FOR DOMESTIC, INDUSTRIAL, IRRIGATION, MUNICIPAL OR FIRE PROTECTION PURPOSES INCLUDING PRODUCTION, COLLECTION, STORAGE, TREATMENT, TRANSPORT, DELIVERY, CONNECTION AND DISPERSAL, BUT NOT INCLUDING FACILITIES FOR AGRICULTURAL IRRIGATION PURPOSES UNLESS FOR THE REPAIR OR REPLACEMENT OF EXISTING FACILITIES WHEN REQUIRED BY OTHER IMPROVEMENTS DESCRIBED HEREIN, (d) HIGHWAYS, STREETS, ROADWAYS AND PARKING FACILITIES INCLUDING ALL AREAS FOR VEHICULAR USE FOR TRAVEL, INGRESS AND EGRESS, (e) AREAS FOR PEDESTRIAN, EQUESTRIAN, BICYCLE OR OTHER NON-MOTOR VEHICLE USE FOR TRAVEL, INGRESS, EGRESS AND PARKING, (f) PEDESTRIAN MALLS, PARKS, RECREATIONAL FACILITIES, AND OPEN SPACE AREAS FOR THE USE OF MEMBERS OF THE PUBLIC FOR ENTERTAINMENT, ASSEMBLY AND RECREATION, (g) LANDSCAPING INCLUDING EARTHWORKS, STRUCTURES, LAKES AND OTHER WATER FEATURES, PLANTS, TREES AND RELATED WATER DELIVERY SYSTEMS, (h) PUBLIC BUILDINGS, PUBLIC SAFETY FACILITIES AND FIRE PROTECTION FACILITIES, (i) LIGHTING SYSTEMS, (j) TRAFFIC CONTROL SYSTEMS AND DEVICES INCLUDING SIGNALS, CONTROLS, MARKINGS AND SIGNAGE, (k) SCHOOL SITES AND FACILITIES AND (1) EQUIPMENT, VEHICLES, FURNISHINGS AND OTHER PERSONALTY RELATED TO ANY OF THE FOREGOING; (2) ACQUIRING, CONVERTING, RENOVATING OR IMPROVING EXISTING FACILITIES FOR PUBLIC INFRASTRUCTURE; (3) ACQUIRING INTERESTS IN REAL PROPERTY FOR PUBLIC INFRASTRUCTURE; (4) ESTABLISHING, MAINTAINING AND REPLENISHING RESERVES FROM ANY SOURCE IN ORDER TO SECURE PAYMENT OF DEBT SERVICE ON BONDS; (5) FUNDING AND PAYING FROM BOND PROCEEDS INTEREST ACCRUING ON BONDS FOR A PERIOD OF NOT TO EXCEED THREE (3) YEARS FROM THEIR DATE OF ISSUANCE; (6) PROVIDING FOR THE TIMELY PAYMENT OF DEBT SERVICE ON BONDS OR OTHER INDEBTEDNESS OF THE DISTRICT; (7) REFINANCING ANY MATURED OR UNMATURED BONDS, WITH NEW BONDS; AND (8) EXPENSES OF THE DISTRICT INCIDENT TO AND REASONABLY NECESSARY TO CARRY OUT THE PURPOSES SPECIFIED IN THIS PARAGRAPH (CLAUSES (1) THROUGH (8), BOTH INCLUSIVE, BEING "PUBLIC

INFRASTRUCTURE PURPOSES") AND (B) FOR REPAYING ALL OR PART OF FEES OR CHARGES COLLECTED FROM LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES, THE ADVANCE OF MONEYS BY LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES OR THE GRANTING OF REAL PROPERTY BY THE LANDOWNER FOR PUBLIC INFRASTRUCTURE PURPOSES PURSUANT TO AGREEMENTS ENTERED INTO WITH LANDOWNERS AND THE TOWN OF SAHUARITA, ARIZONA, PURSUANT TO SECTION 48-709 (A)(10), ARIZONA REVISED STATUTES, AS AMENDED, AND IN AN AMOUNT NOT IN EXCESS OF ONE AND ONE-HALF (1½) TIMES THE AMOUNT OF BONDS PREVIOUSLY ISSUED BY THE DISTRICT FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED BY THE DISTRICT FOR EITHER OF THE FOREGOING PURPOSES, PAYABLE FROM AN AD VALOREM TAX LEVIED AND COLLECTED ANNUALLY ON ALL TAXABLE PROPERTY IN THE DISTRICT, SUFFICIENT TO PAY DEBT SERVICE ON SUCH BONDS WHEN DUE, AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, TOGETHER WITH ALL AMENDMENTS AND ADDITIONS THERETO?

b. That up to and including $30,000,000 aggregate principal amount of general obligation bonds are therefore authorized to be sold and issued;

c. That a majority of the votes cast by the qualified electors voting at the Election voted "Tax, Yes" in response to the following question:

SHALL THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO LEVY AND COLLECT AN ANNUAL AD VALOREM TAX ON THE ASSESSED VALUE OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT AT A RATE NOT TO EXCEED THIRTY CENTS (30¢) PER ONE HUNDRED DOLLARS ($100) OF ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT, ALL ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) SECTION 48-723, ARIZONA REVISED STATUTES, AS AMENDED?

d. That the Chairman of the District Board shall execute, and the District Clerk shall attest, the "Certificate of Results of Election" attached hereto and marked Exhibit "A" and

e. That the District Clerk is hereby directed to cause to be recorded the "Certificate of Results of Election" in the Office of the County Recorder of Pima County, Arizona; to return said copy with the recording date shown therein to the official records of the

District and to cause to be provided a copy thereof to the State Real Estate Department.

3. **Severability; Amendment; Effective Date.**

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. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

c. This Resolution shall be effective immediately.

PASSED by the District Board of Quail Creek Community Facilities District this 14th day of November, 2005.

Charles E. Oldham
Chairperson, District Board, Quail Creek Community Facilities District

ATTEST:

Sandra R. Olivas
District Clerk, Quail Creek Community Facilities District

APPROVED AS TO FORM:

Daniel J. Hochuli
District Counsel, Quail Creek Community Facilities District

EXHIBIT "A"

FORM OF CERTIFICATE OF RESULTS OF THE GENERAL OBLIGATION BOND AND OPERATION AND MAINTENANCE EXPENSES TAX ELECTION HELD FOR QUAIL CREEK COMMUNITY FACILITIES DISTRICT ON NOVEMBER 8, 2005

CERTIFICATE OF RESULTS OF THE GENERAL OBLIGATION BOND AND OPERATION AND MAINTENANCE EXPENSES TAX ELECTION HELD FOR QUAIL CREEK COMMUNITY FACILITIES DISTRICT ON NOVEMBER 8, 2005

The Chairman of the District Board of Quail Creek Community Facilities District (hereinafter referred to as the "District") does hereby certify as follows:

1. That pursuant to a Resolution passed and adopted by the District Board of the District on September 12, 2005 (hereinafter referred to as the "Resolution"), an election was duly called and regularly held on November 8, 2005 (hereinafter referred to as the "Election"), when there was submitted to those who were the qualified electors or other landowners according to Section 48-3043, Arizona Revised Statutes, as amended, of the District the questions as shown on the attached form of ballot;

2. That the object of the Election was to obtain authority from such qualified electors or other landowners according to Section 48-3043, Arizona Revised Statutes, as amended, to issue and sell general obligation bonds and to levy and collect an annual ad valorem property tax for operation and maintenance expenses described in attached form of ballot;

3. That proof of the due and regular publication and posting of the "Notice of the Election" has been made and filed with the District Board of the District;

4. That no person was registered to vote within fifty (50) days (or at any time) immediately preceding November 8, 2005, within the area comprising the District;

5. That as a result of no qualified electors residing within such area each and every landowner according to Section 48-3043, Arizona Revised Statutes, as amended, voted at the Election;

6. That the poll and tally lists and the official returns of the election board that conducted the Election were filed with the District Board of the District on November 8, 2005, and the District Board of the District met and canvassed the returns of the Election as prescribed by law;

7. That after careful and complete canvass of the official election returns, in answer to the questions submitted to such qualified electors or other landowners according to Section 48-3043, Arizona Revised Statutes, as amended, at the Election, the majority of the votes cast were cast in favor of the issuance and sale of not to exceed $30,000,000 principal amount of general obligation bonds of the District and the levy and collection of an annual ad valorem property tax for operation and maintenance purposes in an amount not to exceed $0.30 per $100 of secondary assessed valuation described in the questions submitted at the Election as

determined by the election board at the polling place, the Election had been conducted and the returns thereof made as required by law and the result of the Election as to both questions is set forth in the following tabulation of the official election returns, to-wit:

Precinct	Polling Place	Yes	No	Total
Sahuarita	725-2 West Via Ranchero Sahuarita, Arizona	1 (1192 acres)	0 (0 acres)	1 (1192 acres)

8. That the majority of the votes cast at the Election in answer to the questions submitted were in favor of the indebtedness, as described in the questions submitted at the Election, by the issuance and sale of up to and including $30,000,000 aggregate principal amount of general obligation bonds and separately the levy and collection of an annual ad valorem property tax for operation and maintenance purposes in an amount not to exceed $0.30 per $100 of secondary assessed valuation.

IN WITNESS WHEREOF, the Chairman of the District Board of the District has hereunto placed his hand and caused the same to be attested by the District Clerk of the District on November 19, 2005.

Charles E. Oldham
Chairperson, District Board, Quail Creek Community Facilities District

ATTEST:

Sandra R. Olivas
District Clerk, Quail Creek Community Facilities District

THIS DOCUMENT MUST BE RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF PIMA COUNTY, ARIZONA.

OFFICIAL BALLOT

SHALL THE DISTRICT BOARD (THE "BOARD") OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS OF THE DISTRICT, IN THE DENOMINATION OF THE BONDS, THE SIZE OF EACH ISSUE AND THE FORM OF THE BONDS PRESCRIBED, AND HAVING THE MATURITIES (NOT EXCEEDING TWENTY-FIVE (25) YEARS), INTEREST PAYMENT DATES AND INTEREST RATES, WHETHER FIXED OR VARIABLE, NOT EXCEEDING TWELVE PERCENT (12%) PER ANNUM, ESTABLISHED, BY THE BOARD AND CONTAINING SUCH TERMS, CONDITIONS, COVENANTS AND AGREEMENTS AS THE BOARD DEEMS PROPER, IN THE MAXIMUM AMOUNT OF THIRTY MILLION DOLLARS ($30,000,000) TO PROVIDE MONEYS (A)(1) FOR PLANNING, DESIGN, ENGINEERING, CONSTRUCTION, ACQUISITION OR INSTALLATION OF ANY OR ALL OF THE FOLLOWING IMPROVEMENTS, INCLUDING NECESSARY OR INCIDENTAL WORK, WHETHER NEWLY CONSTRUCTED, RENOVATED OR EXISTING, AND ALL NECESSARY OR DESIRABLE APPURTENANCES ("PUBLIC INFRASTRUCTURE"): (a) SANITARY SEWAGE SYSTEMS, INCLUDING COLLECTION, TRANSPORT, STORAGE, TREATMENT, DISPERSAL, EFFLUENT USE AND DISCHARGE, (b) DRAINAGE AND FLOOD CONTROL SYSTEMS, INCLUDING COLLECTION, TRANSPORT, DIVERSION, STORAGE, DETENTION, RETENTION, DISPERSAL, USE AND DISCHARGE, (c) WATER SYSTEMS FOR DOMESTIC, INDUSTRIAL, IRRIGATION, MUNICIPAL OR FIRE PROTECTION PURPOSES INCLUDING PRODUCTION, COLLECTION, STORAGE, TREATMENT, TRANSPORT, DELIVERY, CONNECTION AND DISPERSAL, BUT NOT INCLUDING FACILITIES FOR AGRICULTURAL IRRIGATION PURPOSES UNLESS FOR THE REPAIR OR REPLACEMENT OF EXISTING FACILITIES WHEN REQUIRED BY OTHER IMPROVEMENTS DESCRIBED HEREIN, (d) HIGHWAYS, STREETS, ROADWAYS AND PARKING FACILITIES INCLUDING ALL AREAS FOR VEHICULAR USE FOR TRAVEL, INGRESS AND EGRESS, (e) AREAS FOR PEDESTRIAN, EQUESTRIAN, BICYCLE OR OTHER NON-MOTOR VEHICLE USE FOR TRAVEL, INGRESS, EGRESS AND PARKING, (f) PEDESTRIAN MALLS, PARKS, RECREATIONAL FACILITIES, AND OPEN SPACE AREAS FOR THE USE OF MEMBERS OF THE PUBLIC FOR ENTERTAINMENT, ASSEMBLY AND RECREATION, (g) LANDSCAPING INCLUDING EARTHWORKS, STRUCTURES, LAKES AND OTHER WATER FEATURES, PLANTS, TREES AND RELATED WATER DELIVERY SYSTEMS, (h) PUBLIC BUILDINGS, PUBLIC SAFETY FACILITIES AND FIRE PROTECTION FACILITIES, (i) LIGHTING SYSTEMS, (j) TRAFFIC CONTROL SYSTEMS AND DEVICES INCLUDING SIGNALS, CONTROLS, MARKINGS AND SIGNAGE, (k) SCHOOL SITES AND FACILITIES AND (1) EQUIPMENT, VEHICLES, FURNISHINGS AND OTHER PERSONALTY RELATED TO ANY OF THE FOREGOING; (2) ACQUIRING, CONVERTING, RENOVATING OR IMPROVING EXISTING FACILITIES FOR PUBLIC INFRASTRUCTURE; (3) ACQUIRING INTERESTS IN REAL PROPERTY FOR PUBLIC INFRASTRUCTURE; (4) ESTABLISHING, MAINTAINING AND REPLENISHING RESERVES FROM ANY SOURCE IN ORDER TO SECURE PAYMENT OF DEBT SERVICE ON BONDS; (5) FUNDING AND PAYING FROM BOND PROCEEDS INTEREST ACCRUING ON BONDS FOR A PERIOD OF NOT TO EXCEED THREE (3) YEARS FROM THEIR DATE OF ISSUANCE; (6) PROVIDING FOR THE TIMELY PAYMENT OF DEBT SERVICE ON

UNMATURED BONDS, WITH NEW BONDS; AND (8) EXPENSES OF THE DISTRICT INCIDENT TO AND REASONABLY NECESSARY TO CARRY OUT THE PURPOSES SPECIFIED IN THIS PARAGRAPH (CLAUSES (1) THROUGH (8), BOTH INCLUSIVE, BEING "PUBLIC INFRASTRUCTURE PURPOSES") AND (B) FOR REPAYING ALL OR PART OF FEES OR CHARGES COLLECTED FROM LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES, THE ADVANCE OF MONEYS BY LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES OR THE GRANTING OF REAL PROPERTY BY THE LANDOWNER FOR PUBLIC INFRASTRUCTURE PURPOSES PURSUANT TO AGREEMENTS ENTERED INTO WITH LANDOWNERS AND THE TOWN OF SAHUARITA, ARIZONA, PURSUANT TO SECTION 48 709 (A)(10), ARIZONA REVISED STATUTES, AS AMENDED, AND IN AN AMOUNT NOT IN EXCESS OF ONE AND ONE-HALF (1½) TIMES THE AMOUNT OF BONDS PREVIOUSLY ISSUED BY THE DISTRICT FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED BY THE DISTRICT FOR EITHER OF THE FOREGOING PURPOSES, PAYABLE FROM AN AD VALOREM TAX LEVIED AND COLLECTED ANNUALLY ON ALL TAXABLE PROPERTY IN THE DISTRICT, SUFFICIENT TO PAY DEBT SERVICE ON SUCH BONDS WHEN DUE, AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, TOGETHER WITH ALL AMENDMENTS AND ADDITIONS THERETO?

Place and "X" in the box beside the way you wish to vote:

☐ BONDS, YES

☐ BONDS, NO

SHALL THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO LEVY AND COLLECT AN ANNUAL AD VALOREM TAX ON THE ASSESSED VALUE OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT AT A RATE NOT TO EXCEED THIRTY CENTS (30¢) PER ONE HUNDRED DOLLARS ($100) OF ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT, ALL ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) SECTION 48 723, ARIZONA REVISED STATUTES, AS AMENDED?

Place and "X" in the box beside the way you wish to vote:

☐ TAX, YES

☐ TAX, NO

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

RESOLUTION NO. 4

A RESOLUTION OF THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT APPROVING A FEASIBILITY REPORT WHICH INCLUDES IDENTIFYING THE PUBLIC INFRASTRUCTURE OF THE PROJECTS, THE AREAS TO BE BENEFITTED, THE EXPECTED METHOD OF FINANCING AND THE SYSTEM OF PROVIDING REVENUES TO OPERATE AND MAINTAIN THE PROJECTS, ALL AS PROVIDED IN SUCH REPORT, AND RESOLVING THE INTENT THEREFOR; AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED $13,000,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2006; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES 2006 STANDBY CONTRIBUTION AGREEMENT, A SERIES 2006 DEPOSITORY AGREEMENT, A SERIES 2006 INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT, A SERIES 2006 CONTINUING DISCLOSURE UNDERTAKING, A SERIES 2006 DISSEMINATION AGENCY AGREEMENT AND CERTAIN OTHER DOCUMENTS RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; DELEGATING THE DETERMINATION OF CERTAIN TERMS OF THE BONDS AND MATTERS RELATED THERETO TO THE DISTRICT MANAGER; APPROVING A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AUTHORIZING THE PREPARATION OF A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS AND AUTHORIZING THE SUBSEQUENT LEVYING OF AN AD VALOREM PROPERTY TAX WITH RESPECT TO THE BONDS.

BE IT RESOLVED by the District Board of the Quail Creek Community Facilities District, as follows:

Section 1. Findings.

A. Quail Creek Community Facilities District (hereinafter called the "District") is authorized (1) by Section 48 719, Arizona Revised Statutes, as amended, to issue and sell general obligation bonds of the District to provide moneys for public infrastructure purposes consistent with The General Plan of Quail Creek Community Facilities District (hereinafter referred to as the "General Plan") and (2) by Section 48-709(F), Arizona Revised Statutes, as amended, to repay all or part of fees and

charges collected from landowners for public infrastructure purposes, the advance of moneys by landowners for public infrastructure purposes or the granting of real property by the landowner for public infrastructure purposes from the proceeds of such bonds pursuant to agreements entered into with landowners and the Town of Sahuarita, Arizona (hereinafter called the "Municipality"), pursuant to Section 48 709(A)(10), Arizona Revised Statutes, as amended.

B. Pursuant to Section 48-723, Arizona Revised Statutes, as amended, the District is authorized to levy an ad valorem tax on the assessed value of all real and personal property in the District at a rate which does not exceed the maximum rate specified in the ballot with respect thereto as hereinafter described, including taxes attributable to the operation and maintenance expenses of the District, but not in excess of thirty cents (30¢) per one hundred dollars ($100) of such assessed valuation for such operation and maintenance.

C. Such bonds may not be issued and such tax may not be levied unless approved at an election ordered and called to submit to the qualified electors of the District or to those persons who will be qualified to vote pursuant to Section 48-707(G), Arizona Revised Statutes, as amended [being, if no person has registered to vote within the area to be included within the boundaries of the District within fifty (50) days immediately preceding any scheduled election date, the owners of land within the District who will be qualified electors of the State of Arizona and other landowners according to Section 48-3043, Arizona Revised Statutes, as amended (hereinafter referred to as the "qualified electors"),] the question of authorizing the District Board to issue such bonds (hereinafter referred to as the "Bonds") and to levy such tax (hereinafter referred to as the "Operation and Maintenance Expenses Tax").

D. The district board of the District (hereinafter called the "District Board") deemed it necessary and advisable to order and call such an election and to establish the procedures whereby such election should be held and did so pursuant to Resolution No. 1 adopted by us on September 12, 2005 (hereinafter referred to as the "Election Resolution"), which provided that a special election be held on November 8, 2005 (hereinafter referred to as the "Election"), at which time there was submitted to the qualified electors of the District the question set forth in the official ballot described in the Election Resolution.

E. The election board for the Election filed with the District Board its returns of election and the ballots cast at the polling place, and the District Board canvassed the returns of the Election and determined (1) that a total of one (1) ballot(s) had been cast in response to the questions submitted, that in answer to the questions submitted, such ballot was marked "Bonds, Yes" and no ballots were marked "Bonds, No" with respect to the issuance of the Bonds and such ballot was marked "Tax, Yes" and no ballots were marked "Tax, No" with respect to the levying of the Operation and Maintenance Expenses Tax; (2) that the Election had been conducted and the returns thereof made as required by law and (3) that only qualified electors were permitted to vote at the Election.

F. Pursuant to Resolution No. 2 adopted by us on November 14, 2005, the District Board found and determined that a majority of the votes cast by the qualified electors voting at the Election voted "Bonds, Yes" and that up to and including $30,000,000 aggregate principal amount of general obligation bonds are therefore authorized to be sold and issued.

G. Pursuant to Section 48-715, Arizona Revised Statutes, as amended, and the Election Resolution, the District Board has caused a report of the feasibility and benefits of the projects relating to certain public infrastructure provided for in the General Plan and to be financed with proceeds of the sale of the first series of the Bonds (hereinafter referred to as the "First Series of Bonds") to be prepared, such report having included a description of certain public infrastructure to be acquired and all other information useful to understand the projects, a map showing, in general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, an estimated schedule for completion of the projects, a map or description of the area to be benefitted by the projects and a plan for financing the projects (hereinafter referred to as the "Report"). A public hearing on the Report was held on the date of adoption of this Resolution, but prior thereto (hereinafter referred to as the "Report Hearing"), after provision for publication of notice thereof as provided by law.

H. It has been requested that the District Board undertake any and all of the public infrastructure purposes described in the General Plan as such purposes relate to the public infrastructure (hereinafter referred to as the "Projects") described in the Development Agreement (as such term is defined in the Election Resolution), and the District Board desires to undertake such public infrastructure purposes as described in the Development Agreement, including consideration of the acquisition or construction of the Projects which are designated in the General Plan.

I. The District Board (1) has determined to authorize the issuance of the First Series of Bonds to provide funds for any and all of the public infrastructure purposes provided for by the Act to the extent authorized in the Election and (2) shall enter in its minutes a record of the First Series of Bonds sold and their numbers and dates and levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is hereinafter defined) when due.

J. Pursuant to the Act, the District Board has determined to enter into a Series 2006 Standby Contribution Agreement, to be dated as of the first day of the month of the dated date of the First Series of Bonds determined as provided herein (hereinafter referred to as the "Standby Contribution Agreement"), by and among the District, Robson Ranch Quail Creek, LLC (hereinafter called the "Owner") and Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee"), to provide for certain public infrastructure purposes for the District, including for credit enhancement for the First Series of Bonds.

K. Pursuant to the Act, the District Board has also determined to enter into a Series 2006 Depository Agreement, to be dated as of the first day of the month of the dated date of the First Series of Bonds determined as provided herein (hereinafter referred to as the "Depository Agreement"), by and between the District and Wells Fargo Bank, N.A., as depository (hereinafter referred to as the "Depository"), to provide for certain public infrastructure purposes for the District, including for credit enhancement for the First Series of Bonds.

L. Pursuant to the Act, the District Board has further determined to enter into a Series 2006 Indenture of Trust and Security Agreement, to be dated as of the first day of the month of the dated date of the First Series of Bonds as provided herein (hereinafter referred to as the "Indenture"), from the District to the Trustee to secure (including with amounts to be available pursuant to the Standby Contribution Agreement and the Depository Agreement), and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds of, the First Series of 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 sale and issuance of the First Series of Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the First Series of Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

M. Pursuant to the Act, the District Board has further also determined to enter into (1) a Series 2006 Continuing Disclosure Undertaking, to be dated even date with the delivery of the First Series of Bonds (hereinafter referred to as the "Undertaking") and (2) a Series 2006 Dissemination Agency Agreement, to be dated as of the first day of the month of the dated date of the First Series of Bonds determined as provided herein (hereinafter referred to as the "Dissemination Agreement"), by and between the District and RBC Dain Rauscher Inc. (doing business under the trade name RBC Capital Markets) to provide for certain securities laws related, on-going, secondary market disclosure matters related to the First Series of Bonds.

N. There have been placed on file with the District Clerk of the District and presented to the District Board in connection with the purposes described in paragraphs 1.g. through m. (1) the proposed form of the Standby Contribution Agreement, (2) the proposed form of the Depository Agreement, (3) the proposed form of the Indenture, (4) the proposed form of the Purchase Contract relating to the Bonds, to be dated even date with their sale (hereinafter referred to as the "Purchase Contract"), by and between the District and RBC Dain Rauscher Inc. (doing business under the trade name RBC Capital Markets) (hereinafter referred to as the "Underwriter"), (5) the proposed form of the Undertaking, (6) the proposed form of the Dissemination Agreement and (7) the proposed form of the Preliminary Limited Offering Memorandum relating to the Bonds, to be dated the date of the mailing thereof (the "Preliminary Limited Offering Memorandum"). (The documents described in Clauses (1) through (6), both inclusive, are hereinafter referred to, collectively, as the "Bond Documents.")

O. The District Board hereby finds and determines that (1) the proposed amount of indebtedness evidenced by the First Series of Bonds will not exceed the estimated cost of the public infrastructure improvements to be financed with the proceeds of the sale thereof plus all costs connected with the public infrastructure purposes related thereto and sale and issuance of the First Series of Bonds and (2) the total aggregate outstanding amount of the First Series of Bonds will not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure to be acquired by the District with proceeds of the First Series of Bonds (based upon information to be submitted to the District by the Owner, hereby found and determined to be not less than $21,666,667) all as provided in the Act.

P. Based solely upon the agreement of the Underwriter and the opinions of its counsel and bond counsel with respect to the issuance of the First Series of Bonds, the District Board hereby finds and determines further that the Bonds are not being sold in a public offering for purposes of the Act and all other purposes.

Section 2. Approvals.

A. Approval of Sale and Issuance of First Series of Bonds. The First Series of Bonds are hereby authorized to be issued as a series of general obligation bonds of the District to be designated "General Obligation Bonds, Series 2006." The First Series of Bonds shall be issued in the aggregate principal amount, be in fully registered form only and denominations, bear interest from their date, be numbered and mature and be subject to redemption prior to maturity, in each case as provided in the Indenture as determined by the District Manager as hereinafter provided. The District Manager is hereby authorized and directed to determine on behalf of the District: (1) the dated date (but not later than December 1, 2006) and total principal amount (but not to exceed $13,000,000) of the First Series of Bonds; (2) the final principal and maturity schedule of the First Series of Bonds (but none of the First Series of Bonds to mature more than twenty-five (25) years from their date of issuance); (3) the interest rate on each maturity of the First Series of Bonds and the dates for payment of such interest; (4) the provisions for redemption in advance of maturity of the First Series of Bonds; (5) the sales date, sales price and other terms of sale of the First Series of Bonds and (6) the provisions for credit enhancement, if any, for the First Series of Bonds upon the advice of the Underwriter including pursuant to the Standby Contribution Agreement and the Depository Agreement; provided, however, that the foregoing determinations must result in a yield with respect to the First Series of Bonds, calculated for federal income tax purposes, of not to exceed nine percent (9%). The First Series of Bonds shall be sold to the Underwriter in accordance with the terms of the Purchase Contract and at a price specified therein with original issue discount and underwriter's compensation in an amount approximately equal to the amount presented in the Report and in each case as determined by the District Manager who is hereby authorized and directed to so determine such matters.

B. Forms, Terms and Provisions, and Execution and Delivery, of First Series of Bonds. The forms, terms and provisions of the First Series of Bonds provided for in the Indenture are hereby 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 First Series of Bonds, and each is hereby authorized to execute and deliver them. (The persons who shall so execute and deliver the First Series of Bonds shall be the persons holding such offices at the time of the initial issuance and delivery of the First Series of Bonds.)

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

D. Authorization to Execute and Deliver Order to Trustee. The District Manager or the is hereby authorized to execute and deliver to the Trustee the written order of the District for the authentication and delivery of the First Series of Bonds by the Trustee.

E. Other Actions Necessary. The District Manager, the District Clerk and the other officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Bond Documents, including without limitation, the closing and other documents required to be delivered in connection with the sale and delivery of the First Series of Bonds. (The persons who shall so take such actions shall be the persons holding such offices at the time of the initial issuance and delivery of the First Series of Bonds.)

F. Distribution of Disclosure Documents.

1. The distribution by the Underwriter of the Preliminary Limited Offering Memorandum is hereby authorized and directed, and the District Manager is hereby authorized and directed to prepare, or cause the preparation of, and to execute the Final Limited Offering Memorandum for the First Series of Bonds, to be dated even date with their sale, and the distribution of the Final Limited Offering Memorandum by the Underwriter is hereby approved.

2. The District Manager is hereby authorized to deem the Preliminary Limited Offering Memorandum "final" as of its date for purposes of Section 240.15c2 12, General Rules and Regulations, Securities Exchange Act of 1934, as amended. In that respect, the District Manager is further authorized to

modify, or authorize the modification of, the Preliminary Limited Offering Memorandum.

G. Tax Levy.

1. For each year while any Bond is outstanding, the District Board shall annually levy and cause to be collected an ad valorem tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from any sources in the Enabling Act and under the Indenture, to pay Debt Service when due.

2. Moneys derived from the levy of the tax provided for in this Section with respect to the First Series of Bonds when collected constitute funds to pay Debt Service and shall be kept in the Series 2006 Tax Account and separately from other funds of the District.

3. The District Board shall make annual statements and estimates of the amount to be raised to pay Debt Service on the Bonds. The District Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The District Board, on or before the date set by law for certifying the annual budget of the Municipality, shall fix, levy and assess the amounts to be raised by ad valorem taxes of the District and shall cause certified copies of the order to be delivered to the Board of Supervisors of Pima County, Arizona, and to the Department of Revenue of the State. All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

H. No Obligation of Municipality. Neither the full faith and credit nor the general taxing power of the Municipality is pledged to the payment of the Bonds. Nothing contained in this Resolution, the Bond Documents or any other instrument related to the Bonds shall be construed as obligating the Municipality, or as incurring a charge upon the general credit or any other credit or revenues of the Municipality nor shall the breach of any agreement contained in this Resolution, the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit or any other credit or revenues of the Municipality.

I. Appointment of Trustee and Depository. Wells Fargo Bank, N.A., Phoenix, Arizona, is hereby confirmed as Trustee, Registrar and Paying Agent and as Depository for the purposes of the Indenture and the Depository Agreement, respectively.

Section 3. Repeal of Resolution. After any of the First Series of Bonds are delivered by the Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be

and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged.

Section 4. Severability; Amendment; Effective Date.

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.

C. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

D. This Resolution shall be effective immediately.

PASSED AND ADOPTED by the District Board of the Quail Creek Community Facilities District this 8th day of May, 2006.

Charles E. Oldham, Chairman
District Board, Quail Creek Community Facilities District

ATTEST:

Sandra R. Olivas, District Clerk
Quail Creek Community Facilities District

APPROVED AS TO FORM:

Daniel J. Hochuli, District Counsel
Quail Creek Community Facilities District

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: NMB
DEPUTY RECORDER
1134 PE8
W
MICHAEL CAFISO
2375 E CAMELBACK RD STE 700
PHOENIX AZ 85016

DOCKET: 12704
PAGE: 2352
NO. OF PAGES: 82
SEQUENCE: 20052450633
12/20/2005
AG 16:01

MAIL
AMOUNT PAID $ 90.00

When recorded, please return to:

Michael Cafiso, Esq.
Greenberg Traurig, LLP
Suite 700
2375 East Camelback Road
Phoenix, Arizona 85016

DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT
(QUAIL CREEK COMMUNITY FACILITIES DISTRICT)

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Pima County Recorder
Tracking #200502961

THIS DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (QUAIL CREEK COMMUNITY FACILITIES DISTRICT), dated as of September 1, 2005 (hereinafter referred to as this "*Agreement*"), by and among the Town of Sahuarita, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Municipality*"); Quail Creek Community Facilities District, a community facilities district formed by the Municipality, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*District*"), and Robson Ranch Quail Creek, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware and having an interest in certain property in the District (hereinafter referred to as "*Quail Creek*");

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Act*"), and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the District and Quail Creek entered into this Agreement as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time; and

WHEREAS, with regard to the real property described in Exhibit "A" hereto (hereinafter referred to as the "*Property*") which makes up the real property included within the District, the Munici-

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pality, the District and Quail Creek determined to specify some of such matters in this Agreement, particularly matters relating to the construction or acquisition of certain public infrastructure by the District, the acceptance thereof by the Municipality and the reimbursement or repayment of Quail Creek with respect thereto, all pursuant to the Act, such public infrastructure being necessary for Quail Creek to develop the Property prior to the time at which the District can itself pay for the construction or acquisition thereof; and

WHEREAS, this Agreement as a "development agreement" is consistent with the "general plan" of the Municipality, as defined in Section 9-461, Arizona Revised Statutes, as amended, applicable to the Property on the date this Agreement is executed; and

WHEREAS, pursuant to an election to hereinafter be held in and for the District, questions authorizing the district board of the District (i) to issue certain general obligation bonds of the District to provide moneys for certain "public infrastructure purposes" (as such term is defined in the Act) described in the General Plan of the District heretofore approved by the Municipality and the District (hereinafter referred to as the "*Bonds*") including the levy, assessment and collection of a debt service tax against all real and personal property in the District, unlimited as to rate or amount therefor, and (ii) to levy, assess and collect an operation and maintenance tax in an amount up to $0.30 per $100.00 of assessed valuation for all real and personal property in the District (hereinafter referred to as the "*O/M Tax*") to provide for amounts which become attributable to the

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operation and maintenance expenses of the District in the future are expected to be approved pursuant to the Act; and

WHEREAS, the use of the proceeds of the sale of the Bonds and amounts which will be collected with respect to the O/M Tax in the future is a subject of this Agreement; and

WHEREAS, pursuant to the Act, the District entered into this Agreement with Quail Creek with respect to the advance of moneys for public infrastructure purposes by Quail Creek and the repayment of such advances and to obtain credit enhancement for, and process disbursement and investment of proceeds of, the Bonds; and

WHEREAS, pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended, the District and the Municipality entered into the specified sections of this Agreement as an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them and for the purposes of the planning, design, inspection, ownership, control, maintenance, operation or repair of "public infrastructure," including particularly to provide for the acceptance by the Municipality of certain public infrastructure constructed or acquired by the District;

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

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ARTICLE I

DEFINED TERMS; MISCELLANEOUS
MATTERS RELATING TO USE THEREOF

Section 1.1. (a) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section have the meanings assigned to them in this Section and include, as appropriate, the plural as well as the singular:

"*Acquisition Infrastructure*" means that portion of the Infrastructure other than the Park or that which is the subject of a request of Quail Creek and approval of the District Manager described in Section 2.1

"*Acquisition Project*" means each project which is a part of the Acquisition Infrastructure on a project-by-project basis.

"*Acquisition Project Construction Contract*" means a construction contract for an Acquisition Project.

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

"*Agreement*" means this District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005, by and among the Municipality, the District and Quail Creek, as amended from time to time.

"*Bonds*" means the portion of the general obligation bonds of the District authorized to be sold and issued by the District as described in this Agreement.

"*Certificate of the Engineers*" means a certificate of the Quail Creek Engineer and the District Engineer in substantially the form of Exhibit "C" hereto.

"*Construction Contract*" means a construction contract for a Project.

"*Conveyance*" means a conveyance for a Segment in substantially the form of Exhibit "D" hereto.

"*Court*" means Pima County Superior Court.

"*Cure Period*" has the meaning provided in Section 10.21(b).

"*Depository Agreement*" means a Depository Agreement by and between the indenture trustee appointed with respect to a series of the Bonds, in its separate capacity as depository, and the District required to be executed and delivered with respect to a series of the Bonds unless a Standby Contribution Agreement is determined not to be necessary for a series of the Bonds by the District Manager as described in the definition thereof.

"*Disclosure Statement*" means the disclosure statement substantially in the form of Exhibit "E" hereto.

"*Discounted Tax Revenues*" means the amount of secondary ad valorem property tax revenues of the District that would be collected for the then current Fiscal Year of the District using the total secondary assessed valuation of property within the boundaries of the District for purposes of the tax roll used to levy taxes during the preceding August and applying a tax rate of $3.00 per $100 of secondary assessed valuation and assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual

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percentage delinquency factor for the District as of such Fiscal Year and no credit for any fund balances or investment income accruing during such Fiscal Year.

"*District*" means Quail Creek Community Facilities District, a community facilities district formed by the Municipality, and organized and existing, pursuant to the laws of the State.

"*District Board*" means the district board of the District.

"*District Budget*" means the budget of the District required for each Fiscal Year by the Act.

"*District Engineer*" means the Town Engineer of the Municipality or his designee.

"*District Expenses*" means the reasonable expenses and costs of the operation and administration of the District including the reasonable expenses and costs incurred by the Municipality in connection with the formation of the District; its operations; its relationship with the Municipality; its issuance of the Bonds or any similar matters and reasonable fees and related costs and expenses of staff of the Municipality, financial advisors, engineers, appraisers, attorneys and other consultants and including any overhead incurred by the Municipality with respect thereto.

"*District Indemnified Party*" means the Municipality and each legislator, director, trustee, member, officer, official or employee thereof or of the District.

"*Engineers*" means, collectively, the Quail Creek Engineer and the District Engineer; provided, however, that neither may be changed upon less than thirty (30) days written notice and, in the

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case of the Quail Creek Engineer, without compliance with the other provisions hereof with respect to such change.

"*Fiscal Year*" means the twelve (12) month period beginning on July 1 of any year and ending on June 30 of the following year.

"*Force Majeure*" means any condition or event not reasonably within the control of a party obligated to perform hereunder, including, without limitation, "acts of God"; strikes, lock-outs, or other disturbances of employer/employee relations; acts of public enemies; orders or restraints of any kind of the government of the United States or any state thereof or any of their departments, agencies, or officials, or of any civil or military authority; insurrection; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; subsidence; fires; hurricanes; storms; droughts; floods; arrests; restraints of government and of people; explosion; and partial or entire failure of utilities. Failure to settle strikes, lock-outs and other disturbances of employer/employee relations or to settle legal or administrative proceedings by acceding to the demands of the opposing party or parties, in either case when such course is in the judgment of the party hereto unfavorable to such party, shall not constitute failure to use commercially reasonable efforts to remedy such a condition or event.

"*Indemnified Party*" means the Municipality and the District and each legislator, director, trustee, partner, member, officer, official, independent contractor or employee thereof and each person, if any, who controls the Municipality and/or the District within the meaning of the Securities Act.

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"*Infrastructure*" means, collectively, the Park and the public infrastructure described in Exhibit "B" hereto.

"*Initial Expenses*" means, prior to receipt of collections of the first levy of the O/M Tax, the reasonable expenses and costs of the operation and administration of the District including the reasonable expenses and costs incurred by the Municipality in connection with the formation of the District, its operations, its relationship with the Municipality, its issuance of the Bonds or any similar matters and reasonable fees and related costs and expenses of staff of the Municipality, financial advisors, engineers, appraisers, attorneys and other consultants and including any overhead incurred by the Municipality with respect thereto.

"*Initiation Notice*" has the meaning provided in Section 10.21(d)(1).

"*Intergovernmental Agreement Act*" means Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended.

"*Land Development Agreement*" means the Pre-Annexation and Development Agreement for the Quail Creek Resort Community dated August 31, 2000, by and between the Municipality and Quail Creek, and recorded September 13, 2000, in Instrument No. 2000-1780234, official records of Pima County, Arizona, as amended from time to time.

"*Letter of Credit*" means a standby letter of credit or substitute therefor issued under the terms provided herein in favor of the District issued by an institution, the deposits of which are federally insured and the uninsured, unsecured and unguaranteed obligations of which are rated "AA" or better by Standard & Poor's Rating

Service, a division of the McGraw-Hill Companies, presentable for payment in Phoenix, Arizona, and drawable as provided herein, which includes a provision requiring sixty (60) days' notice to the District of any cancellation, terminations or non-renewal thereof and immediate notice to the District of a downgrading of the rating described hereinabove and, without limiting the foregoing, otherwise shall be acceptable to the District Manager in the exercise of commercially reasonable standards. As indicated in Section 6.1, the first series of the Bonds issued by the District shall be in a principal amount between $11,000,000 and $12,500,000, and the face amount of the Letter of Credit provided in connection therewith shall be $5,500,000. The face amount of the Letter of Credit, if any, for any subsequent series of the Bonds shall be determined at the time of approval thereof by the District Board.

"*Maximum Annual Debt Service*" means, collectively, the maximum annual debt service for the subsequent Fiscal Year plus the historical, annual, average of amounts necessary for payments of amounts described in Section 9.1 as of the Fiscal Year of calculation.

"*Municipality*" means the Town of Sahuarita, Arizona, a municipality incorporated and existing pursuant to the laws of the State.

"*O/M Expenses*" means the reasonable expenses and costs of the operation and maintenance of the Projects (including after acceptance by the Municipality pursuant to Section 7.1) and for accumulating a Replacement Reserve Amount with respect to the Projects including any overhead incurred by the Municipality with respect thereto.

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"*O/M Tax*" means an operation and maintenance tax in the amount up to $0.30 per $100.00 of assessed valuation for all real and personal property in the District.

"*Panel*" has the meaning provided in Section 10.21(d)(2).

"*Park*" means the Project, the design and construction of which is provided for in Section 2.7.

"*Park Related Site*" means the twenty five acre site and length of ninety foot wide right of way shown generally on Exhibit "B-1" hereto.

"*Plans and Specifications*" means the plans and specifications for a Project including an Acquisition Project which shall be prepared and reviewed in accordance with the requirements for plans and specifications for construction projects of the Municipality similar to the Project or the Acquisition Project, as applicable; provided, however, that the Plans and Specifications for the Park shall be prepared at the sole discretion of the Municipality and reviewed by the Municipality in accordance with requirements for similar municipal construction projects of the Municipality.

"*Process*" has the meaning provided in Section 10.21(d)(1).

"*Project*" means each project which is a part of the Infrastructure on a project-by-project basis.

"*Property*" means the real property described in Exhibit "A" to this Agreement.

"*Quail Creek*" means Robson Ranch Quail Creek, LLC, a limited liability company organized and existing pursuant to the laws of the State of Delaware.

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"*Quail Creek Engineer*" means any firm of professional engineers hired by Quail Creek after approval thereof by the District Manager to perform the services required therefrom for the purposes hereof.

"*Replacement Reserve Amount*" means an amount calculated using reasonable accounting practices based on the useful life of the various assets composing the Projects established by the Internal Revenue Code of 1986, as amended, to be used to replace such assets; provided, however, that, prior to the July 1 after 1,000 building permits have been issued within the boundaries of the District and the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to the retail purchasers thereof, such amount shall not take into account amounts for the Park.

"*Report*" means the study of the feasibility and benefits required by the Act for the applicable Project or Acquisition Project.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Segment*" means a completed, discrete portion of an Acquisition Project as determined by the District Engineer and the District Manager.

"*Segment Price*" means an amount equal to the sum of the amounts paid by Quail Creek for (1) design of the Segment (including the costs of the review of such design by the District Engineer), (2) construction of the Segment pursuant to the Acquisition Project Construction Contract for such Segment (such amount to be equal to the contract amount plus any increases to such contract amount approved as

EXHIBIT

described in Section 3.5 less any change orders decreasing the contract amount), (3) inspection and supervision of performance under such Acquisition Project Construction Contract and (4) other miscellaneous costs for such Segment attributable to construction of the Segment approved by the Engineers as certified in the Certificate of the Engineers for that Segment.

"*Standby Contribution Agreement*" means a Standby Contribution Agreement by and among the indenture trustee appointed with respect to a series of the Bonds, the District and Quail Creek to be executed and delivered with respect to a series of the Bonds unless determined by the District Manager not to be necessary at the time of issuance of such series of the Bonds, such determination to be deemed to have been made by the District Board with respect to any such series of the Bonds that is thereafter issued without the simultaneous execution and delivery of a Standby Contribution Agreement.

"*State*" means the State of Arizona.

"*Total Debt Service*" means, collectively, amounts for debt service for the next succeeding Fiscal Year with respect to the Bonds and for payment of the amounts described in Section 9.1 for such year.

(b) All references in this Agreement to designated "Exhibits," "Articles," "Sections" and other subdivisions are to the designated Exhibits, Articles, Sections and other subdivisions of this Agreement 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 Exhibit, Article, Section or other subdivision.

ARTICLE II

CONSTRUCTION OF PROJECTS BY THE DISTRICT; ACQUISITION OF PLANS AND SPECIFICATIONS; ACQUISITION OF PARK RELATED SITE; SPECIFICS REGARDING THE PARK

Section 2.1. Subject to the other terms of this Agreement, the District, upon written request of Quail Creek and after approval by the District Manager prior to the construction bidding therefor, shall cause the Infrastructure indicated in such request (which otherwise would have been Acquisition Projects) to be constructed pursuant to the Plans and Specifications in a fashion which, in the sole discretion of the District Board, allows for development of the Property to proceed in accordance with the terms of the Land Development Agreement.

Section 2.2. (a) The construction of the Infrastructure shall be bid, and the Infrastructure shall be constructed, in accordance with the requirements for bidding and constructing projects of the Municipality similar to the Projects.

(b) Such Infrastructure (or any Project which is a part thereof) shall be bid in one or more parts by and in the name of the District, and Construction Contracts shall be entered into with the bidders selected in accordance with the requirements for awarding contracts for projects of the Municipality similar to the Construction Contracts as specified in the Sahuarita Code and any procurement guidelines promulgated in connection therewith.

Section 2.3. None of Quail Creek or any entity related to it has been nor shall be compensated by the Municipality or the District for any costs of any Project except as provided herein.

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Section 2.4. Construction of a Project shall be financed (i) at any time before the sale and delivery of the Bonds (or after there are no available, unrestricted proceeds of the sale of the Bonds remaining) only pursuant to Section 5.1(a) and (ii) at any time after the sale and delivery of the Bonds (and while there are remaining available, unrestricted proceeds of the sale of the Bonds) only pursuant to Section 5.1(b).

Section 2.5. (a) Unless the financial assurances described in the next subsection are provided, any advertisement for bids for construction of any Project pursuant to Section 2.1 shall include the following language: **"THE INFRASTRUCTURE WHICH IS THE SUBJECT OF THIS BID IS THE SUBJECT OF A DISTRICT DEVELOPMENT, FINANCIAL PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT AMONG OWNER, THE TOWN OF SAHUARITA, ARIZONA AND ROBSON RANCH QUAIL CREEK, LLC. THE SUCCESSFUL CONTRACTOR WILL NOT HAVE RECOURSE, DIRECTLY OR INDIRECTLY, TO SUCH CITY OR OWNER FOR ANY COSTS UNDER ANY CONSTRUCTION CONTRACT OR ANY LIABILITY, CLAIM OR EXPENSE ARISING THEREFROM."** (The District is "OWNER" for purposes of the foregoing.)

(b) Each Construction Contract shall provide that the respective contractors shall not have recourse, directly or indirectly, to the Municipality or the District for the payment of any costs pursuant to such Construction Contract or any liability, claim or expense arising therefrom and that Quail Creek shall have sole liability therefor. In lieu of the foregoing, the District may require, or Quail Creek may request, that Quail Creek post financial assurances in a form and an amount determined acceptable in the sole

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and absolute discretion of the District Manager to provide for amounts due with respect to any of such Construction Contracts.

Section 2.6. Plans and Specifications for the Projects which are not Acquisition Projects shall be prepared by the Quail Creek Engineer and shall be acquired by the District pursuant to Section 5.2(b) simultaneously with the financing of the construction of the related Project pursuant to Section 5.1(b). The District shall not be liable for any payment or repayment to Quail Creek with respect to the Plans and Specifications except as provided by this Agreement.

Section 2.7. Subject to other commercially reasonable terms for similar transactions, the Park Related Site shall be acquired by the District from Quail Creek for $600,000 immediately after the sale and delivery of the first series of the Bonds by the District from, and only from, available, unrestricted proceeds of such sale. The District shall cause an additional amount of such available, unrestricted proceeds equal to $1,385,250 plus the amounts to be paid for design of the Park to be applied for costs to design and construct the Park. Quail Creek shall supervise performance of the related Construction Contract (including bidding thereof) for the Park in accordance with the Plans and Specifications therefor and shall be paid reasonable and customary fees for providing such services (including as part thereof the allocable portion of the actual general overhead of Quail Creek incurred in connection with providing such services), payable by the District from the dollar amount for construction included in the preceding sentence. Quail Creek shall provide the District with a budget detailing the expected cost of

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providing such services prior to bidding the Construction Contract for the Park. No other amounts of such proceeds shall be applied for such purposes, and, except as specifically provided hereinabove, Quail Creek shall not be obligated in any respect to cause the Park to be designed or constructed. The indenture trustee appointed with respect to the first series of the Bonds shall be instructed to limit draws from proceeds as described in this Section. To extent the Municipality is not otherwise prohibited from agreeing pursuant to applicable law, the Municipality shall pay any amounts in addition to those described hereinabove necessary to design and construct the Park. All of the foregoing shall be effective, notwithstanding any other provision herein to the contrary.

ARTICLE III

CONSTRUCTION OF ACQUISITION PROJECTS BY THE OWNER; CERTAIN MATTERS RELATED TO PLANS AND SPECIFICATIONS

Section 3.1. Subject to the terms of this Agreement including the obligation under the circumstances described herein to pay the Segment Price for a Segment as hereinafter provided, Quail Creek, at the sole cost and expense of Quail Creek, for which Quail Creek shall be liable, shall cause each Acquisition Project to be constructed pursuant to the Plans and Specifications on real property in which Quail Creek has an interest. (Underlying ownership of real property on which the Acquisition Infrastructure is to be built shall be determined in the final plat or final development plan process of the Municipality.)

Section 3.2. (a) The construction of the Acquisition Infrastructure and the preparation of the Plans and Specifications

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shall be bid pursuant to the provisions of Title 34, Chapter 2, Article 1, Arizona Revised Statutes, as amended, and in accordance with the requirements for construction projects and plans and specifications, respectively, of the Municipality similar to the Acquisition Projects and the Plans and Specifications as specified in the Sahuarita Code and any procurement guidelines promulgated in connection therewith. Acquisition Project Construction Contracts shall be entered into with the bidders selected in accordance with the requirements for awarding contracts for projects of the Municipality similar to the Acquisition Project Construction Contracts as specified by such Code and guidelines, and contracts for preparation of the Plans and Specifications shall be entered into with the bidder selected in accordance with the requirements for awarding contracts for preparing plans and specifications of the Municipality similar to the Plans and Specifications as specified by such Code and guidelines. (Compliance with such requirements with respect to the Acquisition Projects shall be evidenced by a Certificate of the Engineers.)

(b) As between Quail Creek and the District, Quail Creek shall bear all risks, liabilities, obligations and responsibilities under each Acquisition Project Construction Contract and all risk of loss of or damage to any Acquisition Project (or any part thereof) occurring prior to the time of acquisition of such Acquisition Project (or part thereof) pursuant to Article IV.

(c) The Municipality and the District shall be named as an insured on any insurance policies required under a bid for an

Acquisition Project and as a third party beneficiary with respect to all warranties, guarantees and bonds with respect thereto.

(d) An indication of final payment and contract closeout shall be provided to the District Manager before any acquisition pursuant to Article IV. If any liens are placed on any portion of an Acquisition Project which is the subject of an Acquisition Project Construction Contract or if litigation ensues between Quail Creek and any contractor with respect to an Acquisition Project Construction Contract, the District shall not acquire the Acquisition Project or any portion thereof until such liens are removed or such litigation is resolved.

Section 3.3. (a) Subsequent to the execution and delivery of this Agreement, any advertisement for bids for construction of any Acquisition Project or provision of any Plans and Specifications to be acquired shall clearly indicate that Quail Creek will be the "owner" for purposes of the Acquisition Project Construction Contract or contract for such Plans and Specifications and shall include the following language: **"THE WORK WHICH IS THE SUBJECT OF THE BID IS THE SUBJECT OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT AMONG OWNER, THE TOWN OF SAHUARITA, ARIZONA, AND QUAIL CREEK COMMUNITY FACILITIES DISTRICT PURSUANT TO WHICH SUCH WORK MAY BE ACQUIRED BY SUCH COMMUNITY FACILITIES DISTRICT. THE SUCCESSFUL CONTRACTOR WILL NOT HAVE RECOURSE, DIRECTLY OR INDIRECTLY, TO SUCH CITY OR COMMUNITY FACILITIES DISTRICT FOR ANY COSTS UNDER ANY CONTRACT OR ANY LIABILITY, CLAIM OR EXPENSE ARISING THEREFROM."** (Quail Creek is "OWNER" for purposes of the foregoing.)

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(b) Each Acquisition Project Construction Contract or contract for such Plans and Specifications shall provide that the respective contractors shall not have recourse, directly or indirectly, to the Municipality or the District for the payment of any costs pursuant to such Acquisition Project Construction Contract or contract for such Plans and Specifications or any liability, claim or expense arising therefrom and that Quail Creek shall have sole liability therefor.

Section 3.4. Quail Creek shall provide for inspection of work performed under any Acquisition Project Construction Contract by the Engineers.

Section 3.5. Any change order to any Acquisition Project Construction Contract shall be subject to approval by the Engineers (which approval shall not be unreasonably withheld or delayed) and shall be certified to in the applicable Certificate of the Engineers; provided, however, that any change order expected to increase the amount of an Acquisition Project Construction Contract shall be the subject of the same approval requirements that a change order to increase the cost of a construction contract of the Municipality would be subject unless modified by action of the District Board and, specifically, the approval of the District Manager.

ARTICLE IV

ACQUISITION OF ACQUISITION PROJECTS FROM THE OWNER

Section 4.1. (a) Subject to the other terms of this Agreement, Quail Creek shall sell to the District, and the District shall acquire from Quail Creek, the Segments for the Segment Prices.

(b) Acquisition of a Segment shall be financed (i) at any time before the sale and delivery of the Bonds (or after there are no available, unrestricted proceeds of the sale of the Bonds remaining) only pursuant to Section 5.2(a) hereof and (ii) at any time after the sale and delivery of the Bonds (and while there are available, unrestricted remaining proceeds of the sale of the Bonds) only pursuant to Section 5.2(b) hereof.

(c) The District shall not be liable for any payment or repayment to Quail Creek with respect to the Acquisition Infrastructure except as provided by this Agreement.

Section 4.2. The District shall pay the Segment Price for and acquire from Quail Creek, and Quail Creek shall accept the Segment Price for and sell to the District, each Segment as provided in Section 4.1 after the approval of the Report and within thirty (30) days after receipt by the District Manager of the following with respect to such Segment, in form and substance reasonably satisfactory to the District Manager:

(a) the Certificate of the Engineers;

(b) the Conveyance;

(c) evidence that public access to the Segment or the Acquisition Project, as applicable, has been or will be provided to the Municipality;

(d) the assignment of all contractors' and materialmen's warranties and guarantees as well as payment and performance bonds;

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(e) an acceptance letter issued by the Municipality and by its terms subject specifically to recordation of the Conveyance which is the subject of such letter and

(f) such other documents, instruments, approvals or opinions as may reasonably be requested by the District Manager including, with respect to any real property related to the Acquisition Project, title reports, insurance and opinions and evidence satisfactory to the District Manager that such real property does not contain environmental contaminants which make such real property unsuitable for its intended use or, to the extent such contaminants are present, a plan satisfactory to the District Manager which sets forth the process by which such real property will be made suitable for its intended use and the sources of funds necessary to accomplish such purpose.

ARTICLE V

FINANCING OF COSTS OF PROJECTS
AND PLANS AND SPECIFICATIONS

Section 5.1 (a) (1) To provide for amounts due pursuant to any Construction Contract (including incidental costs relating thereto) before the sale and delivery of any of the Bonds and after there are no remaining, available, unrestricted proceeds of the sale of the Bonds, such amounts shall be advanced by Quail Creek and the obligation to advance such amounts shall be the obligation of Quail Creek pursuant to the terms of this Agreement. Each such advance shall be evidenced by a written acknowledgement of the District Manager

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included as part of the written approval of the Engineers of each pay request of the contractor for such Construction Contract.

(2) Subject to Section 2.7, as soon as possible after the sale and delivery of any of the Bonds, the total amounts so advanced by Quail Creek for such purpose prior to the sale and delivery of the Bonds shall be paid to Quail Creek from, and only from, the available, unrestricted proceeds of the sale of the Bonds to the extent only of the remaining amounts thereof. Neither the District nor the Municipality shall be liable to Quail Creek (or any contractor or assigns under any Construction Contract) for payment of any such amount except to the extent available, unrestricted proceeds of the sale of the Bonds are available for such purpose, and no representation or warranty is given that the Bonds can be sold or that sufficient proceeds from the sale of the Bonds shall be available to pay such amounts.

(3) Until the sale and delivery of the Bonds and after there are no remaining, available, unrestricted proceeds of the sale of the Bonds, the District shall not have any obligation to repay Quail Creek for any advance made by Quail Creek to pay such amounts.

(b) (1) Subject to Section 2.7, any amounts due pursuant to any Construction Contract (including incidental costs relating thereto) after the sale and delivery of any of the Bonds (and while there are remaining, available, unrestricted proceeds of the sale of the Bonds) shall be provided for by the payment of such amounts from, and only from, the available, unrestricted proceeds of

the sale of the Bonds to the extent only of the remaining amounts thereof.

(2) Until the sale and delivery of the Bonds, the District shall not have any obligation to pay such amounts. Neither the District nor the Municipality shall be liable to Quail Creek (or any contractor or assigns under any Construction Contract) for payment of any such amount except to the extent available, unrestricted proceeds of the sale of the Bonds are available for such purpose, and no representation or warranty is given that the Bonds can be sold or that sufficient, available, unrestricted proceeds from the sale of the Bonds shall be available to pay such amounts.

Section 5.2. (a) (1) To provide for any acquisition of a Segment occurring before the sale and delivery of the Bonds and after there are no remaining, available, unrestricted proceeds of the sale of the Bonds, the Segment Price of that Segment shall be advanced by Quail Creek pursuant to the terms of this Agreement and the Conveyance for that Segment.

(2) Subject to Section 2.7, as soon as possible after the sale and delivery of the Bonds, the amount advanced by Quail Creek for the Segment Price of a Segment prior to the sale and delivery of the Bonds shall, subject to the requirements of Section 4.2, be paid to Quail Creek (without interest for the period during which it was unpaid) from, and only from, the available, unrestricted proceeds of the sale of the Bonds to the extent only of the remaining amounts thereof. Neither the District nor the Municipality shall be liable to Quail Creek (or any contractor or assigns under any Acquisition

Project Construction Contract) for payment of any Segment Price except to the extent available, unrestricted proceeds of the sale of the Bonds are available for such purpose, and no representation or warranty is given that the Bonds can be sold or that sufficient available, unrestricted proceeds from the sale of the Bonds shall be available to pay any Segment Price.

(3) Until the sale and delivery of the Bonds and after there are no available, unrestricted remaining proceeds of the sale of the Bonds, the District shall not have any obligation to repay Quail Creek for any advance made by Quail Creek to pay a Segment Price.

(b) (1) Subject to Section 2.7, any acquisition of a Segment occurring after the sale and delivery of the Bonds or of Plans and Specifications for a Project to be acquired which may occur only after sale and delivery of the Bonds (and while there are remaining, available, unrestricted proceeds of the sale of the Bonds) shall, subject to the requirements of Section 4.2, be provided for by the payment of the Segment Price for such Segment or of the costs of such Plans and Specifications as determined by the District Engineer and the District Manager based on actual amounts paid by Quail Creek to the Quail Creek Engineer therefor from, and only from, the available, unrestricted proceeds of the sale of the Bonds to the extent only of the remaining amounts thereof. (The District shall pay the costs of such Plans and Specifications to Quail Creek as provided in Section 2.6 after approval of the Report and within thirty (30) days after receipt by the District Manager of evidence of exclusive

ownership of the architectural materials (including memorandums, notes and preliminary and final drawings) and the related intellectual property rights (including copyright, if any) related to such Plans and Specifications, in all media, including electronic, and that the District shall be held harmless and be free to use such Plans and Specifications in any way it determines, including particularly, but not by way of limitation, giving them to another firm for the design of a similar structure in form and substance reasonably satisfactory to the District Manager.)

(2) Until the sale and delivery of the Bonds, the District shall not have any obligation to pay such Segment Price or such costs of such Plans and Specifications. Neither the District nor the Municipality shall be liable to Quail Creek (or any contractor or assigns under any Acquisition Project Construction Contract) for payment of any Segment Price or for the costs of such Plans and Specifications except to the extent available, unrestricted proceeds of the sale of the Bonds are available for such purpose, and no representation or warranty is given that the Bonds can be sold or that sufficient, available, unrestricted proceeds from the sale of the Bonds shall be available to pay such Segment Price or such costs of such Plans and Specifications.

ARTICLE VI

MATTERS RELATING TO THE BONDS
AND OTHER OBLIGATIONS OF THE DISTRICT

Section 6.1. (a) Upon dates established by the District Manager in his sole and absolute discretion at the request of Quail Creek, the District Board shall, from time to time, take all such

reasonable action necessary for the District to issue and sell, pursuant to the provisions of the Act, an applicable amount of the Bonds in an amount sufficient to repay advances for or to pay directly from the available, unrestricted proceeds thereof the total of all amounts due for the purposes of any Construction Contract for the Infrastructure and the Segment Prices for the Acquisition Infrastructure and costs of the Plans and Specifications for the Infrastructure to be acquired, established or reasonably expected to be established pursuant hereto plus all relevant issuance costs related thereto. (To the extent the District is not otherwise prohibited from agreeing pursuant to applicable law, the first series of the Bonds shall be in a principal amount between $11,000,000 and $12,500,000, and, until the latter of such time as Quail Creek and its affiliates hold fee title to less than fifteen percent (15%) of the total acreage of the Property or any Standby Contribution has been released according to its terms, the District shall not undertake the issuance of any of the Bonds to finance costs of any public infrastructure other than the Infrastructure (for which the District may at any time in its sole and absolute discretion undertake such financing) without written approval of Quail Creek.)

(b) If the Bonds are not issued or if the available, unrestricted proceeds of the sale of the Bonds are insufficient to pay any or all of the amounts due described in Section 5.1(b) or all of the Segment Prices for the Acquisition Infrastructure and costs of the Plans and Specifications for the Infrastructure to be acquired, there shall be no recourse against the District or the Municipality for, and

neither the District nor the Municipality shall have liability with respect to, such amounts so due or the Segment Prices for the Acquisition Infrastructure, except from the available, unrestricted proceeds of the sale of the Bonds, if any.

Section 6.2. (a) The District shall, subject to the other conditions of this Agreement, issue the Bonds in at least two series in principal amounts to be determined by the District Board at the sole discretion of the District Board, the first series to provide for the Park and the other Infrastructure designated "Phase One" in Exhibit "B" hereto and any subsequent series to provide for the Infrastructure designated "Phase Two" in Exhibit "B" hereto. The District shall not issue any series of the Bonds unless the corresponding series of the Bonds shall receive one of the four highest investment grade ratings by a nationally recognized bond rating agency or shall be sold in other than a "public sale" (as such term is used in the Act) and with restrictions on subsequent transfer thereof under such terms as the District Board shall, in their sole discretion, approve.

(b) The total aggregate principal amount of all of the series of the Bonds shall not exceed $20,000,000.

(c) If necessary in the sole discretion of the District Board, the "sale proceeds" of the sale of each series of the Bonds shall include an amount sufficient to fund a reserve fund, which shall be a reserve to secure payment of debt service on that series of the Bonds, in an amount equal to the maximum amount permitted by the Internal Revenue Code of 1986, as amended, and the Treasury Regulations applicable thereto.

(d) For the first series of the Bonds and, if necessary, in the sole discretion of the District Board to regulate the tax rate to be levied to pay debt service on any subsequent series of the Bonds, for such subsequent series of the Bonds, in consideration of the obligations of the District as of the date of delivery of the Bonds and as a condition to the issuance of the corresponding series of the Bonds, a Standby Contribution Agreement shall be executed and delivered which provides, among the other matters provided for in this section, that on the date of initial issuance and delivery of the corresponding series of the Bonds and in each Fiscal Year of the District thereafter, Quail Creek shall be liable and obligated to pay to the District an amount necessary to maintain the tax rate with respect to the Bonds at no more than $3.00 per $100.00 of secondary assessed valuation for Total Debt Service, given the tax base of the District for such tax year and the debt service requirements of the Bonds for such tax year assuming a delinquency factor of five percent (5%) and after giving credit with respect to any such payment for any balance in the debt service fund for the Bonds. If a Standby Contribution Agreement is so executed and delivered, to provide adequate assurances for payment of the amount due pursuant to the Standby Contribution Agreement, Quail Creek shall deposit in the name of the District with a depository pursuant to a Depository Agreement a Letter of Credit or, for the subsequent series of the Bonds, in the sole discretion of the District Board, cash in an amount determined by the District Board instead. Each Standby Contribution Agreement and each Depository Agreement shall have general terms acceptable to the

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District Board and shall be in a final form acceptable in the sole and absolute discretion of the District Manager. Such agreements shall specifically provide that amounts shall be payable by Quail Creek, or provided by such assurances, pursuant to a Standby Contribution Agreement or the Letter of Credit only if the District has for that tax year adopted a resolution authorizing the levy of a tax rate for Total Debt Service of at least $3.00.

(e) Each of the Standby Contribution Agreements shall have specific terms which provide that the obligation of Quail Creek with respect to each of the Standby Contribution Agreements shall terminate upon the earlier of (A) payment in full of all of the outstanding Bonds or provision for such payment or (B) the first Fiscal Year in which principal of each series of the Bonds has started to be amortized for which the District Manager has received evidence satisfactory to the District Manager that, for at least three (3) consecutive Fiscal Years, a tax rate of $3.00 per $100 of secondary assessed valuation of property within the boundaries of the District would have been sufficient to pay the Maximum Annual Debt Service. Such evidence shall consist of a written projection, prepared by the financial advisor of the District, that is based upon the application of such secondary tax rate in light of the actual secondary assessed valuation of the property within the boundaries of the District for such Fiscal Year, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such Fiscal Year and without credit for any fund balances or investment income accruing during such Fiscal

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Year. (After receipt of proof of satisfaction of such condition, the District Board shall approve in writing by affirmative action such termination, such approval not to be withheld unreasonably).

(f) Each of the Depository Agreements shall specifically provide in addition to the matters provided hereinabove that amounts held by the Depository pursuant to a Depository Agreement shall be applied to supplement *ad valorem* tax revenues of the District for the payment of Total Debt Service if amounts are not available for such purpose pursuant to the Standby Contribution Agreements and that the Letter of Credit shall be drawn to its full amount, payable to the District, upon the written demand of the District Manager or the District Treasurer to the institution supplying the Letter of Credit if any of the following occurs: (a) the nonpayment by Quail Creek of any amount due pursuant to the Standby Contribution Agreements by Quail Creek (after expiration of any applicable notice and cure periods thereunder); (b) the cancellation, termination or non-renewal of the Letter of Credit and a failure by Quail Creek to substitute the Letter of Credit not less than thirty (30) days before its cancellation, termination or expiration date or (c) a reduction of the rating for the uninsured, unsecured and unguaranteed obligations of the issuer of the Letter of Credit as promulgated by S&P below "A" without the District having received within sixty (60) days after the date of such reduction a substitute for the Letter of Credit. Each of the Depository Agreements shall specifically provide that any remaining cash amounts or security instrument *in lieu* thereof held pursuant thereto shall be paid or released, respectively, to Quail Creek, upon

the earlier of (1) payment in full of all of the outstanding Bonds or provision for such payment or (2) the first fiscal year of the District in which principal of that series of the Bonds has started to be amortized for which the District Manager has received evidence satisfactory to the District Manager that, for such Fiscal Year, a tax rate of $3.00 per $100 of secondary assessed valuation of property within the boundaries of the District would have been sufficient to pay the Maximum Annual Debt Service. Such evidence shall consist of a written projection, prepared by the financial advisor of the District, that is based upon the application of such secondary tax rate in light of the actual secondary assessed valuation of the property within the boundaries of the District for such Fiscal Year, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such Fiscal Year and without credit for any fund balances or investment income accruing during such fiscal year. (After receipt of proof of satisfaction of such condition, the District Board shall approve in writing by affirmative action such termination and payment or release, as applicable, such approval not to be withheld unreasonably.) Prior to such payment or release, the face amount of the Letter of Credit shall not be subject to reduction until 400 building permits have been issued within the boundaries of the District and the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to the retail purchasers thereof. Thereafter, on February 15 of each year, if the secondary assessed valuation of property within the boundaries of the District used to

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levy taxes during the preceding August exceeded that used in the prior August, the difference between the Maximum Annual Debt Service and the Discounted Tax Revenues shall be calculated and the face amount of the Letter of Credit shall be subject to automatic reduction to an amount equal to three (3) times such difference.

Section 6.3. Other than (1) this Agreement, (2) the Bonds and (3) any obligations necessary in connection with either of the foregoing, the District shall not incur, or otherwise become obligated with respect to, any other obligations.

ARTICLE VII

ACCEPTANCE BY THE MUNICIPALITY

Section 7.1. Simultaneously with the payment of the related Segment Price or completion of construction of a Project, the Segment of Acquisition Infrastructure, to the extent of the interest retained by Quail Creek therein, or the Project constructed is hereby accepted (including for purposes of maintenance and operation thereof if not theretofore provided) by the Municipality, subject to the conditions pursuant to which facilities such as the Acquisition Projects and the Projects so constructed are typically accepted by the Municipality and thereafter shall be made available for use by the general public.

ARTICLE VIII

INDEMNIFICATION AND INSURANCE

Section 8.1. (a) Quail Creek (1) shall indemnify and hold harmless each Indemnified Party for, from and against any and all losses, claims, damages or liabilities, joint or several, arising from

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any challenge or matter relating to the formation, activities or administration of the District in a manner not contrary to the terms hereof, or the proper carrying out of the provisions of this Agreement (but not for any matters which are related to the Park or infrastructure which is not part of the Infrastructure), including particularly but not by way of limitation for any losses, claims or damages or liabilities (A) related to any Acquisition Project Construction Contract or Project constructed pursuant to a Construction Contract including claims of any contractor, vendor, subcontractor or supplier, (B) 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 any offering document relating to the 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 and (C) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of Quail Creek (which consent shall not be unreasonably withheld) and (2) shall reimburse any legal or other expenses reasonably incurred by any such Indemnified Party in connection with

investigating or defending any such loss, claim, damage, liability or action; provided, however, that the foregoing shall not apply to any loss, claim, damage or liability relating to or arising from the activities or administration of the District with respect to any portion of the Infrastructure that has been accepted by the Municipality pursuant to Section 7.1.

(b) Section 8.1(a) shall, however, not be applicable to any of the following:

(1) matters involving any gross negligence or willful misconduct of any Indemnified Party,

(2) any loss, claim, damage or liability for which insurance coverage is actually procured which names the District as an insured, in order to provide insurance against the errors and omissions of the District Board or the other representatives, agents or employees of the District and any loss, claim, damage or liability that is covered by any commercial general liability insurance policy actually procured which names the District as an insured (provided, however, that if Quail Creek also has insurance coverage for any such loss, claim, damage or liability, claims shall be made first against such coverage),

(3) any loss, claim, damage or liability arising from or relating to defects in any Infrastructure that are not known to Quail Creek and are discovered two (2) years or more following acceptance thereof by the Municipality pursuant to Section 7.1 or

(4) matters arising from or involving any breach of this Agreement by the District or any other Indemnified Party.

(c) 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 Quail Creek, notify Quail Creek in writing of the commencement thereof and provide a copy of the written threat received by such Indemnified Party. Failure of the Indemnified Party to give such notice shall reduce the liability of Quail Creek by the amount of damages attributable to the failure of the Indemnified Party to give such notice to Quail Creek, but the omission to notify Quail Creek of any such action shall not relieve Quail Creek from any liability that any of them 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 Quail Creek of the commencement thereof, Quail Creek may, or if so requested by such Indemnified Party shall, participate therein or defend the Indemnified Party therein, with counsel satisfactory to such Indemnified Party and Quail Creek (it being understood that, except as hereinafter provided, Quail Creek shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from Quail Creek to such Indemnified Party of an election so to assume the defense thereof, Quail Creek shall not be liable to such Indemnified Party under this section for any legal or other expenses subsequently incurred by such

Indemnified Party in connection with the defense thereof; provided, however, that unless and until Quail Creek defends any such action at the request of such Indemnified Party, Quail Creek shall have the right to participate at its own expense in the defense of any such action. If Quail Creek shall not have employed counsel to defend any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to Quail Creek (in which case Quail Creek shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, the legal and other expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by Quail Creek.

(d) Subject to Section 8.1(b)(2), Quail Creek shall not have any obligation to indemnify or hold harmless any Indemnified Party until such time that the Indemnified Party has exhausted all other insurance, risk retention or other indemnification options or remedies available to it. In the event that the insurance, risk retention or other indemnification options or remedies of the Indemnified Party are insufficient to reimburse the Indemnified Party for its actual losses, claims, damages or liabilities, then, and only then, shall the Indemnified Party have a right to indemnification from Quail Creek, and only to the extent that indemnification by Quail Creek will be secondary to, and in excess of, the primary insurance, risk retention or other indemnification options or remedies of the Indemnified Party.

Section 8.2. To the extent permitted by applicable law, the District shall indemnify, defend and hold harmless each Indemnified Party for, from and against any and all liabilities, claims or demands for injury or death to persons or damage to property arising from in connection with, or relating to the performance of this Agreement. The District shall not, however, be obligated to indemnify the District Indemnified Parties with respect to damages caused by the negligence or willful misconduct of the District Indemnified Parties. The District shall not indemnify, defend and hold harmless the Municipality with respect to matters relating to public infrastructure owned by the Municipality.

ARTICLE IX

PAYMENT OF CERTAIN EXPENSES AND COSTS

Section 9.1. To provide for expenses and costs for agents or third parties required to administer the Bonds, levy and collect *ad valorem* taxes for payment of the Bonds, prepare annual audits and budgets and any purposes otherwise related to such activities of the District, amounts shall be budgeted by the District Board each Fiscal Year in the District Budget for such purposes and shall be paid from amounts available from the tax levy described in Section 6.2(d).

Section 9.2. To provide for the payment of the District Expenses and the O/M Expenses, the District Board shall levy all or a portion of the O/M Tax and shall apply the collections of the O/M Tax *first* to pay the District Expenses and *second* to pay the O/M Expenses. To the extent the collections of the O/M Tax are not sufficient to pay the District Expenses and, except for any with regard to the Park, the

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O/M Expenses, Quail Creek shall, to the extent of reasonable amounts necessary therefor, be liable and obligated to pay or, on a reasonable basis acceptable to the District Manager in his sole discretion, obligate a homeowner's or similar association to pay, to the District on July 1 of each Fiscal Year of the District the amount of any short-fall indicated in the District Budget with respect to the District Expenses and the O/M Expenses, after adding back the amounts of the O/M Expenses incurred with regard to the Park in such Fiscal Year, including any amount required because of any shortfall in the prior Fiscal Year as provided in such District Budget and no matter how such shortfall was otherwise funded; provided, however, the foregoing shall only be effective until the July 1 after 1,000 building permits have been issued within the boundaries of the District and the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to the retail purchasers thereof. The District shall only levy the O/M Tax in an amount necessary for the District Expenses and the O/M Expenses reflected in the District Budget for the Fiscal Year of the District and only in reasonable amounts therefor.

Section 9.3. Quail Creek has deposited $50,000 as a deposit on account to be applied by the Municipality in its sole and absolute discretion to pay Initial Expenses upon written demand by the District Manager. When $5,000 of the $45,000 deposit is expended, an accounting will be made to Quail Creek of all amounts incurred by the Municipality for the Initial Expenses to date, and Quail Creek shall be liable and obligated to provide additional funds as necessary for

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the Initial Expenses in an amount requested by the Municipality which must be paid forthwith and which shall thereafter be the subject of a similar accounting. Amounts paid pursuant to this Section by Quail Creek which may be reimbursed under applicable law to Quail Creek from the proceeds of the sale of the Bonds shall, at the request of Quail Creek and to the extent of available amounts therefor, be included as part of the purpose of the Bonds. The obligations of Quail Creek pursuant to this Section shall only be effective until the July 1 after the date that the first collections of the O/M Tax are received by the District.

ARTICLE X

MISCELLANEOUS

Section 10.1. None of the Municipality, the District nor Quail Creek shall knowingly take, or cause to be taken, any action which would cause interest on any Bond to be includable in gross income for federal income tax purposes pursuant to Section 61 of the Internal Revenue Code of 1986, as amended.

Section 10.2. (a) To provide evidence satisfactory to the District Manager that any prospective purchaser of land within the boundaries of the District has been notified that such land is within the boundaries of the District and that the Bonds may be then or in the future be outstanding, the Disclosure Statement shall be produced by Quail Creek; provided, however, that the Disclosure Statement may be modified as necessary in the future to adequately describe the District and the Bonds and source of payment for debt service therefor as agreed by the District Manager and Quail Creek.

(b) Quail Creek shall or shall require that Quail Creek or each homebuilder to whom Quail Creek has sold land:

(1) cause any purchaser of land to sign the Disclosure Statement upon entering into a contract for purchasing such land;

(2) provide a copy of each fully executed Disclosure Statement to be filed with the District Manager and

(3) provide such information and documents, including audited financial statements to any necessary repository or depository, but only to the extent necessary for the underwriters of the Bonds to comply with Rule 15c2-12 of the Securities Exchange Act of 1934.

Section 10.3. This Agreement shall be binding upon and shall inure to the benefit of the parties to this Agreement and their respective legal representatives, successors and assigns and the rights and obligations under the Agreement are attached to and run with the Property; provided, however, that none of the parties hereto shall be entitled to assign its rights and obligations hereunder or under any document contemplated hereby without the prior written consent of the other parties to this Agreement, which consent shall not be unreasonably withheld. Except for the "hold harmless" provisions of Section 8.1 and Section 10.21, this Agreement shall not create conditions or exceptions to title or covenants running with any individual lots or tracts into which the Property is subdivided. Any title insurer can rely on this section when issuing any commitment to insure title to any individual lot or tract or when issuing a title

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insurance policy for any individual lot or tract. So long as not prohibited by law, this Agreement shall automatically terminate as to any individual lot or tract (and not in bulk), without the necessity of any notice, agreement or recording by or between the parties, upon conveyance of the lot to a homebuyer or commercial purchaser by a recorded deed (or conveyance of a tract to a homeowner association or governmental authority). For this section, "lot" shall be any lot upon which a home or commercial building has been completely constructed and approved to be occupied that is contained in a recorded subdivision plat that has been approved by the Municipality.

Section 10.4. Each party hereto shall, promptly upon the request of any other, have acknowledged and delivered to the other any and all further instruments and assurances reasonably requested or appropriate to evidence or give effect to the provisions of this Agreement.

Section 10.5. This Agreement sets forth the entire understanding of the parties as to the matters set forth herein as of the date this Agreement is executed and cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto; provided, however, that such an amendment shall be effective against Quail Creek and the District only if such amendment does not amend Section 7.1, 8.3 or 9.3 and shall be effective against Quail Creek, the District and the Municipality, as applicable, only if such amendment only amends Section 7.1, 8.3 or 9.3 as it relates to the Municipality. This Agreement is intended to reflect the mutual

intent of the parties with respect to the subject matter hereof, and no rule of strict construction shall be applied against any party.

Section 10.6. Compliance by the District with the provisions hereof shall be considered satisfaction on behalf of the Municipality of the corresponding requirements thereof created by Section 23 of the Land Development Agreement.

Section 10.7. This Agreement shall be governed by and interpreted in accordance with the laws of the State.

Section 10.8. The waiver by any party hereto of any right granted to it under this Agreement shall not be deemed to be a waiver of any other right granted in this Agreement nor shall the same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived under or by this Agreement.

Section 10.9. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, but all of which taken together shall constitute one of the same instrument.

Section 10.10. The Municipality and the District may, within three years after its execution, cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Municipality or the District, respectively, is, at any time while this Agreement is in effect, an employee or agent of Quail Creek in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement and may

recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Municipality or the District, respectively, from Quail Creek arising as the result of this Agreement. Quail Creek 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 Quail Creek in any capacity or a consultant to any party to this Agreement with respect to the subject matter of this Agreement.

Section 10.11. The term of this Agreement shall be as of the date of the execution and delivery hereof by each of the parties hereto and shall expire upon the earlier of the agreement of the District, the Municipality and Quail Creek to the termination hereof, September 1, 2055, and the date on which all of the Bonds are paid in full or defeased to the fullest extent possible pursuant to the Act.

Section 10.12. All notices, certificates or other communications hereunder (including in the Exhibits hereto) shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail in registered or certified form with postage fully prepaid addressed as follows:

If to the Municipality:

Box 879
Sahuarita, Arizona 85629
Attention: Manager

If to the District:

Box 879
Sahuarita, Arizona 85629
Attention: District Manager

If to Quail Creek:

Robson Quail Creek, LLC
c/o Robson Communities
9532 East Riggs Road
Sun Lakes, Arizona 85248
Attention: Peter M. Gerstman

with a copy to:

Robson Quail Creek, LLC
c/o Robson Communities
9532 East Riggs Road
Sun Lakes, Arizona 85248
Attention: Steven M. Soriano

and with an additional copy to:

Storey & Burnham PLC
3030 East Camelback Road, Suite 265
Phoenix, Arizona 85016
Attention: Lesa J. Storey, Esq.

Any of the foregoing, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.13. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

Section 10.14. The headings or titles of the several Articles and Sections hereof and in the Exhibits hereto, and any table of contents appended to copies hereof and thereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement.

Section 10.15. This Agreement does not relieve any party hereto of any obligation or responsibility imposed upon it by law; provided, however, that if the provisions of this Agreement conflict

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in any particular with those of the Land Development Agreement relating to the District, the provisions of this Agreement shall supersede and control those of the Land Development Agreement, as amended, in all respects.

Section 10.16. No later than ten (10) days after this Agreement is executed and delivered by each of the parties hereto, Quail Creek shall on behalf of the Municipality and the District record a copy of this Agreement with the County Recorder of Pima County, Arizona.

Section 10.17. Unless otherwise expressly provided, the representations, covenants, indemnities and other agreements contained herein shall be deemed to be material and continuing, shall not be merged and shall survive any conveyance or transfer provided herein.

Section 10.18. If any party hereto shall be unable to observe or perform any covenant or condition herein by reason of *Force Majeure*, then the failure to observe or perform such covenant or condition shall not constitute a default hereunder so long as such party shall use commercially reasonable efforts to remedy with all reasonable dispatch the event or condition causing such inability and such event or condition can be cured within a reasonable amount of time.

Section 10.19. Whenever the consent or approval of any party hereto, or of any agency therefor, shall be required under the provisions hereof, such consent or approval shall not be unreasonably withheld, conditioned or delayed unless specifically otherwise limited as provided herein.

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Section 10.20. Notwithstanding any other provision of this Agreement to the contrary, the provisions of Sections 7.1, 8.1, 8.2, 8.3, 9.3, 10.1, 10.3, 10.4, 10.5, 10.6, 10.7, 10.8, 10.9, 10.10, 10.11, 10.12, 10.13, 10.14, 10.15, 10.17, 10.18, 10.19, 10.20 and 10.21 are the only provisions that are effective against the Municipality for purposes of the Intergovernmental Agreement Act and as the Intergovernmental Agreement Act is intended to be applied for purposes of this Agreement.

Section 10.21. (a) Notwithstanding any provision of this Agreement to the contrary, no act, requirement, payment, or other agreed upon action to be done or performed by the Municipality or the District which would, under any federal, state, or city constitution, statute, charter provision, ordinance or regulation, require formal action, approval or concurrence by the City Council or the District Board, respectively, shall be required to be done or performed by the Municipality or the District, respectively, unless and until said formal action of the City Council or the District Board, respectively, has been taken and completed. This Agreement in no way acquiesces to or obligates the Municipality or the District to perform a legislative act.

(b) Failure or unreasonable delay by any party to perform or otherwise act in accordance with any term or provision of this Agreement for a period of thirty (30) days (hereinafter referred to as the "Cure Period") after written notice thereof from any other party, shall constitute a default under this Agreement; provided, however, that if the failure or delay is such that more than thirty (30)

days would reasonably be required to perform such action or comply with any term or provision hereof, then such party shall have such additional time as may be necessary to perform or comply so long as such party commences performance or compliance within said thirty (30) day period and diligently proceeds to complete such performance or fulfill such obligation. Said notice shall specify the nature of the alleged default and the manner in which said default may be satisfactorily cured, if possible. In the event such default is not cured within the Cure Period, any non-defaulting party shall have all rights and remedies that are set forth in the next subsection.

(c) Except as provided in subsection (b), the parties shall be limited to the remedies and the dispute resolution procedure set forth in this subsection and subsection (d). Any decision rendered by the Panel pursuant to the provisions of subsection (d) shall be binding on the parties unless and until a court of competent jurisdiction renders its final decision on the disputed issue, and if any party does not abide by the decision rendered by the Panel during the pendency of an action before the court of competent jurisdiction or otherwise (if no court action), any other party may institute an action for money damages on the issues that were the subject of the Panel's decision and/or any other relief as may be permitted by law.

(d) (1) If an event of default is not cured within the Cure Period, any non-defaulting party may institute the dispute resolution process set forth in this subsection (hereinafter referred to as the "Process") by providing written notice initiating the

Process (hereinafter referred to as the "Initiation Notice") to the defaulting party.

(2) Within fifteen (15) days after delivery of the Initiation Notice, each involved party shall appoint one person to serve on an arbitration panel (herein referred to as the "Panel"). Within twenty-five (25) days after delivery of the Initiation Notice, the persons appointed to serve on the Panel shall themselves appoint one person to serve as a member of the Panel. Such person shall function as the chairman of the Panel.

(3) The remedies available for award by the Panel shall be limited to specific performance, declaratory relief and injunctive relief.

(4) Any party can petition the Panel for an expedited hearing if circumstances justify it. Such circumstances shall be similar to what a court would view as appropriate for injunctive relief or temporary restraining orders. In any event, the hearing of any dispute not expedited shall commence as soon as practicable, but in no event later than forty-five (45) days after selection of the chairman of the Panel. This deadline can be extended only with the consent of all parties to the dispute or by decision of the Panel upon a showing of emergency circumstances.

(5) The chairman of the Panel shall conduct the hearing pursuant to the Center For Public Resources' Rules for Non-Administered Arbitration of Business Disputes then in effect. The chairman of the Panel shall determine the nature and scope of discovery, if any, and the manner of presentation of relevant evidence,

consistent with the deadlines provided herein, and the parties' objective that disputes be resolved in a prompt and efficient manner. No discovery may be had of privileged materials or information. The chairman of the Panel upon proper application shall issue such orders as may be necessary and permissible under law to protect confidential, proprietary or sensitive materials or information from public disclosure or other misuse. Any party may make application to the Court to have a protective order entered as may be appropriate to confirm such orders of the chairman of the Panel.

(6) The hearing, once commenced, shall proceed from business day to business day until concluded, absent a showing of emergency circumstances. Except as otherwise provided herein, the Process shall be governed by the Uniform Arbitration Act as enacted in the State.

(7) The Panel shall, within fifteen (15) days from the conclusion of any hearing, issue its decision. The decision shall be rendered in accordance with this Agreement and the laws of the State.

(8) Any involved party may appeal the decision of the Panel to the Court for a *de novo* review of the issues decided by the Panel, if such appeal is made within thirty (30) days after the Panel issues its decision. The remedies available for award by the Court shall be limited to specific performance, declaratory relief and injunctive relief. The decision of the Panel shall be binding on both parties until the Court renders a binding decision. If a non-prevailing party in the Process fails to appeal to the Court within the time

frame set forth herein, the decision of the Panel shall be final and binding. If one party does not comply with the decision of the Panel during the pendency of the action before the Court or otherwise, then another party shall be entitled to exercise all rights and remedies that may be available under law or equity, including without limitation the right to institute an action for money damages related to the default that was the subject of the Panel's decision and the provisions of this subsection shall not apply to such an exercise of rights and remedies.

(9) All fees and costs associated with the Process before the Panel, including without limitation the fees of the Panel, other fees, and the prevailing party's attorneys' fees, expert witness fees and costs, shall be paid by the non-prevailing party or parties. The determination of prevailing and non-prevailing parties, and the appropriate allocation of fees and costs, shall be included in the decision by the Panel. Similarly, all fees and costs associated with an appeal to the Court or any appellate court thereafter, including without limitation, the prevailing party's attorneys' fees, expert witness fees and costs, shall be paid by the non-prevailing party. The determination of prevailing and non-prevailing parties, and the appropriate allocation of fees and costs, shall be included in the decision by the Court.

* * *

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IN WITNESS WHEREOF, the officers of the Municipality and of the District have duly affixed their signatures and attestations, and the officers of Quail Creek their signatures, all as of the day and year first written above.

TOWN OF SAHUARITA, ARIZONA

By.....
Charles E. Oldham, Mayor

ATTEST:

.....
Sandra R. Olivas, Town Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the Municipality who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the Municipality.

.....
Daniel J. Hochuli, Town Attorney

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By .....
Charles E. Oldham, Chairman,
District Board

ATTEST:

.....
Sandra R. Olivas, District Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the District, who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the District.

.....
Daniel J. Hochuli, District Counsel

ROBSON RANCH QUAIL CREEK, LLC, a Delaware limited liability company

By: Arlington Property Management Company, an Arizona corporation, its Manager

By.....
Printed Name: STEVEN M. SORIANO
Title: VP

WITH THE CONSENT AND AGREEMENT OF LAWYERS TITLE OF ARIZONA INC., an Arizona corporation as Trustee under Trust No. 7916-T

By.....
Printed Name:.....
Title:.....

ROBSON RANCH QUAIL CREEK, LLC, a Delaware limited liability company

By: Arlington Property Management Company, an Arizona corporation, its Manager

By.....
Printed Name:.....
Title:.....

WITH THE CONSENT AND AGREEMENT OF LAWYERS TITLE OF ARIZONA INC., an Arizona corporation as Trustee under Trust No. 7916-T

By.....
Printed Name:.....
Title:.....

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 21st day of September, 2005, by Charles Oldham, as Mayor of the Town of Sahuarita, Arizona, a municipal corporation under the laws of the State of Arizona.

Irene Lopez
Notary Public

My commission expires:

May 16, 2009

OFFICIAL SEAL
IRENE LOPEZ
Notary Public - State of Arizona
PIMA COUNTY
My Comm. Expires May 16, 2009

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 21st day of September, 2005, by Charles Oldham, as Chairman of the District Board of Quail Creek Community Facilities District, an Arizona community facilities district.

Irene Lopez
Notary Public

My commission expires:

May 16, 2009

OFFICIAL SEAL
IRENE LOPEZ
Notary Public - State of Arizona
PIMA COUNTY
My Comm. Expires May 16, 2009

STATE OF ARIZONA)
) ss
COUNTY OF ..Maricopa)

On this day, personally appeared before me ..Steven M. ..Soriano....., as .Vice President..... of Arlington Property Management Company, an Arizona corporation, the Manager in Robson Ranch Quail Creek, LLC, an Arizona limited liability company, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on .September 9....., 2005.

Denene A. Till
Notary Public

My commission expires:
...12/31/05.....

OFFICIAL SEAL
DENENE A. TILL
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Dec. 31, 2005

STATE OF ARIZONA)
) ss.
COUNTY OF .....)

The foregoing instrument was acknowledged before me this ..... day of ....., 2005, by ...., an authorized representative of LAWYERS TITLE OF ARIZONA, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

.....
Notary Public

My commission expires:

.....

20050921301 09/21/2005

STATE OF ARIZONA)
) ss
COUNTY OF .....)

On this day, personally appeared before me ...., as ..... of Arlington Property Management Company, an Arizona corporation, the Manager in Robson Ranch Quail Creek, LLC, an Arizona limited liability company, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged upon her/his oath that she/he executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal on ....., 2005.

OFFICIAL SEAL
DENNIS A. DERBY
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Exp. Sept. 11, 2009

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF Pima)

The foregoing instrument was acknowledged before me this 18 day of November, 2005, by Joyce Mrozek, an authorized representative of LAWYERS TITLE OF ARIZONA, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

.....
Notary Public

My commission expires:

.....

20051794 02/08

ATTACHMENTS:

EXHIBIT A	--	Legal Description Of Property To Be Included In The District
EXHIBIT B	--	Description of Infrastructure
EXHIBIT C	--	Form Of Certificate Of Engineers For Conveyance Of Segment Of Project
EXHIBIT D	--	Form Of Conveyance Of Segment Of Project
EXHIBIT E	--	Form Of Disclosure Statement

0144-19 1471525

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL 1

A parcel of land located in Sections 6, 7, and 8, T.18S., R.14E., and Sections 1 and 12, T.18S., R13E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6, T18S., R.14E., said point being a found aluminum cap marked "NORTHWEST CORNER SECTION 6";

THENCE along the North line of the Northwest quarter of said Section 6, S89'25'48"E, a distance of 689.37 feet to the POINT OF BEGINNING;

THENCE continuing along said North line, S89°25'48"E, a distance of 1,858.47 feet;

THENCE S89°25'26"E, a distance of 1620.62 feet;

THENCE S17°57'47"W a distance of 689.75 feet;

THENCE S12°46'24"W a distance of 115.96 feet,

THENCE S05°53'16"W a distance of 476.75 feet;

THENCE S79°12'27"W a distance of 496.86 feet;

THENCE N34°33'43"W, a distance of 297.82 feet;

THENCE S55°26'17"W a distance of 728.89 feet;

THENCE S17°46'29"E, a distance of 548.81 feet to the Northwesterly comer of lot 150 of Quail Creek Block 1, Lots 1-306 and Common Areas "B", "C", and "D" recorded in Book 43, Page 39, Pima County Recorder;

THENCE S17°46'29"E along the Westerly line of said Quail Creek Block 1, Lots 1-306, a distance of 744.94 feet, to an angle point in said Westerly line;

THENCE continuing along said Westerly line S12°52'00"E, a distance of 1037.57 feet, to the Southwesterly corner of lot 174M of said Quail Creek Block 1, Lots 1-306;

THENCE Southeasterly along the Southerly line of said Quail Creek Block 1, Lots 1-306 S85°16'22"E, a distance of 296.51 to the Southeasterly corner of lot 175M;

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THENCE leaving said Southerly line S36°46'53"E, a distance of 1,354.26 feet;

THENCE S04°23'03"E, a distance of 866.39 feet;

THENCE S78°30'18"E, a distance of 1,177.70 feet to a point on the centerline of Quail View Loop per the Final Plat of Quail Creek 2, Blocks 1-64 recorded in Book 51, Page 58, Pima County Recorder;

THENCE along the centerline of Quail Range Loop S52°10'00"E, a distance of 476.65 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 42°50'00";

THENCE Easterly along the arc of said centerline, a distance of 448.55 feet;

THENCE continuing along said centerline N85°00'00"E, a distance of 376.62 feet to a point of curve to the right, having a radius of 600.00 feet and a central angle of 34°00'00";

THENCE Easterly along the arc of said centerline, a distance of 356.05 feet;

THENCE continuing along said centerline S61°00'00"E, a distance of 522.00 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 75°30'00";

THENCE Easterly along the arc of said centerline, a distance of 790.63 feet;

THENCE continuing along said centerline N43°30'00"E, a distance of 227.70 feet to point hereinafter referred to as POINT "B";

THENCE S46°30'00"E, a distance of 45.00 feet, to the beginning of a non-tangent curve, concave to the South, having a radius of 25.00 feet, the center of which bears S46°30'00"E;

THENCE Easterly along said curve through a central angle of 90°00'00", an arc distance of 39.27 feet;

THENCE S46°30'00"E, a distance of 151.15 feet to the beginning of a tangent curve, concave to the Southwest, having a radius of 970.00 feet;

THENCE Southeasterly along said curve, through a central angle of 01°49'57", an arc distance of 31.02 feet; to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 25.00 feet, the center of which bears S45°19'57"W;

THENCE Northwesterly along said curve through a central angle of 38°42'09", an arc distance of 16.89 feet;

THENCE S43°30'00"W a distance of 109.65 feet;

THENCE S41°00'38"E a distance of 133.26 feet;

THENCE S32°03'46"E a distance of 133.52 feet;

THENCE S23°06'22"E a distance of 133.52 feet;

THENCE S08°02'24"W a distance of 90.35 feet;

THENCE S51°25'37"E. a distance of 65.18 feet;

THENCE N78°29'36"E, a distance of 110.00 feet;

THENCE S11°30'24"E. a distance of 193.54 feet to the beginning of a tangent curve, concave to the Northeast, having a radius of 1,030.00 feet;

THENCE Southeasterly along said curve, through a central angle of 26°19'27", an arc distance of 473.23 feet;

THENCE N52°10'09"E, a distance of 60.00 feet, to the beginning of a non-tangent curve, concave to the Northeast, having a radius of 970.00 feet, the center of which bears N52°10'09"E;

THENCE Southeasterly along said curve through a central angle of 06°06'27", an arc distance of 103.40 feet;

THENCE N46°03'43"E, a distance of 122.43 feet;

THENCE S43°56'17"E, a distance of 66.81 feet;

THENCE S47°11'51"E, a distance of 100.91 feet;

THENCE N52°28'40"E, a distance of 131.50 feet;

THENCE N63°52'30"E, a distance of 198.74 feet;

THENCE N45°58'06"E a distance of 186.86 feet;

THENCE N20°39'25"E a distance of 80.53 feet;

THENCE N03°23'52"W a distance of 82.36 feet;

THENCE N36°01'32"E a distance of 93.31 feet;

THENCE N19°30'26"W a distance of 43.06 feet;

THENCE N40°58'24"W a distance of 101.90 feet;

THENCE N50°51'33"W a distance of 59.43 feet;

THENCE N25°35'36"W a distance of 36.36 feet;

THENCE N03°28'22"E a distance of 60.07 feet;

EXHIBIT A

THENCE N27°20'33"E a distance of 60.58 feet;

THENCE N41°10'36"E a distance of 212.18 feet to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 1,427.50 feet, the center of which bears S48°54'23"W;

THENCE Northwesterly along said curve through a central angle of 04°10'24", an arc distance of 103.98 feet;

THENCE N44°43'59"E, a distance of 45.00 feet;

THENCE N45°26'32"W, a distance of 9.00 feet;

THENCE N44°22'58"E, a distance of 120.00 feet;

THENCE N37°57'52"E, a distance of 75.65 feet;

THENCE S36°52'18"E, a distance of 721.37 feet to a point on the East line of said Section 8;

THENCE S00°19'00"E, a distance of 811.56 feet;

THENCE S00°19'51"E, a distance of 651.86 feet;

THENCE S89°15'28"W, a distance of 2,642.16 feet;

THENCE S89°16'11"W, a distance of 1,319.79 feet;

THENCE N00°28'48"W, a distance of 655.34 feet;

THENCE S89°18'44"W, a distance of 1,197.28 feet;

THENCE N00°42'14"W, a distance of 72.65 feet;

THENCE N42°10'27"W, a distance of 342.88 feet to the beginning of a non-tangent curve, concave to the Northwest, having a radius of 845.00 feet, the center of which bears N46°55'34"W;

THENCE Southwesterly along said curve through a central angle of 46°57'01", an arc distance of 692.43 feet;

THENCE S00°01'30"W, a distance of 60.00 feet;

THENCE N89°58'30"W, a distance of 594.68 feet;

THENCE S00°31'37"E, a distance of 1,311.64 feet;

THENCE N89°55'51"W, a distance of 692.48 feet;

THENCE N22°54'16"E a distance of 810.76 feet;

THENCE N59°28'16"W a distance of 1,385.45 feet;

THENCE N59°30'41"W a distance of 2,662.66 feet;

THENCE N59°30'29"W a distance of 1,385.47 feet;

THENCE N30°29'31"E a distance of 407.54 feet;

THENCE N59°30'29"W a distance of 75.00 feet;

THENCE N80°03'48"W a distance of 150.96 feet;

THENCE N66°28'33"W a distance of 188.76 feet;

THENCE N42°42'29"W a distance of 137.40 feet;

THENCE N02°09'13"N a distance of 56.55 feet;

THENCE N14°57'58"E a distance of 85.47 feet;

THENCE N21°49'39"W a distance of 258.88 feet;

THENCE N28°55'06"E a distance of 254.73 feet;

THENCE N61°31'39"E a distance of 136.53 feet;

THENCE N72°52'39"E a distance of 422.49 feet;

THENCE N34°44'43"E a distance of 153.07 feet;

THENCE N71°28'23"E a distance of 111.45 feet;

THENCE N41°01'44"E a distance of 137.87 feet;

THENCE N58°21'09"E a distance of 292.98 feet;

THENCE S80°09'49"E a distance of 75.00 feet to the point of curve of a non tangent curve to the left, of which the radius point lies N80°09'49"W, a radial distance of 2,000.00 feet;

THENCE Northerly along the arc, through a central angle of 05°14'33", a distance of 183.00 feet

THENCE N04°35'38"E, a distance of 1,046.83 feet;

THENCE S87°03'00"E, a distance of 1,101.85 feet;

THENCE N02°57'00"E, a distance of 99.08 feet;

THENCE N09°58'23"W, a distance of 1,861.54 feet;

THENCE N16°56'59"E, a distance of 280.91 feet;

THENCE N03°22'05"W, a distance of 633.45 feet to the POINT OF BEGINNING.

The above described parcel contains 929.49 acres, more or less.

PARCEL 2

A parcel of land located in Section 5, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 5, T18S., R.14E.;

THENCE along the North line of the Northwest quarter of said Section 5, S89°24'40"E, a distance of 919.94 feet to the POINT OF BEGINNING;

THENCE continuing S89°24'40"E, a distance of 1711.16 feet;

THENCE S89°26'12"E, a distance of 2,628.94 feet;

THENCE S00°33'46"E, a distance of 2,600.25 feet;

THENCE S00°29'09"E, a distance of 1,177.63 feet;

THENCE N63°51'17"W, a distance of 914.96 feet;

THENCE N31°25'45"W, a distance of 955.64 feet;

THENCE S69°24'01"W, a distance of 274.89 feet to a point on curve of a non tangent curve to the left, said curve being on the centerline of Quail Range Loop per the Final Plat of Quail Creek 2 Unit 16 recorded in Book 55, Page 62, Pima County Recorder, of which the radius point lies S69°24'01"W, a radial distance of 1,300.00 feet;

THENCE Westerly along the arc of said centerline of Quail Range Loop, through a central angle of 110°10'10", a distance of 2,499.67 feet;

THENCE S49°13'51"W, a distance of 58.50 feet;

THENCE leaving said centerline of Quail Range Loop N34°50'20"W, a distance of 908.75 feet; THENCE N55°03'30"W, a distance of 470.74 feet;

THENCE N62°43'56"W, a distance of 376.71 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 322.50 feet, the center of which bears N87°18'49"W;

THENCE Northerly along said curve through a central angle of 12°45'07", an arc distance of 71.78 feet;

THENCE N10°03'57"W, a distance of 68.46 feet;

THENCE N58°08'56"E, a distance of 165.49 feet;

THENCE N20°16'58"E, a distance of 196.06 feet;

THENCE N59°42'02"E, a distance of 233.09 feet;

THENCE S61°26'23"E, a distance of 178.00 feet;

THENCE N85°54'34"E, a distance of 287.29 feet;

THENCE N28°33'37"E, a distance of 45.00 feet;

THENCE N08°33'37"E, a distance of 174.61 feet;

THENCE N43°44'51"W, a distance of 480.23 feet to the POINT OF BEGINNING.

The above described parcel contains 244.58 acres, more or less.

PARCEL 3

A parcel of land located in Sections 5 and 8, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the aforementioned POINT "B", described in the legal description of PARCEL 1;

THENCE N43°30'00"E, a distance of 222.29 feet to the beginning of a tangent curve, concave Northwesterly, having a radius of 2600.00 feet;

THENCE Northerly along said curve, through a central angle of 19°23'44", an arc distance of 880.14 feet to the POINT OF BEGINNING;

THENCE N65°53'43"W, a distance of 45.00 feet;

THENCE N17°19'29"W, a distance of 365.55 feet;

THENCE N28°38'24"W, a distance of 319.69 feet;

THENCE N34°52'48"W, a distance of 269.69 feet;

THENCE N41°04'54"W, a distance of 58.17 feet;

THENCE N72°59'01"W a distance of 888.47 feet;

THENCE S88°08'09"W a distance of 65.69 feet;

THENCE S22°49'31"W a distance of 84.90 feet;

THENCE S65°06'02"E a distance of 40.00 feet;

THENCE S58°18'20"E a distance of 93.52 feet;

THENCE S53°17'39"E a distance of 95.03 feet;

THENCE S52°09'00"E a distance of 127.17 feet;

THENCE S55°16'49"E a distance of 97.42 feet;

THENCE S31°51'34"W a distance of 60.44 feet;

THENCE N75°07'27"W a distance of 30.48 feet;

THENCE N67°08'11"W, a distance of 61.67 feet;

THENCE N41°41'08"W, a distance of 131.83 feet;

THENCE N58°19'02"W a distance of 73.33 feet;

THENCE N80°40'31"W a distance of 50.02 feet;

THENCE S75°58'19"W. a distance of 58.64 feet;

THENCE N88°06'15"W, a distance of 52.06 feet;

THENCE N69°07'01"W a distance of 48.36 feet;

THENCE N48°01'26"W a distance of 52.87 feet;

THENCE N18°06'05"W a distance of 74.56 feet;

THENCE N08°25'37"W a distance of 106.61 feet;

THENCE N09°49'57"W a distance of 74.86 feet;

THENCE N09°56'55"W, a distance of 186.01 feet;

THENCE N80°03'05"E, a distance of 46.69 feet;

THENCE S68°04'15"E, a distance of 196.72 feet;

THENCE N67°24'03"E, a distance of 64.98 feet;

THENCE N19°01'53"E, a distance of 178.30 feet;

THENCE S70°16'15"E, a distance of 206.75 feet;

THENCE N65°15'48"E, a distance of 101.24 feet;

THENCE S57°59'26"E a distance of 122.37 feet;

THENCE S52°51'17"E, a distance of 232,85 feet;

THENCE S52°34'38"E a distance of 213.67 feet;

THENCE S64°12'16"E, a distance of 191.58 feet;

THENCE S64°19'02"E a distance of 190.06 feet;

THENCE S36°16'11"E, a distance of 297.39 feet;

1291 0218

THENCE S61°27'59"E a distance of 161.28 feet;

THENCE S65°06'09"E a distance of 120.17 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 2,600.00 feet, the center of which bears N81°16'35"W;

THENCE Southerly along said curve through a central angle of 15°22'51", an arc distance of 697.96 feet to the POINT OF BEGINNING.

The above described parcel contains 17.94 acres, more or less.

1479 0218

EXHIBIT B

DESCRIPTION OF THE INFRASTRUCTURE

PHASE ONE

- Campbell Avenue. A public roadway extending from the northern edge of the Quail Creek Planned Community to the southern edge of the Quail Creek Planned Community.

- Campbell Avenue Bridge. A clear-span drainage crossing at the southern end of the newly constructed Campbell Avenue.

- South Boundary Roadway. A public roadway to extend from the south termination of Campbell Avenue, traveling along the southern edge of the Quail Creek Planned Community, and terminating at the entrance of the development known as the Stonehouse development.

- Roadway Landscaping. Landscaping along both sides of Campbell Avenue and the South Boundary Roadway.

- Drainage Improvements. Necessary drainage improvements adjacent to Campbell Avenue, necessary to protect Campbell Avenue.

- Public Sewer System (partial). First phase of portions of the public sewer system within the District.

- Bridges at Wash Crossings (partial). Various necessary clear-span drainage crossings throughout the District and along Campbell Avenue and the South Boundary Roadway.

PHASE TWO

- Traffic Signalization. Two traffic signals (and related equipment), one to be located at the intersection of Quail Crossing Blvd. and Campbell Avenue, and one to be located at the intersection of Quail Crossing Blvd. and the Tucson Old Nogales Highway.

- Public Sewer System (partial). Second phase of portions of the public sewer system within the District.

- Bridges at Wash Crossings (partial). Various additional, necessary clear-span drainage crossings throughout the District and along Campbell Avenue and the South Boundary Roadway.

- Santa Cruz River Bank Protection. Bank protection along the banks of the Santa Cruz River.

- Fire Station, Park Improvements, and/or Other Regional Public Facilities. A fire station and additional improvements to the Park and other public facilities in the area of the District.

EXHIBIT B-1

DESCRIPTION OF THE PARK RELATED SITE

[See following page]

PENDING APPROVAL

Quail Crossing Boulevard
Proposed Alignment

EXHIBIT 9

EXHIBIT C

FORM OF CERTIFICATE OF ENGINEERS FOR

CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT
CERTIFICATE OF ENGINEERS FOR CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT

(insert description of Acquisition Project/Segment)

STATE OF ARIZONA	)	
COUNTY OF PIMA	)	
TOWN OF SAHUARITA	)	ss.
QUAIL CREEK COMMUNITY FACILITIES DISTRICT	)	

We the undersigned, being Professional Engineers in the State of Arizona and, respectively, the duly appointed District Engineer for Quail Creek Community Facilities District (hereinafter referred to as the "District"), and the engineer employed by Robson Ranch Quail Creek, LLC (hereinafter referred to as "Quail Creek"), each hereby certify for purposes of the District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005 (hereinafter referred to as the "Agreement"), by and among the District, the Town of Sahuarita, Arizona and Quail Creek that:

1. The Segment indicated above has been performed in every detail pursuant to the Plans and Specifications (as such term and all of the other initially capitalized terms in this Certificate are defined in the Agreement) and the Acquisition Project Construction Contract (as modified by any change orders permitted by the Agreement) for such Segment.

2. The Segment Price as publicly bid and including the cost of approved change orders for such Segment is $.....

3. Quail Creek provided for compliance with the requirements for public bidding for such Segment as required by the Agreement (including, particularly but not by way of limitation, Title 34, Chapter 2, Article 1, Arizona Revised Statutes, as amended) in connection with award of the Acquisition Project Construction Contract for such Segment.

4. Quail Creek filed all construction plans, specifications, contract documents, and supporting engineering data for the construction or installation of such Segment with the Municipality.

5. Quail Creek obtained good and sufficient performance and payment bonds in connection with such Contract.

DATED AND SEALED THIS ..... DAY OF ....., 200..

By.....
District Engineer

[P.E. SEAL]

[P.E. SEAL]

By.....
Engineer for Quail Creek

[Confirmed for purposes of Section 3.5 of the Development Agreement by

.....
Manager for Quail Creek
Community Facilities District*]

[THIS WILL BE REQUIRED FOR EVERY SEGMENT ACQUIRED WITH PROCEEDS OF THE SALE OF THE BONDS!!!]

* To be inserted if the provisions of Section 3.5 hereof are applicable to the respective Segment of the Project

DRAFT 4/24/01

EXHIBIT D

FORM OF CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT
CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT

(Insert description of Acquisition Project/Segment)

STATE OF ARIZONA	)	
COUNTY OF PIMA	)	
TOWN OF SAHUARITA	)	ss.
QUAIL CREEK COMMUNITY FACILITIES DISTRICT	)	

KNOW ALL MEN BY THESE PRESENTS THAT:

..... ("....."), for good and valuable consideration received by ..... from Quail Creek Community Facilities District, a community facilities district formed by the Town of Sahuarita, Arizona (the "Municipality"), and duly organized and validly existing pursuant to the laws of the State of Arizona (the "District"), receipt of which is hereby acknowledged [, and the promise of the District to hereafter pay the amounts described in the hereinafter described Development Agreement*], does by these presents grant, bargain, sell and convey to the District, its successors and assigns, all right, title and interest in and to the following described property, being the subject of a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005, by and among Robson Ranch Quail Creek LLC, the Municipality and the District and more completely described in such Development Agreement:

[Insert description of Acquisition Project/Segment]

together with any and all benefits, including warranties and performance and payment bonds, under the Acquisition Project Construction Contract (as such term is defined in such Development Agreement) or relating thereto, all of which are or shall be located within utility or other public easements dedicated or to be dedicated by plat or otherwise free and clear of any and all liens, easements, restrictions, conditions, or encumbrances affecting the same [, such subsequent dedications not affecting the promise of the District to hereafter pay the amounts described in such Development Agreement*],

---

* Insert with respect to any acquisition financed pursuant to Section 5.1(b) hereof.

but subject to all taxes and other assessments, reservations in patents, and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations, leases, and liabilities or other matters as set forth on Exhibit I hereto.

TO HAVE AND TO HOLD the above-described property, together with all and singular the rights and appurtenances thereunto in anywise belonging, including all necessary rights of ingress, egress, and regress, subject, however, to the above-described exception(s) and reservation(s), unto the District, its successors and assigns, forever; and ..... does hereby bind itself, its successors and assigns to warrant and forever defend, all and singular, the above-described property, subject to such exception(s) and reservation(s), unto the District, its successors and assigns, against the acts of ..... and no other.

..... binds and obligates itself, its successors and assigns, to execute and deliver at the request of the District any other or additional instruments of transfer, bills of sale, conveyances, or other instruments or documents which may be necessary or desirable to evidence more completely or to perfect the transfer to the District of the above-described property, subject to the exception(s) and reservation(s) hereinabove provided.

This conveyance is made pursuant to such Development Agreement, and ..... hereby agrees that the amounts specified above and paid [or promised to be paid*] to ..... hereunder satisfy in full the obligations of the District under such Development Agreement and hereby releases the District from any further responsibility to make payment to ..... under such Development Agreement except as above provided.

....., in addition to the other representations and warranties herein, specifically makes the following representations and warranties:

1. ..... has the full legal right and authority to make the sale, transfer, and assignment herein provided.

2. ..... is not a party to any written or oral contract which adversely affects this Conveyance.

3. ..... is not subject to any bylaw, agreement, mortgage, lien, lease, instrument, order, judgment, decree, or other restriction of any kind or character which would prevent the execution of this Conveyance.

4. ..... is not engaged in in or threatened with any legal action or proceeding, nor is it under any investigation, which prevents the execution of this Conveyance.

5. The person executing this Conveyance on behalf of ..... has full authority to do so, and no further official action need be taken by ..... to validate this Conveyance.

6. The facilities conveyed hereunder are all located within property owned by ..... or utility or other public easements dedicated or to be dedicated by plat or otherwise.

IN WITNESS WHEREOF, ... has caused this Conveyance to be executed and delivered this ..... day of ....., 200..

.....

By.....

By.....
Title:.....

UNAUTHORIZED

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

This instrument was acknowledged before me on .....
....., 200.. by ....., of
....., an Arizona corporation, on behalf of said corporation.

.....
Notary Public

.....
Typed/Printed Name of Notary

[NOTARY SEAL] My Commission Expires:.....

DRAFT

EXHIBIT I

TO

CONVEYANCE OF SEGMENT OF PROJECT

(Insert description of Project/Segment)

DRAFT 12/91

EXHIBIT E

FORM IS DISCLOSURE STATEMENT

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

DISCLOSURE STATEMENT

Robson Ranch Quail Creek, LLC, an Arizona limited liability company (the "Developer"), in conjunction with the Town of Sahuarita, Arizona (the "City"), have established a community facilities district ("CFD") at the development known as "Quail Creek." The CFD has financed and, in the future, will finance certain public infrastructure improvements, which will result in a property tax liability for each property owner of Quail Creek resulting from being in the CFD.

BACKGROUND

On September 30, 1988, the Arizona Community Facilities District Act became effective. This provision in State law was created to allow Arizona municipalities to form CFDs for the primary purpose of financing the acquisition, construction, installation, operation and/or maintenance of public infrastructure improvements, including water and sewer improvements.

HOW THE CFD WORKS

On September 12, 2005, the Mayor and Council of the City formed the CFD which includes all of the residential and commercial property in Quail Creek. An election was held on November 8, 2005, at which time the owners of the property within the CFD voted to authorize up to $30,000,000 of *ad valorem* tax bonds to be issued over time by the CFD to finance the acquisition or construction of water and sewer improvements. The improvements have been or will be dedicated to the City after acquisition or construction of such public infrastructure by the District. The City will operate and maintain such improvements.

WHAT WILL BE FINANCED?

The CFD has been established to finance up to $30,000,000 in public infrastructure improvements within Quail Creek including financing costs related to such improvements. The initial bond issue is expected to be approximately $.....,000. The proceeds of this bond issue is currently expected to be utilized to finance the engineering, design and construction of ..... In addition, it is anticipated that approximately $.....,000 in bonds will be issued over the next ..... years for future phases of infrastructure at Quail Creek.

BENEFITS TO RESIDENTS

The bond issues by the CFD will benefit all residents within Quail Creek by providing roadway, park and sewer improvements. This benefit was taken into account by the Developer in connection with establishing the price of the lot on which your home is to be located. Each resident of the CFD will participate in the repayment of the bonds in the form of an additional property tax to the current property taxes assessed by other governmental entities. This added tax is currently deductible for purpose of calculating federal and state income taxes.

PROPERTY OWNERS' TAX LIABILITY

The obligation to retire the bonds will become the responsibility of any property owner in the CFD through the payment of property taxes collected by the Pima County Treasurer in addition to all other property tax payments. **(PLEASE NOTE THAT NO OTHER AREA WITHIN THE BOUNDARIES OF THE CITY IS SUBJECT TO A PROPERTY TAX LEVIED BY ANY OTHER COMMUNITY FACILITIES DISTRICT.)** Beginning in fiscal year 2003-04, the CFD levied a not to exceed $[*total tax rate*] per $100.00 of secondary assessed valuation tax rate to provide for repayment of the bonds and the payment of certain administrative expenses associated therewith a portion of the valuation to provide for the expenses of the CFD and of operation and maintaining the infrastructure it finances.

Although the level of the tax rate is not limited by law, the tax rate of the CFD is not expected to exceed $3.00 per $100.00 of secondary assessed valuation for as long as the bonds are outstanding. The tax rate will be maintained initially at the $3.00 level by means of agreements with the Developer which require the Developer to provide for the difference above such $3.00 rate. **(There can be no guarantee that the Developer will be able to make such payments in the future and, if it cannot, tax rates will be increased to provide for such repayment.)** As growth of the tax base occurs within the CFD, it is anticipated that such payments from the Developer will no longer be necessary if debt service is covered by the $3.00 tax rate at which time the District may release the developers from such obligations.

IMPACT OF ADDITIONAL CFD PROPERTY TAX

The following illustrates the additional annual tax liability imposed by the CFD, based on varying residential values within Quail Creek and a $3.00 tax rate:

AMENDED DRAFT

Market Value of Residence	Estimated Annual Additional Tax Liability*
$150,000	$
200,000	
250,000	
300,000	
350,000	
400,000	

*Assumptions:

1. Market value is not the same as full cash value as reported by the County Assessor, which is typically 85% of market value.
2. Assumes residential property assessment ratio will remain at 10%.
3. Tax amount is computed by multiplying the tax rate per $100 of assessed value by full cash value times the assessment ratio.

Additional information regarding the description of infrastructure improvements to be financed by the CFD, bond issue public disclosure documents and other documents and agreements (including a copy of this Disclosure Statement) are available for review in the Town of Sahuarita City Clerk's office.

Your signature below acknowledges that you have read this disclosure document at the time you made your decision to purchase property at Quail Creek and you signed your purchase contract and that you understand the property you are purchasing will be taxed to pay the CFD bonds described above.

....
Home Buyer(s) Signature/Date Home Buyer(s) Printed Name(s)

....
Home Buyer(s) Signature/Date ..... Parcel No. ..... Lot No. .....

AFFIDAVIT OF PUBLICATION

STATE OF ARIZONA)
:SS.
COUNTY OF PIMA)

MARILEE WRIGHT being first duly sworn, deposes and says that (he) (she) is the Legal Advertising Manager of the **GREEN VALLEY NEWS and SUN**, a newspaper published every Sunday, Wednesday and Friday in the County of Pima, State of Arizona, and of general circulation in said County, and that the hereto attached

NOTICE OF ELECTION - ENGLISH
NOVEMBER 8, 2005

was printed and published in the regular and entire issue of said **GREEN VALLEY NEWS and SUN** for 2 issues; that the first was made on the 30TH day of SEPTEMBER, 2005 and the last publication thereof was made on the 7TH day of OCTOBER, 2005; that said publication was made on each of the following dates, to-wit:

09/30/05
10/07/05

Request of (L) MICHAEL CAFISO

green valley news and sun

By Marilee Wright

Subscribed and sworn to before me this 7TH day of OCTOBER, 2005.

Notary Public in and for the County of Pima, State of Arizona

My Commission Expires: JUNE 30, 2006

OFFICIAL SEAL
IRENE M. REDONDO
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Exp. June. 30, 2006

TO THE QUALIFIED RESIDENT AND LANDOWNER ELECTORS OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT"):

A special election to establish certain matters will be held on November 8, 2005, at the following precinct's polling place, such precinct being the precinct in which the area within the District is located:

Precinct Sahuarita
Polling Place 725-2 West Via Rancho Sahuarita Sahuarita, Arizona

The polling place will open at 8:00 a.m. and close at 2:00 p.m.

The purpose of the election is to permit those who would be the qualified resident and landowner electors of the District to vote on the following questions:

SHALL THE DISTRICT BOARD (THE "BOARD") OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS OF THE DISTRICT, IN THE DENOMINATION OF THE BONDS, THE SIZE OF EACH ISSUE AND THE FORM OF THE BONDS PRESCRIBED, AND HAVING THE MATURITIES (NOT EXCEEDING TWENTY-FIVE (25) YEARS), INTEREST PAYMENT DATES AND INTEREST RATES, WHETHER FIXED OR VARIABLE, NOT EXCEEDING TWELVE PERCENT (12%) PER ANNUM, ESTABLISHED, BY THE BOARD AND CONTAINING SUCH TERMS, CONDITIONS, COVENANTS AND AGREEMENTS AS THE BOARD DEEMS PROPER, IN THE MAXIMUM AMOUNT OF THIRTY MILLION DOLLARS ($30,000,000) TO PROVIDE MONEYS (A)(1) FOR PLANNING, DESIGN, ENGINEERING, CONSTRUCTION, ACQUISITION OR INSTALLATION OF ANY OR ALL OF THE FOLLOWING IMPROVEMENTS, INCLUDING NECESSARY OR INCIDENTAL WORK, WHETHER NEWLY CONSTRUCTED, RENOVATED OR EXISTING, AND ALL NECESSARY OR DESIRABLE APPURTENANCES ("PUBLIC INFRASTRUCTURE"): (a) SANITARY SEWAGE SYSTEMS, INCLUDING COLLECTION, TRANSPORT, STORAGE, TREATMENT, DISPERSAL, EFFLUENT USE AND DISCHARGE, (b) DRAINAGE AND FLOOD CONTROL SYSTEMS, INCLUDING COLLECTION, TRANSPORT, DIVERSION, STORAGE, DETENTION, RETENTION, DISPERSAL, USE AND DISCHARGE, (c) WATER SYSTEMS FOR DOMESTIC, INDUSTRIAL, IRRIGATION, MUNICIPAL OR FIRE PROTECTION PURPOSES INCLUDING PRODUCTION, COLLECTION, STORAGE, TREATMENT, TRANSPORT, DELIVERY, CONNECTION AND DISPERSAL, BUT NOT INCLUDING FACILITIES FOR AGRICULTURAL IRRIGATION PURPOSES UNLESS FOR THE REPAIR OR REPLACEMENT OF EXISTING FACILITIES WHEN REQUIRED BY OTHER IMPROVEMENTS DESCRIBED HEREIN, (d) HIGHWAYS, STREETS, ROADWAYS AND PARKING FACILITIES INCLUDING ALL AREAS FOR VEHICULAR USE FOR TRAVEL, INGRESS AND EGRESS, (e) AREAS FOR PEDESTRIAN, EQUESTRIAN, BICYCLE OR OTHER NON-MOTOR VEHICLE USE FOR TRAVEL, INGRESS, EGRESS AND PARKING, (f) PEDESTRIAN MALLS, PARKS, RECREATIONAL FACILITIES, AND OPEN SPACE AREAS FOR THE USE OF MEMBERS OF THE PUBLIC FOR ENTERTAINMENT, ASSEMBLY AND RECREATION, (g) LANDSCAPING INCLUDING EARTHWORKS, STRUCTURES, LAKES AND OTHER WATER FEATURES, PLANTS, TREES AND RELATED WATER DELIVERY SYSTEMS, (h) PUBLIC BUILDINGS, PUBLIC SAFETY FACILITIES AND FIRE PROTECTION FACILITIES, (i) LIGHTING SYSTEMS, (j) TRAFFIC CONTROL SYSTEMS AND DEVICES INCLUDING SIGNALS, CONTROLS, MARKINGS AND SIGNAGE, (k) SCHOOL SITES AND FACILITIES AND (1) EQUIPMENT, VEHICLES, FURNISHINGS AND OTHER PERSONALTY RELATED TO ANY OF THE FOREGOING; (2) ACQUIRING, CONVERTING, RENOVATING OR IMPROVING EXISTING FACILITIES FOR PUBLIC INFRASTRUCTURE; (3) ACQUIRING INTERESTS IN REAL PROPERTY FOR PUBLIC INFRASTRUCTURE; (4) ESTABLISHING, MAINTAINING AND REPLENISHING RESERVES FROM ANY SOURCE IN ORDER TO SECURE PAYMENT OF DEBT SERVICE ON BONDS; (5) FUNDING AND PAYING FROM BOND PROCEEDS INTEREST ACCRUING ON BONDS FOR A PERIOD OF NOT TO EXCEED THREE (3) YEARS FROM THEIR DATE OF ISSUANCE; (6) PROVIDING FOR THE TIMELY PAYMENT OF DEBT SERVICE ON BONDS OR OTHER INDEBTEDNESS OF THE DISTRICT; (7) REFINANCING ANY MATURED OR UNMATURED BONDS, WITH NEW BONDS; AND (8) EXPENSES OF THE DISTRICT INCIDENT TO AND REASONABLY NECESSARY TO CARRY OUT THE PURPOSES SPECIFIED IN THIS PARAGRAPH (CLAUSES (1) THROUGH (8), BOTH INCLUSIVE, BEING "PUBLIC INFRASTRUCTURE PURPOSES") AND (B) FOR REPAYING ALL OR PART OF FEES OR CHARGES COLLECTED FROM LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES, THE ADVANCE OF MONEYS BY LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES OR THE GRANTING OF REAL PROPERTY BY THE LANDOWNER FOR PUBLIC INFRASTRUCTURE PURPOSES PURSUANT TO AGREEMENTS ENTERED INTO WITH LANDOWNERS AND THE TOWN OF SAHUARITA, ARIZONA, PURSUANT TO SECTION 48-709(A)(10), ARIZONA REVISED STATUTES, AS AMENDED, AND IN AN AMOUNT NOT IN EXCESS OF ONE AND ONE-HALF (1-1/2) TIMES THE AMOUNT OF BONDS PREVIOUSLY ISSUED BY THE DISTRICT FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED BY THE DISTRICT FOR EITHER OF THE FOREGOING PURPOSES, PAYABLE FROM AN *AD VALOREM* TAX LEVIED AND COLLECTED ANNUALLY ON ALL TAXABLE PROPERTY IN THE DISTRICT, SUFFICIENT TO PAY DEBT SERVICE ON SUCH BONDS WHEN DUE, AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, TOGETHER WITH ALL AMENDMENTS AND ADDITIONS THERETO?

SHALL THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO LEVY AND COLLECT AN ANNUAL *AD VALOREM* TAX ON THE ASSESSED VALUE OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT AT A RATE NOT TO EXCEED THIRTY CENTS (30¢) PER ONE HUNDRED DOLLARS ($100) OF ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT, ALL ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) SECTION 48-723, ARIZONA REVISED STATUTES, AS AMENDED?

Absentee/early voting shall be permitted in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes, as amended. Absentee/early voting information may be obtained by contacting the office of the District Clerk, Box 879, 725-2 West Via Rancho Sahuarita, Sahuarita, Arizona 85629, telephone number (520) 648-1972.

The "general plan" for the District required by Section 48-702(A)(8), Arizona Revised Statutes, as amended, is on file with the District Clerk at the same location described in the preceding paragraph.

STATE OF ARIZONA)
:SS.
COUNTY OF PIMA)

AFFIDAVIT OF PUBLICATION

MARILEE WRIGHT being first duly sworn, deposes and says that (he) (she) is the Legal Advertising Manager of the **GREEN VALLEY NEWS and SUN**, a newspaper published every Sunday, Wednesday and Friday in the County of Pima, State of Arizona, and of general circulation in said County, and that the hereto attached

NOTICE OF ELECTION - SPANISH
NOVEMBER 8, 2005

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09/30/05
10/07/05

Request of (L) MICHAEL CAFISO

green valley news and sun

By Marilee Wright

Subscribed and sworn to before me this 7TH day of OCTOBER, 2005.

Notary Public in and for the County of Pima, State of Arizona

My Commission Expires: JUNE 30, 2006

OFFICIAL SEAL
IRENE M. REDONDO
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Exp. June. 30, 2006

A LOS RESIDENTES CAPACITADOS Y ELECTORES DUEÑOS DE PROPIEDAD DEL DISTRITO DE INSTALACIONES DE LA COMUNIDAD DE QUAIL CREEK (EL "DISTRITO"):

El 8 de noviembre de 2005 se celebrará una elección especial para establecer ciertos asuntos en los siguientes centros electorales de los precintos, dicho precinto es el precinto en el cual esta localizada el Distrito:
Precinto Sahuarita
Centro Electoral 725-2 West Via Rancho Sahuarita Sahuarita, Arizona

El centro electoral abrirá a las 8:00 de la mañana y cerrará a las 2:00 de la tarde.

El propósito de la elección es de permitir a aquellas personas que podrán ser residentes capacitados y electores dueños de propiedad del Distrito votar sobre las siguientes cuestiones:

¿SE LE DEBERÁ AUTORIZAR A LA JUNTA DEL DISTRITO (LA "JUNTA") DEL DISTRITO DE INSTALACIONES DE LA COMUNIDAD DE SHOW LOW BLUFF EL "DISTRITO") A EMITIR BONOS DE OBLIGACIÓN GENERAL DEL DISTRITO, EN LA DENOMINACIÓN DE LOS BONOS, LA CANTIDAD DE CADA CUESTIÓN Y LA FORMA DE LOS BONOS PRESCRITA, Y CON VENCIMIENTO (NO EXCEDIENDO VIENTE Y CINCO (25) AÑOS), FECHAS DE PAGO DE INTERÉS Y TASAS DE INTERÉS, SI FIJAS O VARIABLES, QUE NO EXCEDAN EL DOCE POR CIENTO (12%) POR AÑO, ESTABLECIDO, POR LA JUNTA Y CONTENIENDO DICHOS TÉRMINOS, CONDICIONES, ESTIPULACIONES Y ACUERDOS SEGÚN DETERMINE LA JUNTA SER CONVENIENTE, EN LA MÁXIMA CANTIDAD DE TREINTA MILLIONES ($30,000,000) PARA PROVEER FONDOS PARA (A)(1) PLANEAR, DISEÑAR, INGENIERÍA, CONSTRUIR, ADQUIRIR O INSTALAR CUALESQUIER O TODOS DE LOS SIGUIENTES MEJORAMIENTOS, INCLUYENDO OBRAS NECESARIAS O INCIDENTALES, SI CONSTRUIDAS RECIENTEMENTE, RENOVADAS O EXISTENTES, Y TODOS LOS ACCESORIOS NECESARIOS O CONVENIENTES ("INFRAESTRUCTURA PÚBLICA"): (a) SISTEMAS DE AGUAS RESIDUALES SANITARIAS INCLUYENDO LA COLECCIÓN, TRANSPORTE, ALMACENAJE, TRATAMIENTO, DISPERSIÓN, USO Y DESCARGA DE EFLUENTE, (b) SISTEMAS DE DRENAJE Y CONTROL DE INUNDACIÓN, INCLUYENDO COLECCIÓN, TRANSPORTE, DESVIACIÓN, ALMACENAJE, DETENCIÓN, RETENCIÓN, DISPERSIÓN, USO Y DESCARGA, (c) SISTEMAS DE AGUA PARA PROPÓSITOS DOMÉSTICOS, INDUSTRIALES, DE RIEGO, MUNICIPALES O PROPÓSITOS DE PROTECCIÓN CONTRA INCENDIOS INCLUYENDO LA PRODUCCIÓN, COLECCIÓN, ALMACENAJE, TRATAMIENTO, TRANSPORTE, ENTREGA, CONEXIÓN, Y DISPERSIÓN PERO NO INCLUYENDO INSTALACIONES PARA PROPÓSITOS DE AGRICULTURA Y DE RIEGO A MENOS QUE SEAN PARA LA REPARACIÓN O REEMPLAZO DE INSTALACIONES EXISTENTES AL SER REQUERIDO POR OTROS MEJORAMIENTOS DESCRITOS EN ESTO, (d) CARRETERAS, CALLES, CALZADAS E INSTALACIONES DE ESTACIONAMIENTO INCLUYENDO TODAS LAS ÁREAS DEL USO DE VEHÍCULOS PARA VIAJAR, ENTRAR Y SALIR, (e) ÁREAS PARA EL USO DE PEDESTRES, ECUESTRE, BICICLETAS U OTRO USO DE VEHÍCULOS NO MOTORIZADOS PARA VIAJAR, ENTRAR, SALIRA Y ESTACIONAMIENTO, (f) CENTROS COMERCIALES PARA PEDESTRES, PARQUES, INSTALACIONES DE RECREO, Y ÁREAS DE ESPACIO ABIERTO PARA EL USO DE LOS MIEMBROS DEL PÚBLICO Y PARA LA DIVERSIÓN, REUNIÓN Y RECREO, (g) PAISAJE INCLUYENDO TERRAPLENAS, INSTALACIONES, LAGOS Y OTRAS CARACTERÍSTICAS DE AGUA, PLANTAS, ÁRBOLES Y OTROS SISTEMAS DE ENTREGA DE AGUA RELACIONADOS, (h) EDIFICIOS PÚBLICOS, INSTALACIONES DE SEGURIDAD PÚBLICA, E INSTALACIONES DE PROTECCIÓN CONTRA INCENDIOS, (i) SISTEMAS DE ALUMBRADO, (j) SISTEMAS DE CONTROL DE TRÁFICO Y APARATOS INCLUYENDO SEÑALES, CONTROLES, MARCAS Y RÓTULOS, (k) SOLARES ESCOLARES E INSTALACIONES Y (1) EQUIPO, VEHÍCULOS, MUEBLES, Y OTRA PERSONALIDAD RELACIONADA CON CUALQUIER DE LO PRECEDENTE; (2) ADQUIRIR, CONVERTIR, RENOVAR O MEJORAR INSTALACIONES EXISTENTES PARA LA INFRAESTRUCTURA PÚBLICA; (3) ADQUIRIR INTERESES DE BIENES INMUEBLES PARA LA INFRAESTRUCTURA PÚBLICA; (4) ESTABLECER, MANTENER Y REPONER RESERVAS DE CUALQUIER FUENTE PARA PODER ASEGURAR EL PAGO DE SERVICIO DE DEUDA DE LOS BONOS; (5) FINANCIAR Y PAGAR DE LOS RÉDITOS DE LOS BONOS EL INTERÉS ACUMULADO SOBRE LOS BONOS POR UN PERÍODO QUE NO EXCEDA TRES (3) AÑOS DE SU FECHA DE EMISIÓN; (6) PROVEER POR EL PAGO OPORTUNO DEL SERVICIO DE DEUDA SOBRE LOS BONOS U OTRA DEUDA DEL DISTRITO; (7) FINANCIAR DE NUEVO CON BONOS NUEVOS CUALESQUIER BONOS VENCIDOS O NO VENCIDOS; Y (8) GASTOS DEL DISTRITO INCIDENTALES A Y RAZONABLEMENTE NECESARIOS PARA REALIZAR LOS PROPÓSITOS ESPECIFICADOS EN ESTE PÁRRAFO (ARTÍCULOS (1) A (8), AMBOS INCLUSIVE, SIENDO "PROPÓSITOS DE LA INFRAESTRUCTURA PÚBLICA") Y (B) PARA PAGAR DE NUEVO TODOS O PARTE DE LOS DERECHOS O CARGOS RECAUDADOS DE LOS PROPIETARIOS DE INMUEBLES PARA LOS PROPÓSITOS DE LA INFRAESTRUCTURA PÚBLICA, EL PRÉSTAMO DE FONDOS POR LOS PROPIETARIOS DE INMUEBLES PARA LOS PROPÓSITOS DE LA INFRAESTRUCTURA PÚBLICA O CONCESIÓN DE BIENES INMUEBLES POR LOS PROPIETARIOS DE INMUEBLES PARA LOS PROPÓSITOS DE LA INFRAESTRUCTURA PÚBLICA DE ACUERDO CON LOS ACUERDOS ENTRE LOS PROPIETARIOS DE INMUEBLES Y EL PUEBLO DE SAHUARITA, ARIZONA, DE ACUERDO CON LA SECCIÓN 48?709(A)(10), ESTATUTOS REVISADOS DE ARIZONA, COMO ENMENDADOS Y EN UNA CANTIDAD QUE NO EXCEDA UNA Y MEDIA (1-1/2) VECES LA CANTIDAD DE LOS BONOS EMITIDOS ANTERIORMENTE POR EL DISTRITO PARA EL PROPÓSITO DE FINANCIAR DE NUEVO CUALESQUIER BONOS EMITIDOS POR EL DISTRITO PARA O CUALESQUIER DE LOS PROPÓSITOS DE LO PRECEDENTE, PAGADEROS DE IMPUESTOS *DE VALOR AGREGADO* GRAVADOS Y RECAUDADOS CADA AÑO SOBRE TODA LA PROPIEDAD SUJETA A IMPUESTOS EN EL DISTRITO, SIENDO SUFICIENTE PARA PAGAR POR EL SERVICIO DE DEUDA SOBRE DICHOS BONOS AL SER PAGADERO, COMO AUTORIZADO POR LA CONSTITUCIÓN Y LAS LEYES DEL ESTADO DE ARIZONA, INCLUYENDO PARTICULARMENTE (PERO POR NINGUNA MANERA DE LIMITACIÓN) EL TÍTULO 48, CAPÍTULO 4, ARTÍCULO 6, ESTATUTOS REVISADOS DE ARIZONA, JUNTO CON TODAS LAS ENMIENDAS Y ADICIONES A ESO?

¿SE LE DEBERÁ AUTORIZAR A LA JUNTA DEL DISTRITO DEL DISTRITO DE INSTALACIONES DE LA COMUNIDAD DE QUAIL CREEK (EL "DISTRITO") GRAVAR Y RECAUDAR CADA AÑO UN IMPUESTO *DE VALOR AGREGADO* SOBRE EL VALOR TASADO DE TODA LA PROPIEDAD REAL Y PERSONAL EN EL DISTRITO A UNA TASA QUE NO EXCEDA TREINTA CENTAVOS (30¢) POR CIEN DÓLARES ($100) DE VALUACIÓN TASADA DE TODA LA PROPIEDAD REAL Y PERSONAL EN EL DISTRITO, TODO ATRIBUIBLE A LOS GASTOS DE OPERACIÓN Y MANTENIMIENTO DEL DISTRITO, DE ACUERDO CON LA CONSTITUCIÓN Y LAS LEYES DEL ESTADO DE ARIZONA, INCLUYENDO PARTICULARMENTE (PERO POR NINGUNA MANERA DE LIMITACIÓN) LA SECCIÓN 48-723, ESTATUTOS REVISADOS DE ARIZONA, COMO ENMENDADOS?

De acuerdo con las estipulaciones del Título 16, Capítulo 4, Artículo 8, de los Estatutos Revisados de Arizona, como enmendados, se permitirá la votación en ausencia/antes de la elección. Se puede obtener información tocante la votación en ausencia/antes de la elección por comunicándose con la oficina de la Secretaria del Distrito, Box 879, 725-2 West Via Rancho Sahuarita, Sahuarita, Arizona 85629, número de teléfono (520) 648-1972.

El "plan general" del Distrito requerido por la Sección 48-702(A)(8), Estatutos Revisados de Arizona, como enmendados, esta archivado con el Secretario del Distrito en la misma ubicación descrita en el párrafo precedente.

AFFIDAVIT OF POSTING

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

SANDRA OLIVAS, being first duly sworn upon oath, deposes and says:

That he/she is now, and was at all times mentioned herein, over the age of eighteen (18) years;

That on OCTOBER 17, 2005, he/she posted copies of the Notice of Election for Quail Creek Community Facilities District, a copy of which is attached hereto as Exhibit A in the places indicated in Exhibit B hereto in Quail Creek Community Facilities District;

That the posting of the copies of said Notice was done pursuant to order of the District Board of Quail Creek Community Facilities District; and

That said Notice was posted at least twenty (20) days prior to the date of the subject election and remained posted to the best of my knowledge and belief from the day of such posting until and including the day of such election.

S Olivas
Signature of Postee

SUBSCRIBED AND SWORN before me this 17th day of October, 2005, by Sandra Olivas.

Irene Lopez
Notary Public

My Commission Expires:

OFFICIAL SEAL
IRENE LOPEZ
Notary Public - State of Arizona
PIMA COUNTY
My Comm. Expires May 16, 2009

TO THE QUALIFIED RESIDENT AND LANDOWNER ELECTORS OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT"):

A special election to establish certain matters will be held on November 8, 2005, at the following precinct's polling place, such precinct being the precinct in which the area within the District is located:

Precinct	Polling Place
Sahuarita	725-2 West Via Rancho Sahuarita Sahuarita, Arizona

The polling place will open at 8:00 a.m. and close at 2:00 p.m.

The purpose of the election is to permit those who would be the qualified resident and landowner electors of the District to vote on the following questions:

SHALL THE DISTRICT BOARD (THE "BOARD") OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS OF THE DISTRICT, IN THE DENOMINATION OF THE BONDS, THE SIZE OF EACH ISSUE AND THE FORM OF THE BONDS PRESCRIBED, AND HAVING THE MATURITIES (NOT EXCEEDING TWENTY-FIVE (25) YEARS), INTEREST PAYMENT DATES AND INTEREST RATES, WHETHER FIXED OR VARIABLE, NOT EXCEEDING TWELVE PERCENT (12%) PER ANNUM, ESTABLISHED, BY THE BOARD AND CONTAINING SUCH TERMS, CONDITIONS, COVENANTS AND AGREEMENTS AS THE BOARD DEEMS PROPER, IN THE MAXIMUM AMOUNT OF THIRTY MILLION DOLLARS ($30,000,000) TO PROVIDE MONEYS (A)(1) FOR PLANNING, DESIGN, ENGINEERING, CONSTRUCTION, ACQUISITION OR INSTALLATION OF ANY OR ALL OF THE FOLLOWING IMPROVEMENTS, INCLUDING NECESSARY OR INCIDENTAL WORK, WHETHER NEWLY CONSTRUCTED, RENOVATED OR EXISTING, AND ALL NECESSARY OR DESIRABLE APPURTENANCES ("PUBLIC INFRASTRUCTURE"): (a) SANITARY SEWAGE SYSTEMS, INCLUDING COLLECTION, TRANSPORT, STORAGE, TREATMENT, DISPERSAL, EFFLUENT USE AND DISCHARGE, (b) DRAINAGE AND FLOOD CONTROL SYSTEMS, INCLUDING COLLECTION, TRANSPORT, DIVERSION, STORAGE, DETENTION, RETENTION, DISPERSAL, USE AND DISCHARGE, (c) WATER SYSTEMS FOR DOMESTIC, INDUSTRIAL, IRRIGATION, MUNICIPAL OR FIRE PROTECTION PURPOSES INCLUDING PRODUCTION, COLLECTION, STORAGE, TREATMENT, TRANSPORT, DELIVERY, CONNECTION AND DISPERSAL, BUT NOT INCLUDING FACILITIES FOR AGRICULTURAL IRRIGATION PURPOSES UNLESS FOR THE REPAIR OR REPLACEMENT OF EXISTING FACILITIES WHEN REQUIRED BY OTHER IMPROVEMENTS DESCRIBED HEREIN, (d) HIGHWAYS, STREETS, ROADWAYS AND PARKING

FACILITIES INCLUDING ALL AREAS FOR VEHICULAR USE FOR TRAVEL, INGRESS AND EGRESS, (e) AREAS FOR PEDESTRIAN, EQUESTRIAN, BICYCLE OR OTHER NON-MOTOR VEHICLE USE FOR TRAVEL, INGRESS, EGRESS AND PARKING, (f) PEDESTRIAN MALLS, PARKS, RECREATIONAL FACILITIES, AND OPEN SPACE AREAS FOR THE USE OF MEMBERS OF THE PUBLIC FOR ENTERTAINMENT, ASSEMBLY AND RECREATION, (g) LANDSCAPING INCLUDING EARTHWORKS, STRUCTURES, LAKES AND OTHER WATER FEATURES, PLANTS, TREES AND RELATED WATER DELIVERY SYSTEMS, (h) PUBLIC BUILDINGS, PUBLIC SAFETY FACILITIES AND FIRE PROTECTION FACILITIES, (i) LIGHTING SYSTEMS, (j) TRAFFIC CONTROL SYSTEMS AND DEVICES INCLUDING SIGNALS, CONTROLS, MARKINGS AND SIGNAGE, (k) SCHOOL SITES AND FACILITIES AND (1) EQUIPMENT, VEHICLES, FURNISHINGS AND OTHER PERSONALTY RELATED TO ANY OF THE FOREGOING; (2) ACQUIRING, CONVERTING, RENOVATING OR IMPROVING EXISTING FACILITIES FOR PUBLIC INFRASTRUCTURE; (3) ACQUIRING INTERESTS IN REAL PROPERTY FOR PUBLIC INFRASTRUCTURE; (4) ESTABLISHING, MAINTAINING AND REPLENISHING RESERVES FROM ANY SOURCE IN ORDER TO SECURE PAYMENT OF DEBT SERVICE ON BONDS; (5) FUNDING AND PAYING FROM BOND PROCEEDS INTEREST ACCRUING ON BONDS FOR A PERIOD OF NOT TO EXCEED THREE (3) YEARS FROM THEIR DATE OF ISSUANCE; (6) PROVIDING FOR THE TIMELY PAYMENT OF DEBT SERVICE ON BONDS OR OTHER INDEBTEDNESS OF THE DISTRICT; (7) REFINANCING ANY MATURED OR UNMATURED BONDS, WITH NEW BONDS; AND (8) EXPENSES OF THE DISTRICT INCIDENT TO AND REASONABLY NECESSARY TO CARRY OUT THE PURPOSES SPECIFIED IN THIS PARAGRAPH (CLAUSES (1) THROUGH (8), BOTH INCLUSIVE, BEING "PUBLIC INFRASTRUCTURE PURPOSES") AND (B) FOR REPAYING ALL OR PART OF FEES OR CHARGES COLLECTED FROM LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES, THE ADVANCE OF MONEYS BY LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES OR THE GRANTING OF REAL PROPERTY BY THE LANDOWNER FOR PUBLIC INFRASTRUCTURE PURPOSES PURSUANT TO AGREEMENTS ENTERED INTO WITH LANDOWNERS AND THE TOWN OF SAHUARITA, ARIZONA, PURSUANT TO SECTION 48-709 (A)(10), ARIZONA REVISED STATUTES, AS AMENDED, AND IN AN AMOUNT NOT IN EXCESS OF ONE AND ONE-HALF (1½) TIMES THE AMOUNT OF BONDS PREVIOUSLY ISSUED BY THE DISTRICT FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED BY THE DISTRICT FOR EITHER OF THE FOREGOING PURPOSES, PAYABLE FROM AN *AD VALOREM* TAX LEVIED AND COLLECTED ANNUALLY ON ALL TAXABLE PROPERTY IN THE DISTRICT, SUFFICIENT TO PAY DEBT SERVICE ON SUCH BONDS WHEN DUE, AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT

BY WAY OF LIMITATION) TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, TOGETHER WITH ALL AMENDMENTS AND ADDITIONS THERETO?

SHALL THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO LEVY AND COLLECT AN ANNUAL *AD VALOREM* TAX ON THE ASSESSED VALUE OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT AT A RATE NOT TO EXCEED THIRTY CENTS (30¢) PER ONE HUNDRED DOLLARS ($100) OF ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT, ALL ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) SECTION 48-723, ARIZONA REVISED STATUTES, AS AMENDED?

Absentee/early voting shall be permitted in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes, as amended. Absentee/early voting information may be obtained by contacting the office of the District Clerk, Box 879, 725-2 West Via Rancho Sahuarita, Sahuarita, Arizona 85629, telephone number (520) 648-1972.

The "general plan" for the District required by Section 48-702(A)(8), Arizona Revised Statutes, as amended, is on file with the District Clerk at the same location described in the preceding paragraph.

A LOS RESIDENTES CAPACITADOS Y ELECTORES DUEÑOS DE PROPIEDAD DEL DISTRITO DE INSTALACIONES DE LA COMUNIDAD DE QUAIL CREEK (EL "DISTRITO"):

El 8 de noviembre de 2005 se celebrará una elección especial para establecer ciertos asuntos en los siguientes centros electorales de los precintos, dicho precinto es el precinto en el cual esta localizada el Distrito:

Precinto	Centro Electoral
Sahuarita	725-2 West Via Rancho Sahuarita Sahuarita, Arizona

El centro electoral abrirá a las 8:00 de la mañana y cerrará a las 2:00 de la tarde.

El propósito de la elección es de permitir a aquellas personas que podrán ser residentes capacitados y electores dueños de propiedad del Distrito votar sobre las siguientes cuestiones:

¿SE LE DEBERÁ AUTORIZAR A LA JUNTA DEL DISTRITO (LA "JUNTA") DEL DISTRITO DE INSTALACIONES DE LA COMUNIDAD DE SHOW LOW BLUFF EL "DISTRITO") A EMITIR BONOS DE OBLIGACIÓN GENERAL DEL DISTRITO, EN LA DENOMINACIÓN DE LOS BONOS, LA CANTIDAD DE CADA CUESTIÓN Y LA FORMA DE LOS BONOS PRESCRITA, Y CON VENCIMIENTO (NO EXCEDIENDO VIENTE Y CINCO (25) AÑOS), FECHAS DE PAGO DE INTERÉS Y TASAS DE INTERÉS, SI FIJAS O VARIABLES, QUE NO EXCEDAN EL DOCE POR CIENTO (12%) POR AÑO, ESTABLECIDO, POR LA JUNTA Y CONTENIENDO DICHOS TÉRMINOS, CONDICIONES, ESTIPULACIONES Y ACUERDOS SEGÚN DETERMINE LA JUNTA SER CONVENIENTE, EN LA MÁXIMA CANTIDAD DE TREINTA MILLIONES ($30,000,000) PARA PROVEER FONDOS PARA (A)(1) PLANEAR, DISEÑAR, INGENIERÍA, CONSTRUIR, ADQUIRIR O INSTALAR CUALESQUIER O TODOS DE LOS SIGUIENTES MEJORAMIENTOS, INCLUYENDO OBRAS NECESARIAS O INCIDENTALES, SI CONSTRUIDAS RECIENTEMENTE, RENOVADAS O EXISTENTES, Y TODOS LOS ACCESORIOS NECESARIOS O CONVENIENTES ("INFRAESTRUCTURA PÚBLICA"): (a) SISTEMAS DE AGUAS RESIDUALES SANITARIAS INCLUYENDO LA COLECCIÓN, TRANSPORTE, ALMACENAJE, TRATAMIENTO, DISPERSIÓN, USO Y DESCARGA DE EFLUENTE, (b) SISTEMAS DE DRENAJE Y CONTROL DE INUNDACIÓN, INCLUYENDO COLECCIÓN, TRANSPORTE, DESVIACIÓN, ALMACENAJE, DETENCIÓN, RETENCIÓN, DISPERSIÓN, USO Y DESCARGA, (c) SISTEMAS DE AGUA PARA PROPÓSITOS DOMÉSTICOS, INDUSTRIALES, DE RIEGO, MUNICIPALES O PROPÓSITOS DE PROTECCIÓN CONTRA INCENDIOS INCLUYENDO LA PRODUCCIÓN, COLECCIÓN, ALMACENAJE, TRATAMIENTO, TRANSPORTE, ENTREGA, CONEXIÓN, Y DISPERSIÓN PERO

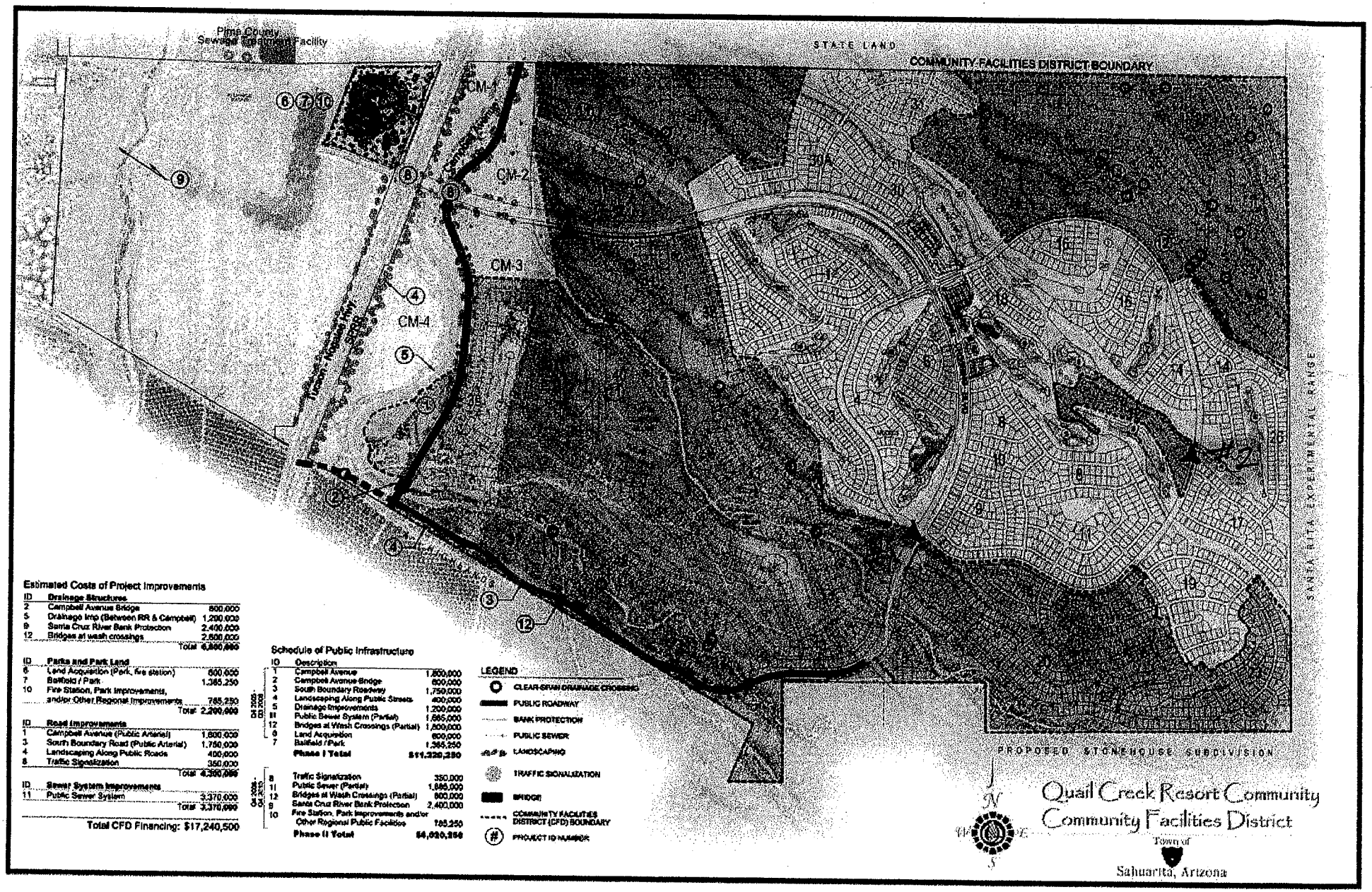
NO INCLUYENDO INSTALACIONES PARA PROPÓSITOS DE AGRICULTURA Y DE RIEGO A MENOS QUE SEAN PARA LA REPARACIÓN O REEMPLAZO DE INSTALACIONES EXISTENTES AL SER REQUERIDO POR OTROS MEJORAMIENTOS DESCRITOS EN ESTO, (d) CARRETERAS, CALLES, CALZADAS E INSTALACIONES DE ESTACIONAMIENTO INCLUYENDO TODAS LAS ÁREAS DEL USO DE VEHÍCULOS PARA VIAJAR, ENTRAR Y SALIR, (e) ÁREAS PARA EL USO DE PEDESTRES, ECUESTRE, BICICLETAS U OTRO USO DE VEHÍCULOS NO MOTORIZADOS PARA VIAJAR, ENTRAR, SALIRA Y ESTACIONAMIENTO, (f) CENTROS COMERCIALES PARA PEDESTRES, PARQUES, INSTALACIONES DE RECREO, Y ÁREAS DE ESPACIO ABIERTO PARA EL USO DE LOS MIEMBROS DEL PÚBLICO Y PARA LA DIVERSIÓN, REUNIÓN Y RECREO, (g) PAISAJE INCLUYENDO TERRAPLENAS, INSTALACIONES, LAGOS Y OTRAS CARACTERÍSTICAS DE AGUA, PLANTAS, ÁRBOLES Y OTROS SISTEMAS DE ENTREGA DE AGUA RELACIONADOS, (h) EDIFICIOS PÚBLICOS, INSTALACIONES DE SEGURIDAD PÚBLICA, E INSTALACIONES DE PROTECCIÓN CONTRA INCENDIOS, (i) SISTEMAS DE ALUMBRADO, (j) SISTEMAS DE CONTROL DE TRÁFICO Y APARATOS INCLUYENDO SEÑALES, CONTROLES, MARCAS Y RÓTULOS, (k) SOLARES ESCOLARES E INSTALACIONES Y (1) EQUIPO, VEHÍCULOS, MUEBLES, Y OTRA PERSONALIDAD RELACIONADA CON CUALQUIER DE LO PRECEDENTE; (2) ADQUIRIR, CONVERTIR, RENOVAR O MEJORAR INSTALACIONES EXISTENTES PARA LA INFRAESTRUCTURA PÚBLICA; (3) ADQUIRIR INTERESES DE BIENES INMUEBLES PARA LA INFRAESTRUCTURA PÚBLICA; (4) ESTABLECER, MANTENER Y REPONER RESERVAS DE CUALQUIER FUENTE PARA PODER ASEGURAR EL PAGO DE SERVICIO DE DEUDA DE LOS BONOS; (5) FINANCIAR Y PAGAR DE LOS RÉDITOS DE LOS BONOS EL INTERÉS ACUMULADO SOBRE LOS BONOS POR UN PERÍODO QUE NO EXCEDA TRES (3) AÑOS DE SU FECHA DE EMISIÓN; (6) PROVEER POR EL PAGO OPORTUNO DEL SERVICIO DE DEUDA SOBRE LOS BONOS U OTRA DEUDA DEL DISTRITO; (7) FINANCIAR DE NUEVO CON BONOS NUEVOS CUALESQUIER BONOS VENCIDOS O NO VENCIDOS; Y (8) GASTOS DEL DISTRITO INCIDENTALES A Y RAZONABLEMENTE NECESARIOS PARA REALIZAR LOS PROPÓSITOS ESPECIFICADOS EN ESTE PÁRRAFO (ARTÍCULOS (1) A (8), AMBOS INCLUSIVE, SIENDO "PROPÓSITOS DE LA INFRAESTRUCTURA PÚBLICA") Y (B) PARA PAGAR DE NUEVO TODOS O PARTE DE LOS DERECHOS O CARGOS RECAUDADOS DE LOS PROPIETARIOS DE INMUEBLES PARA LOS PROPÓSITOS DE LA INFRAESTRUCTURA PÚBLICA, EL PRÉSTAMO DE FONDOS POR LOS PROPIETARIOS DE INMUEBLES PARA LOS PROPÓSITOS DE LA INFRAESTRUCTURA PÚBLICA O CONCESIÓN DE BIENES INMUEBLES POR LOS PROPIETARIOS DE INMUEBLES PARA LOS PROPÓSITOS DE LA INFRAESTRUCTURA PÚBLICA DE ACUERDO CON LOS ACUERDOS ENTRE LOS PROPIETARIOS

DE INMUEBLES Y EL PUEBLO DE SAHUARITA, ARIZONA, DE ACUERDO CON LA SECCIÓN 48-709(A)(10), ESTATUTOS REVISADOS DE ARIZONA, COMO ENMENDADOS Y EN UNA CANTIDAD QUE NO EXCEDA UNA Y MEDIA (1½) VECES LA CANTIDAD DE LOS BONOS EMITIDOS ANTERIORMENTE POR EL DISTRITO PARA EL PROPÓSITO DE FINANCIAR DE NUEVO CUALESQUIER BONOS EMITIDOS POR EL DISTRITO PARA O CUALESQUIER DE LOS PROPÓSITOS DE LO PRECEDENTE, PAGADEROS DE IMPUESTOS *DE VALOR AGREGADO* GRAVADOS Y RECAUDADOS CADA AÑO SOBRE TODA LA PROPIEDAD SUJETA A IMPUESTOS EN EL DISTRITO, SIENDO SUFICIENTE PARA PAGAR POR EL SERVICIO DE DEUDA SOBRE DICHOS BONOS AL SER PAGADERO, COMO AUTORIZADO POR LA CONSTITUCIÓN Y LAS LEYES DEL ESTADO DE ARIZONA, INCLUYENDO PARTICULARMENTE (PERO POR NINGUNA MANERA DE LIMITACIÓN) EL TÍTULO 48, CAPÍTULO 4, ARTÍCULO 6, ESTATUTOS REVISADOS DE ARIZONA, JUNTO CON TODAS LAS ENMIENDAS Y ADICIONES A ESO?

¿SE LE DEBERÁ AUTORIZAR A LA JUNTA DEL DISTRITO DEL DISTRITO DE INSTALACIONES DE LA COMUNIDAD DE QUAIL CREEK (EL "DISTRITO") GRAVAR Y RECAUDAR CADA AÑO UN IMPUESTO *DE VALOR AGREGADO* SOBRE EL VALOR TASADO DE TODA LA PROPIEDAD REAL Y PERSONAL EN EL DISTRITO A UNA TASA QUE NO EXCEDA TREINTA CENTAVOS (30¢) POR CIEN DÓLARES ($100) DE VALUACIÓN TASADA DE TODA LA PROPIEDAD REAL Y PERSONAL EN EL DISTRITO, TODO ATRIBUIBLE A LOS GASTOS DE OPERACIÓN Y MANTENIMIENTO DEL DISTRITO, DE ACUERDO CON LA CONSTITUCIÓN Y LAS LEYES DEL ESTADO DE ARIZONA, INCLUYENDO PARTICULARMENTE (PERO POR NINGUNA MANERA DE LIMITACIÓN) LA SECCIÓN 48-723, ESTATUTOS REVISADOS DE ARIZONA, COMO ENMENDADOS?

De acuerdo con las estipulaciones del Título 16, Capítulo 4, Artículo 8, de los Estatutos Revisados de Arizona, como enmendados, se permitirá la votación en ausencia/antes de la elección. Se puede obtener información tocante la votación en ausencia/antes de la elección por comunicándose con la oficina de la Secretaria del Distrito, Box 879, 725-2 West Via Rancho Sahuarita, Sahuarita, Arizona 85629, número de teléfono (520) 648-1972.

El "plan general" del Distrito requerido por la Sección 48-702(A)(8), Estatutos Revisados de Arizona, como enmendados, esta archivado con el Secretario del Distrito en la misma ubicación descrita en el párrafo precedente.



Estimated Costs of Project Improvements

ID	Drainage Structures	
2	Campbell Avenue Bridge	600,000
5	Drainage Imp (Between RR & Campbell)	1,200,000
9	Santa Cruz River Bank Protection	2,400,000
12	Bridges at wash crossings	2,600,000
	Total	6,800,000

ID	Parks and Park Land	
6	Land Acquisition (Park, fire station)	600,000
7	Ballfield / Park	1,365,250
10	Fire Station, Park Improvements, and/or Other Regional Improvements	785,250
	Total	2,200,000

ID	Road Improvements	
1	Campbell Avenue (Public Arterial)	1,800,000
3	South Boundary Road (Public Arterial)	1,750,000
4	Landscaping Along Public Roads	400,000
8	Traffic Signalization	350,000
	Total	4,300,000

ID	Sewer System Improvements	
11	Public Sewer System	3,370,000
	Total	3,370,000

Total CFD Financing: $17,240,500

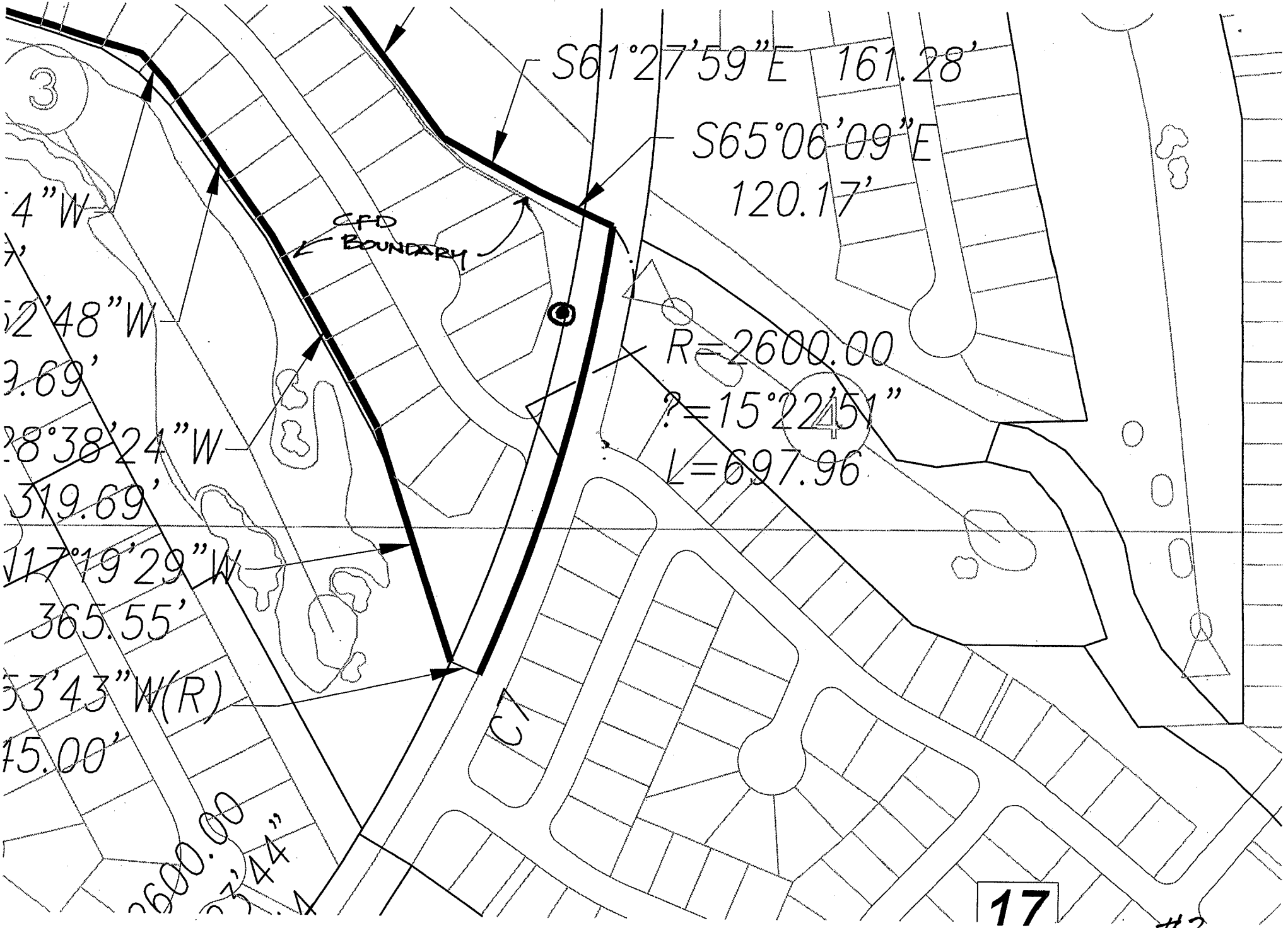
Schedule of Public Infrastructure

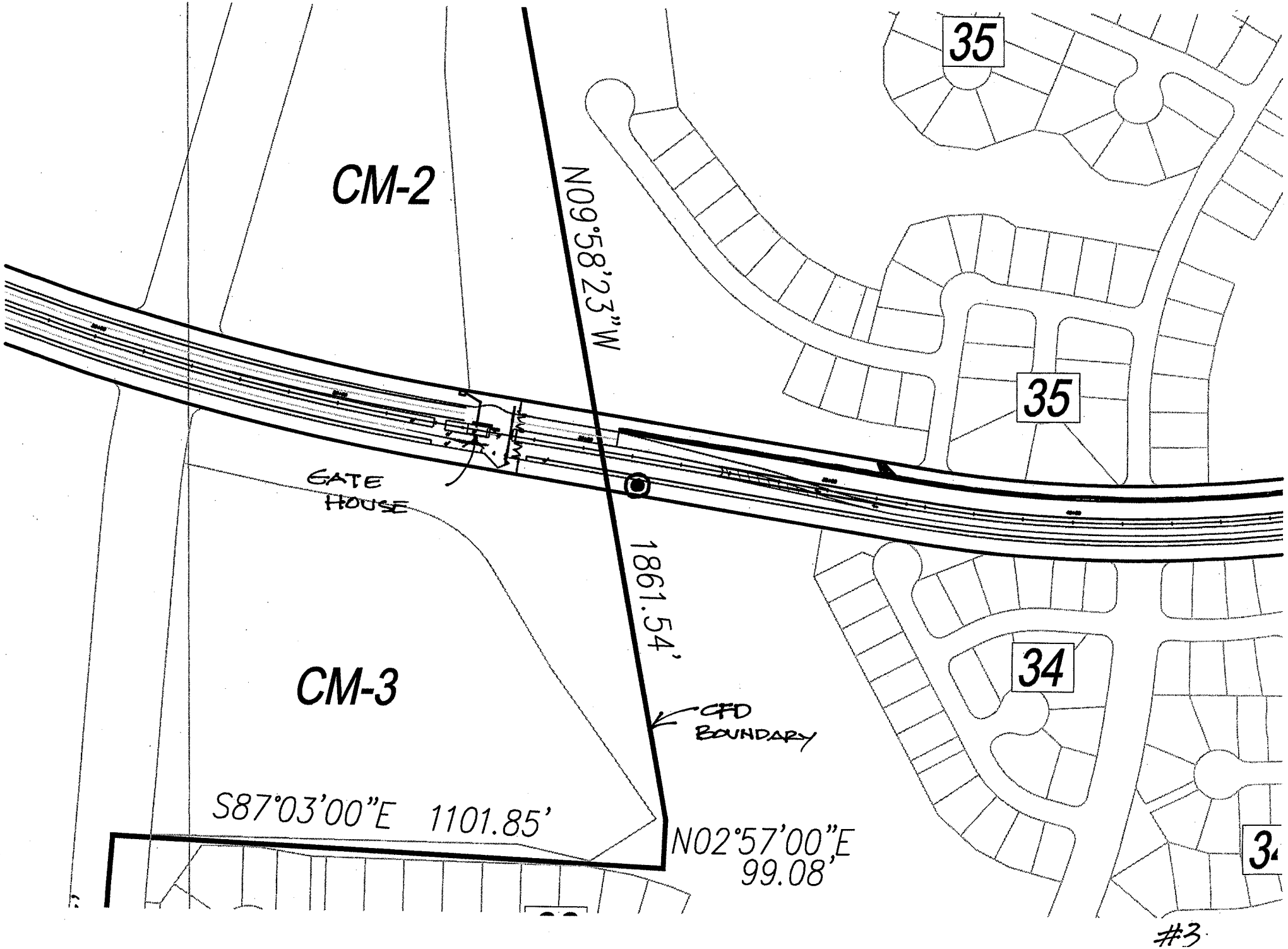
	ID	Description	
DS 2005	1	Campbell Avenue	1,800,000
	2	Campbell Avenue Bridge	600,000
	3	South Boundary Roadway	1,750,000
	4	Landscaping Along Public Streets	400,000
	5	Drainage Improvements	1,200,000
DS 2006	11	Public Sewer System (Partial)	1,685,000
	12	Bridges at Wash Crossings (Partial)	1,400,000
	6	Land Acquisition	600,000
	7	Ballfield / Park	1,365,250
		Phase I Total	**$11,320,250**
DS 2006	8	Traffic Signalization	350,000
	11	Public Sewer (Partial)	1,685,000
	12	Bridges at Wash Crossings (Partial)	800,000
	9	Santa Cruz River Bank Protection	2,400,000
	10	Fire Station, Park Improvements and/or Other Regional Public Facilities	785,250
		Phase II Total	**$5,020,250**

LEGEND

- CLEAR-SPAN DRAINAGE CROSSING
- PUBLIC ROADWAY
- BANK PROTECTION
- PUBLIC SEWER
- LANDSCAPING
- TRAFFIC SIGNALIZATION
- BRIDGE
- COMMUNITY FACILITIES DISTRICT (CFD) BOUNDARY
- (#) PROJECT ID NUMBER


866.39'
S78°30'18"E 1177.70'
CFD BOUNDARY
3
6
7
5
8
12
21A
43
9
S 52°10'00" E
476.65'
L29
C4
#1


S61°27'59"E 161.28'
S65°06'09"E
120.17'
CFD
BOUNDARY
R=2600.00
Δ=15°22'51"
L=697.96
4"W
2'48"W
9.69'
8°38'24"W
319.69'
17°19'29"W
365.55'
3'43"W(R)
75.00'
2600.00
3'44"
C7
3
4
17
#2


35
CM-2
N09°58'23"W
35
GATE
HOUSE
1861.54'
34
CM-3
CFD
BOUNDARY
S87°03'00"E 1101.85'
N02°57'00"E
99.08'
3
#3

QUAIL CREEK COMMUNITY FACILITIES DISTRICT - NOVEMBER 8, 2005

AFFIDAVIT OF PROSPECTIVE ELECTOR AS TO OWNERSHIP OF LAND OR OTHER QUALIFICATION TO VOTE PURSUANT TO SECTIONS §16-121 AND/OR §48-3043 ARIZONA REVISED STATUTES, AS AMENDED

STATE OF ARIZONA }§
COUNTY OF PIMA }

COMES NOW the undersigned and deposes and says "I am (place a mark next to 1, 2 or 3 to indicate your eligibility)

1. _____ a qualified elector in _____ precinct and resident at _____ where I resided at the date of my registration, **OR**
2. _____ a qualified elector in _____ precinct and resident at _____ where I resided at the date of my registration, **AND** a qualified voter pursuant to §48-3043 (complete section 4) **OR**
3. ✓ a qualified voter pursuant to §48-3043 (complete section 4)
4. I am an owner of land in the community facilities district to which this affidavit applies who is a qualified elector of such district; or otherwise qualified to vote pursuant to Section §48-3043, Arizona Revised Statutes, as amended (being a bona fide owner of land within the district holding title of evidence of title of record, including: an entrymen upon public lands under the public land laws of the United States or a certificate of purchase from the State of Arizona, who has held such title for ninety (90) days and who is a resident of the State of Arizona; when the holder of record title is a married person, the spouse in whose name the title stands; if record title is held in more than one name, an owner otherwise possessing the qualifications of an elector voting the number of fractions of acres represented by my legal interest or proportionate share of and in the lands; the administrator or executor of a deceased person or the guardian of a minor or an incompetent person, appointed and qualified under the laws of the State of Arizona, representing such person or estate; an officer of a corporation designated and authorized by a resolution of the Board of Directors of the corporation representing the corporation; the general partner of a partnership in whose name title to property within the district is vested as a holder of title or evidence of title, who is designated and authorized in writing by all of the general partners; or the trustee of a trust or the trustee who is designated and authorized in writing by all of the trustees of a trust in which there are more than one trustee, in whose name title to property within such district is vested as a holder of title or evidence of title)."

My vote represents Approximately 1,192 acres **OR** _____ square feet. All of District.

Steven M. Soriano
Signature of Affiant

Steven M. Soriano
Printed Name of Affiant

Robson Ranch Quail Creek, LLC by Arlington Property Mgmt Co, Mgr.
Printed Name of Entity Represented by Affiant, if any

SUBSCRIBED AND SWORN to before me this 8TH DAY OF NOVEMBER, 2005.

Election Board Member

AFIDÁVIT DE ELECTOR PROSPECTIVO SEGÚN POSESIÓN DE TERRENO U OTRA CAPACIDAD PARA VOTAR DE ACUERDO CON LAS SECCIONES §16-121 Y/O §48-3043 ESTATUTOS REVISADOS DE ARIZONA, COMO ENMENDADOS

ESTADO DE ARIZONA }§
CONDADO DE PIMA }

SE PRESENTA el abajo firmado y declara y dice "Yo soy (haga una marca al lado de 1, 2 o 3 para indicar su elegibilidad)

1. _____ un elector capacitado en el precinto _____ y residente al _____ donde yo residí en la fecha de mí registración, **O**
2. _____ un elector capacitado en el precinto _____ y residente al _____, donde yo residí en la fecha de mí registración, **Y** capacitado para votar de acuerdo con §48-3043, (complete sección 4) **O**
3. _____ capacitado para votar de acuerdo con §48-3043, (complete sección 4)
4. Yo soy un propietario de terreno en el distrito de facilidades de la comunidad a que esta afidávit se aplica quien es un elector capacitado de tal distrito; o de otra manera capacitado para votar de acuerdo con la Sección §48-3043, Estatutos Revisidos de Arizona, como enmendados (siendo un poseedor de buena fe de terreno dentro del distrito teniendo título o prueba de título registrado, incluyendo: una declaración sobre terrenos públicos bajo las leyes de terrenos públicos de los Estados Unidos o un certificado de compra del Estado de Arizona, quien ha mantenido tal título por noventa (90) días y quien es un residente del Estado de Arizona; cuando el tenedor de título registrado es una persona casada, el cónyuge en cuyo nombre se encuentra el título; si el título registrado se encuentra en más que un nombre, un dueño teniendo de otra manera las capacidades de un elector votando la cantidad o fracciones de acres representados por mí interés legal o parte proporcionada de y en los terrenos; el administrador o ejecutor de una persona difunta o el tutor de un menor o una persona inhábil, nombrado y capacitado bajo las leyes del Estado de Arizona, representando tal persona o propiedad; un funcionario de una corporación nombrado y autorizado por una resolución de la Junta Directiva de la corporación representando la corporación; el socio general de una asociación en cuyo nombre título a la propiedad dentro del distrito se da posesión como un tenedor de título o prueba de título, quien esta nombrado y autorizado por escrito por todos los socios generales; o el fiduciario de un fideicomiso o el fiduciario quien es nombrado o autorizado por escrito por todos los fiduciarios de un fideicomiso en el cual hay más de un fiduciario, en cuyo nombre título a la propiedad dentro de tal distrito se da posesión como un tenedor de título o prueba de título)."

Mi voto representa _____ acres **O**- _____ pies cuadrados.

Firma del Declarante

Nombre Impreso del Declarante

Nombre Impreso de la Entidad Representada por el Declarante, si lo hay

SUSCRITO Y DECLARADO bajo juramento ante mí esta día 8 DE NOVIEMBRE DE 2005.

Miembro de la Junta de Elecciones

TO BE COMPLETED BY AN ELECTION BOARD MEMBER ONLY: Ballot Stub No. _____

POLLING PLACE ONLY

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: NMB
DEPUTY RECORDER
1134 PE8

W
MICHAEL CAFISO
2375 E CAMELBACK RD 700
PHOENIX AZ 85016

DOCKET: 12727
PAGE: 1308
NO. OF PAGES: 5
SEQUENCE: 20060160546
01/25/2006
CTF 14:22

MAIL
AMOUNT PAID $ 13.00

When recorded, please return to:

Michael Cafiso, Esq.
Greenberg Traurig, LLP
2375 East Camelback Road, Suite 700
Phoenix, Arizona 85016

CERTIFICATE OF RESULTS OF THE GENERAL OBLIGATION BOND AND OPERATION AND MAINTENANCE EXPENSES TAX ELECTION HELD FOR QUAIL CREEK COMMUNITY FACILITIES DISTRICT ON NOVEMBER 8, 2005

The Chairman of the District Board of Quail Creek Community Facilities District (hereinafter referred to as the "District") does hereby certify as follows:

1. That pursuant to a Resolution passed and adopted by the District Board of the District on September 12, 2005 (hereinafter referred to as the "Resolution"), an election was duly called and regularly held on November 8, 2005 (hereinafter referred to as the "Election"), when there was submitted to those who were the qualified electors or other landowners according to Section 48-3043, Arizona Revised Statutes, as amended, of the District the questions as shown on the attached form of ballot;

2. That the object of the Election was to obtain authority from such qualified electors or other landowners according to Section 48-3043, Arizona Revised Statutes, as amended, to issue and sell general obligation bonds and to levy and collect an annual ad valorem property tax for operation and maintenance expenses described in attached form of ballot;

3. That proof of the due and regular publication and posting of the "Notice of the Election" has been made and filed with the District Board of the District;

4. That no person was registered to vote within fifty (50) days (or at any time) immediately preceding November 8, 2005, within the area comprising the District;

12727 1308 20060160546

3

Pima County Recorder
Tracking #200502962

5. That as a result of no qualified electors residing within such area each and every landowner according to Section 48-3043, Arizona Revised Statutes, as amended, voted at the Election;

6. That the poll and tally lists and the official returns of the election board that conducted the Election were filed with the District Board of the District on November 8, 2005, and the District Board of the District met and canvassed the returns of the Election as prescribed by law;

7. That after careful and complete canvass of the official election returns, in answer to the questions submitted to such qualified electors or other landowners according to Section 48-3043, Arizona Revised Statutes, as amended, at the Election, the majority of the votes cast were cast in favor of the issuance and sale of not to exceed $30,000,000 principal amount of general obligation bonds of the District and the levy and collection of an annual ad valorem property tax for operation and maintenance purposes in an amount not to exceed $0.30 per $100 of secondary assessed valuation described in the questions submitted at the Election as determined by the election board at the polling place, the Election had been conducted and the returns thereof made as required by law and the result of the Election as to both questions is set forth in the following tabulation of the official election returns, to-wit:

Precinct	Polling Place	Yes	No	Total
Sahuarita	725-2 West Via Rancho Sahuarita, Arizona	1 (1192 acres)	0 (0 acres)	1 (1192 acres)

8. That the majority of the votes cast at the Election in answer to the questions submitted were in favor of the indebtedness, as described in the questions submitted at the Election, by the issuance and sale of up to and including $30,000,000 aggregate principal amount of general obligation bonds and separately the levy and collection of an annual ad valorem property tax for operation and maintenance purposes in an amount not to exceed $0.30 per $100 of secondary assessed valuation.

IN WITNESS WHEREOF, the Chairman of the District Board of the District has hereunto placed his hand and caused the same to be attested by the District Clerk of the District on November 19, 2005.

Charles E. Oldham, Chairman, District Board, Quail Creek Community Facilities District

ATTEST:

Sandra Olivas, District Clerk, Quail Creek Community Facilities District

THIS DOCUMENT MUST BE RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF PIMA COUNTY, ARIZONA.

12727 0110

OFFICIAL BALLOT

SHALL THE DISTRICT BOARD (THE "BOARD") OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS OF THE DISTRICT, IN THE DENOMINATION OF THE BONDS, THE SIZE OF EACH ISSUE AND THE FORM OF THE BONDS PRESCRIBED, AND HAVING THE MATURITIES (NOT EXCEEDING TWENTY-FIVE (25) YEARS), INTEREST PAYMENT DATES AND INTEREST RATES, WHETHER FIXED OR VARIABLE, NOT EXCEEDING TWELVE PERCENT (12%) PER ANNUM, ESTABLISHED, BY THE BOARD AND CONTAINING SUCH TERMS, CONDITIONS, COVENANTS AND AGREEMENTS AS THE BOARD DEEMS PROPER, IN THE MAXIMUM AMOUNT OF THIRTY MILLION DOLLARS ($30,000,000) TO PROVIDE MONEYS (A)(1) FOR PLANNING, DESIGN, ENGINEERING, CONSTRUCTION, ACQUISITION OR INSTALLATION OF ANY OR ALL OF THE FOLLOWING IMPROVEMENTS, INCLUDING NECESSARY OR INCIDENTAL WORK, WHETHER NEWLY CONSTRUCTED, RENOVATED OR EXISTING, AND ALL NECESSARY OR DESIRABLE APPURTENANCES ("PUBLIC INFRASTRUCTURE"): (a) SANITARY SEWAGE SYSTEMS, INCLUDING COLLECTION, TRANSPORT, STORAGE, TREATMENT, DISPERSAL, EFFLUENT USE AND DISCHARGE, (b) DRAINAGE AND FLOOD CONTROL SYSTEMS, INCLUDING COLLECTION, TRANSPORT, DIVERSION, STORAGE, DETENTION, RETENTION, DISPERSAL, USE AND DISCHARGE, (c) WATER SYSTEMS FOR DOMESTIC, INDUSTRIAL, IRRIGATION, MUNICIPAL OR FIRE PROTECTION PURPOSES INCLUDING PRODUCTION, COLLECTION, STORAGE, TREATMENT, TRANSPORT, DELIVERY, CONNECTION AND DISPERSAL, BUT NOT INCLUDING FACILITIES FOR AGRICULTURAL IRRIGATION PURPOSES UNLESS FOR THE REPAIR OR REPLACEMENT OF EXISTING FACILITIES WHEN REQUIRED BY OTHER IMPROVEMENTS DESCRIBED HEREIN, (d) HIGHWAYS, STREETS, ROADWAYS AND PARKING FACILITIES INCLUDING ALL AREAS FOR VEHICULAR USE FOR TRAVEL, INGRESS AND EGRESS, (e) AREAS FOR PEDESTRIAN, EQUESTRIAN, BICYCLE OR OTHER NON-MOTOR VEHICLE USE FOR TRAVEL, INGRESS, EGRESS AND PARKING, (f) PEDESTRIAN MALLS, PARKS, RECREATIONAL FACILITIES, AND OPEN SPACE AREAS FOR THE USE OF MEMBERS OF THE PUBLIC FOR ENTERTAINMENT, ASSEMBLY AND RECREATION, (g) LANDSCAPING INCLUDING EARTHWORKS, STRUCTURES, LAKES AND OTHER WATER FEATURES, PLANTS, TREES AND RELATED WATER DELIVERY SYSTEMS, (h) PUBLIC BUILDINGS, PUBLIC SAFETY FACILITIES AND FIRE PROTECTION FACILITIES, (i) LIGHTING SYSTEMS, (j) TRAFFIC CONTROL SYSTEMS AND DEVICES INCLUDING SIGNALS, CONTROLS, MARKINGS AND SIGNAGE, (k) SCHOOL SITES AND FACILITIES AND (1) EQUIPMENT, VEHICLES, FURNISHINGS AND OTHER PERSONALTY RELATED TO ANY OF THE FOREGOING; (2) ACQUIRING, CONVERTING, RENOVATING OR IMPROVING EXISTING FACILITIES FOR PUBLIC INFRASTRUCTURE; (3) ACQUIRING INTERESTS IN REAL PROPERTY FOR PUBLIC INFRASTRUCTURE; (4) ESTABLISHING, MAINTAINING AND REPLENISHING RESERVES FROM ANY SOURCE IN ORDER TO SECURE PAYMENT OF DEBT SERVICE ON BONDS; (5) FUNDING AND PAYING FROM BOND PROCEEDS INTEREST ACCRUING ON BONDS FOR A PERIOD OF NOT TO EXCEED THREE (3) YEARS FROM THEIR DATE OF ISSUANCE; (6) PROVIDING FOR THE TIMELY PAYMENT OF DEBT SERVICE ON BONDS OR OTHER INDEBTEDNESS OF THE DISTRICT; (7) REFINANCING ANY MATURED OR UNMATURED BONDS, WITH NEW BONDS; AND (8) EXPENSES OF THE DISTRICT INCIDENT TO AND REASONABLY NECESSARY TO CARRY OUT THE PURPOSES SPECIFIED IN THIS PARAGRAPH (CLAUSES (1) THROUGH (8), BOTH INCLUSIVE, BEING "PUBLIC INFRASTRUCTURE PURPOSES") AND (B) FOR REPAYING ALL OR PART OF FEES OR CHARGES COLLECTED FROM LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES, THE ADVANCE OF MONEYS BY LANDOWNERS

12727 0131

FOR PUBLIC INFRASTRUCTURE PURPOSES OR THE GRANTING OF REAL PROPERTY BY THE LANDOWNER FOR PUBLIC INFRASTRUCTURE PURPOSES PURSUANT TO AGREEMENTS ENTERED INTO WITH LANDOWNERS AND THE TOWN OF SAHUARITA, ARIZONA, PURSUANT TO SECTION 48-709 (A)(10), ARIZONA REVISED STATUTES, AS AMENDED, AND IN AN AMOUNT NOT IN EXCESS OF ONE AND ONE-HALF (1½) TIMES THE AMOUNT OF BONDS PREVIOUSLY ISSUED BY THE DISTRICT FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED BY THE DISTRICT FOR EITHER OF THE FOREGOING PURPOSES, PAYABLE FROM AN *AD VALOREM* TAX LEVIED AND COLLECTED ANNUALLY ON ALL TAXABLE PROPERTY IN THE DISTRICT, SUFFICIENT TO PAY DEBT SERVICE ON SUCH BONDS WHEN DUE, AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, TOGETHER WITH ALL AMENDMENTS AND ADDITIONS THERETO?

Place and "X" in the box beside the way you wish to vote:

☐ BONDS, YES

☐ BONDS, NO

SHALL THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO LEVY AND COLLECT AN ANNUAL *AD VALOREM* TAX ON THE ASSESSED VALUE OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT AT A RATE NOT TO EXCEED THIRTY CENTS (30¢) PER ONE HUNDRED DOLLARS ($100) OF ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT, ALL ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) SECTION 48-723, ARIZONA REVISED STATUTES, AS AMENDED?

Place an "X" in the box beside the way you wish to vote.

☐ TAX, YES

☐ TAX, NO

Greenberg Traurig

Michael Cafiso
(602) 445-8452
CafisoM@GTLaw.com

February 3, 2006

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Compliance Information
State Real Estate Department
2910 North 44th Street, Suite 100
Phoenix, Arizona 85018

Re: Quail Creek Community Facilities District

Ladies and Gentlemen:

On behalf of the captioned District, we have provided for the recording with the County Recorder of Pima County, Arizona, of the Certificate Of Results of a general obligation bond election held in and for the District on June 28, 2005. Pursuant to Section 48-718, Arizona Revised Statutes, as amended, we enclose a copy of the recorded Certificate Of Results. Please call me at the telephone number referenced above if you have any questions or if we can be of any assistance in this matter.

Yours very truly,

Michael Cafiso

MC:cg
Enclosure

cc (w/o encl.): Daniel Hochuli, Esq., Town Attorney, Town of Sahuarita, Arizona
Mr. James Stahle, Manager, Town of Sahuarita, Arizona
Ms. Sandra Olivas, Town Clerk, Town of Sahuarita, Arizona
Lesa J. Storey, Esq., Greenberg Traurig, LLP

1511558.1-2/3/2006

ALBANY
AMSTERDAM
ATLANTA
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BOSTON
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DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LOS ANGELES
MIAMI
MILAN*
NEW JERSEY
NEW YORK
ORANGE COUNTY, CA
ORLANDO
PHILADELPHIA
PHOENIX
ROME*
SACRAMENTO
SILICON VALLEY
TALLAHASSEE
TOKYO*
TYSONS CORNER
WASHINGTON, D.C.
WEST PALM BEACH
ZURICH
*Strategic Alliances
Tokyo-Office/Strategic Alliance

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Street, Apt. No.; or PO Box No.: 2910 N 44th St., #100
City, State, ZIP+4: Phoenix, AZ 85018

PS Form 3800, June 2002 — See Reverse for Instructions

SENDER: *COMPLETE THIS SECTION*

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Compliance Information
State Real Estate Dept.
Suite 100
2910 North 44th Street
Phoenix, AZ 85018

76501.010100 MNC (CofR)

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A. Signature
X Jerry Branch ☐ Agent ☐ Addressee

B. Received by *(Printed Name)* | C. Date of Delivery 2/6/06

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☒ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7005 1820 0007 1672 8639

PS Form 3811, February 2004 — Domestic Return Receipt — 102595-02-M-15

CERTIFICATE OF RECEIPT OF FEASIBILITY REPORT

AND ACKNOWLEDGMENT OF GIVING OF NOTICE OF

PUBLIC HEARING TO BE HELD WITH RESPECT THERETO

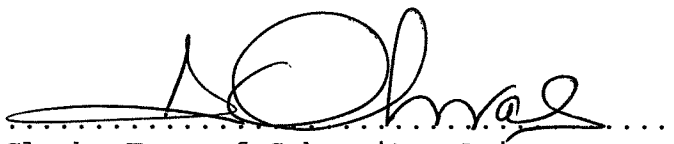
FOR

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA)
)
COUNTY OF PIMA) ss.
)
TOWN OF SAHUARITA)

I, the undersigned Clerk of the Town of Sahuarita, Arizona (hereinafter referred to as the "Town"), do hereby certify that I (i) have received a copy of a Feasibility Report for Quail Creek Community Facilities District, (ii) have properly filed such Feasibility Report in the official records of the Town and (iii) have provided a copy of the notice of hearing with respect to such Feasibility Report heretofore received by me to the Mayor and Council of the Town, all as of the date hereof and as required by Section 48-715, Arizona Revised Statutes, as amended.

WITNESS MY HAND and the seal of the Town of Sahuarita, Arizona, this 8th day of May, 2006.



Clerk, Town of Sahuarita, Arizona

[SEAL]

FINAL

FEASIBILITY REPORT

For The Issuance of
Not to Exceed
$13,000,000 Principal Amount

of

QUAIL CREEK COMMUNITY FACILITIES DISTRICT (SAHUARITA, ARIZONA)

GENERAL OBLIGATION BONDS, SERIES 2006

May 8, 2006

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SECTION ONE

INTRODUCTION; PURPOSE OF FEASIBILITY REPORT; GENERAL DESCRIPTION OF DISTRICT

INTRODUCTION

This Feasibility Report (this "Report") has been prepared by engineers and other qualified persons including Robson Ranch Quail Creek, LLC (the "Developer") for presentation to the Board of Directors of the Quail Creek Community Facilities District (the "District") in connection with the proposed issuance by the District of its General Obligation Bonds, Series 2006 (the "Bonds") in an aggregate principal amount of not to exceed $13,000,000, pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act"), specifically in accordance with the provisions of A.R.S. 48-715 with respect to the feasibility and benefits of certain public infrastructure (as that term is defined in A.R.S. 48-701) described herein (the "Public Infrastructure") and the plan for financing the Public Infrastructure with proceeds of the sale of the Bonds. The District is authorized to issue not to exceed $30,000,000 in principal amount of general obligation bonds. The District and the Developer have entered into a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District) dated as of September 1, 2005 (the "Development Agreement"), which provides for the financing of the costs of certain portions of the Public Infrastructure for the development of Quail Creek, an approximately 2,113 acre master-planned development (the "Project") comprised of residential and recreational land uses. For more detail on many of the matters described, reference is hereby made to the Development Agreement, copies of which are available from the Clerk of the District.

PURPOSE OF FEASIBILITY REPORT

Pursuant to A.R.S. 48-715, this Report includes (i) a description, an estimate of cost of construction and acquisition and operation and maintenance, and an estimated schedule for completion of the Public Infrastructure to be constructed or acquired [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]; and (iii) a plan for financing the Public Infrastructure [Section Four].

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

GENERAL DESCRIPTION OF DISTRICT

Formation of the District was approved by the Town on September 12, 2005 upon the request of owners of all of the land in the District. The District is located in the southern portion of the Town, to the east of Interstate 19, approximately 15 miles south of Tucson and approximately 19 miles south of Tucson International Airport. A map of the District is included in Section Three of this Report.

All of the approximately 1,192 acres of land within the boundaries of the District are located within the boundaries of the Project. The District is anticipated to include approximately 2,600 single-family homes at build out. A legal description of the District is included in Appendix A of this Report.

SECTION TWO

DESCRIPTION, ESTIMATE OF COST AND TIMETABLE FOR COMPLETION OF PUBLIC INFRASTRUCTURE

DESCRIPTION, ESTIMATE OF COST AND TIMETABLE FOR COMPLETION OF PUBLIC INFRASTRUCTURE

The construction related to the Public Infrastructure will be publicly bid pursuant to State law and Town policies and, with regard to the Public Infrastructure to be acquired upon acquisition by the District, that portion of the Public Infrastructure will be dedicated or otherwise transferred to the Town. Listed below are descriptions, estimated costs of acquisition or construction and the timetable for completion of the Public Infrastructure. Proceeds of the sale of the Bonds, after payment of the costs of issuance and net of capitalized interest, will be used to finance the acquisition and development of the Public Infrastructure other than the "Park" described herein-below. The Park will be the subject of a construction contract entered into by the District pursuant to the terms of the Development Agreement.

	Description	Total Price*	Estimated Start Date	Estimated Date of Completion
1.	Campbell Avenue: A public roadway extending from the northern edge of the Project to the southern edge of the Project.	$1,800,000	12/1/2006	6/1/2007
2.	Campbell Avenue Bridge: A clear-span drainage crossing at the southern end of the newly constructed Campbell Avenue.	600,000	12/1/2006	3/1/2007
3.	South Boundary Roadway: A public roadway to extend from the southern termination of Campbell Avenue, traveling along the southern edge of the Project, and terminating at the entrance of the development know as the Stonehouse development.	1,750,000	12/1/2006	6/1/2007
4.	Roadway Landscaping: Landscaping along both sides of Campbell Avenue and the South Boundary Roadway.	400,000	5/1/2007	9/1/2007
5.	Drainage Improvements: Necessary drainage improvements adjacent to Campbell Avenue, necessary to protect Campbell Avenue.	1,200,000	1/7/2007	6/1/2007
6.	Public Sewer System: First phase of portions of the public sewer system in the District.	1,685,000	5/15/2006	10/30/2008
7.	Bridges at Wash Crossings: Certain clear-span drainage crossings throughout the District and along Campbell Avenue Bridge and the South Boundary Roadway.	1,800,000	12/1/2006	10/30/2008
8.	Park: Public park located at the Northwest Corner of Old Nogales Highway and Quail Crossing Blvd. (the "Park") **	1,985,250	7/1/2006	6/30/2008
	Total	**$11,220,250**		

* Includes amounts for design, construction, inspection and supervision and miscellaneous costs attributable to construction. In the case of the Park, supervision will be provided by the Developer which will be paid "reasonable and customary fees" for providing such services.

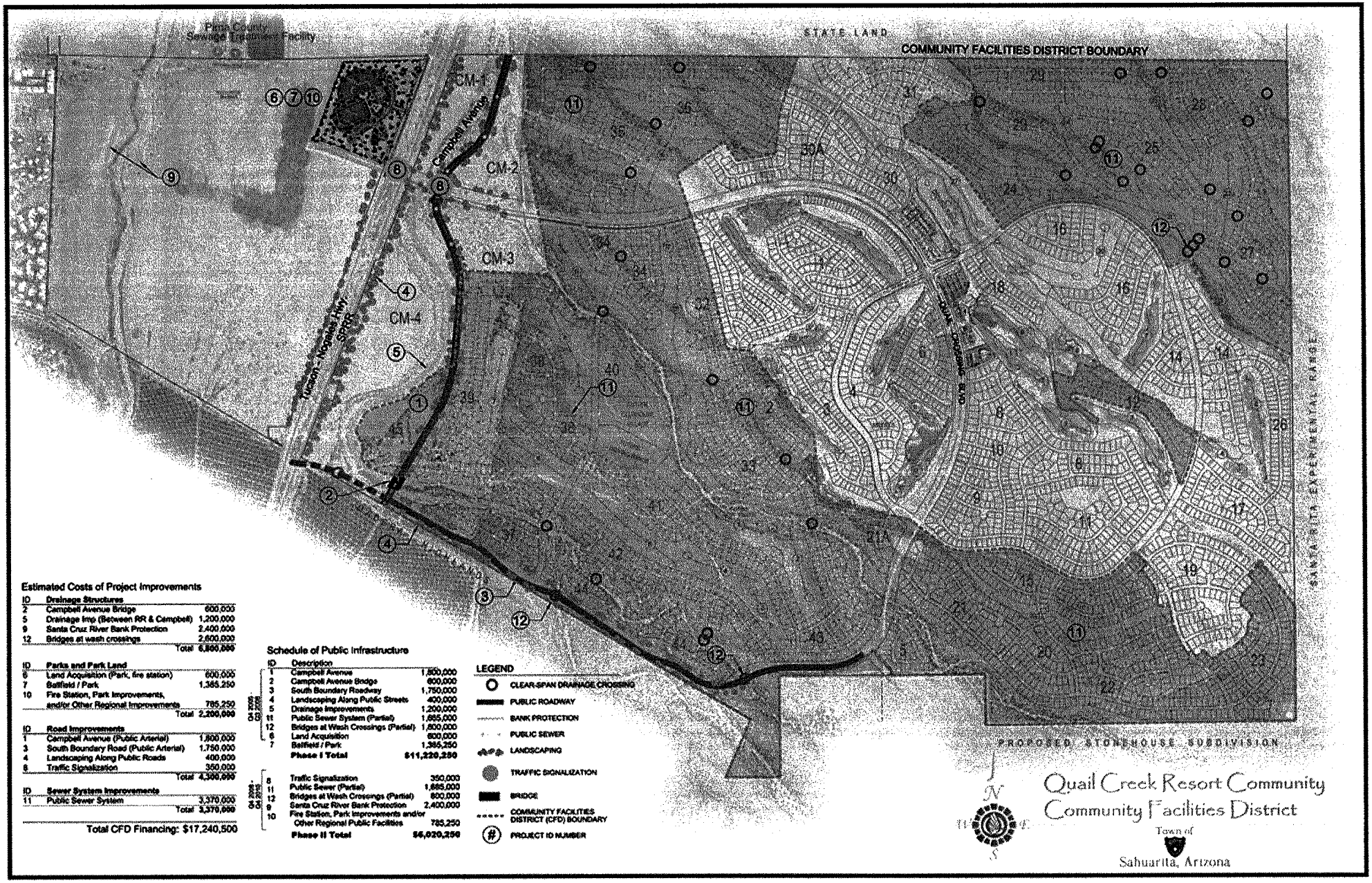
** Includes $600,000 for acquisition of the Park Related Site (as such term is defined in the Development Agreement).

The operation and maintenance of the Public Infrastructure will be performed by the Town. The District will levy a tax up to $0.30 per $100 of secondary assessed value annually to provide for the operation and maintenance of the Public Infrastructure. The Developer will be responsible for such annual operation and maintenance expenses except for any with regard to the "Park" listed in the table above that are not covered by the $0.30 tax levy until the July 1 after 1,000 building permits have been issued within the boundaries of the District and the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to retail purchasers. With regard to the "Bridges at Wash Crossings" listed in the table above, access thereto by the Town for such purpose will be available pursuant to the Bridge Maintenance Agreement by and between the Town and the Quail Creek Country Club Property Association which will also confirm the interest therein of the District which is being acquired with proceeds of the sale of the Bonds and of the transfer thereof to the Town by operation of the Development Agreement.

All of the Public Infrastructure will result in a beneficial use to land within the geographical limits of the District. Such use is principally to such land and in any case, at a minimum, is proportional.

SECTION THREE

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



Estimated Costs of Project Improvements

ID	Drainage Structures	
2	Campbell Avenue Bridge	600,000
5	Drainage Imp (Between RR & Campbell)	1,200,000
9	Santa Cruz River Bank Protection	2,400,000
12	Bridges at wash crossings	2,600,000
	Total	6,800,000

ID	Parks and Park Land	
6	Land Acquisition (Park, fire station)	600,000
7	Ballfield / Park	1,365,250
10	Fire Station, Park Improvements, and/or Other Regional Improvements	785,250
	Total	2,200,000

ID	Road Improvements	
1	Campbell Avenue (Public Arterial)	1,800,000
3	South Boundary Road (Public Arterial)	1,750,000
4	Landscaping Along Public Roads	400,000
8	Traffic Signalization	350,000
	Total	4,300,000

ID	Sewer System Improvements	
11	Public Sewer System	3,370,000
	Total	3,370,000

Total CFD Financing: $17,240,500

Schedule of Public Infrastructure

	ID	Description	
2008-2009	1	Campbell Avenue	1,800,000
	2	Campbell Avenue Bridge	600,000
	3	South Boundary Roadway	1,750,000
	4	Landscaping Along Public Streets	400,000
	5	Drainage Improvements	1,200,000
	11	Public Sewer System (Partial)	1,685,000
	12	Bridges at Wash Crossings (Partial)	1,800,000
	6	Land Acquisition	600,000
	7	Ballfield / Park	1,365,250
		Phase I Total	**$11,220,250**
2009-2010	8	Traffic Signalization	350,000
	11	Public Sewer (Partial)	1,685,000
	12	Bridges at Wash Crossings (Partial)	800,000
	9	Santa Cruz River Bank Protection	2,400,000
	10	Fire Station, Park Improvements and/or Other Regional Public Facilities	785,250
		Phase II Total	**$6,020,250**

SECTION FOUR

PLAN OF FINANCE

PLAN OF FINANCE

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

Proposed Bond Sale

The Bonds were authorized pursuant to a bond authorization election held on November 8, 2005 which authorized up to $30,000,000 of district general obligation bonds. The Bonds will have a 25-year final maturity, with principal due 2009 through and including 2031 and amortized starting in the third year of the issuance to produce approximately level debt service. (See Table Two for a summary of the debt service and projected revenue schedule.)

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

Sources and Uses of Funds

The sources and uses of funds related to the sale of the Bonds (exclusive of accrued interest and original issue discount or premium, if any) will be:

SOURCES:

Par Amount of Series 2006 Bonds	$12,840,000
Total	$12,840,000

USES:

Project Construction Fund	$11,220,250
Costs of Issuance (Including Underwriter's Discount)	731,829
Capitalized Interest	887,921
Total	$12,840,000

District Tax Rate

The total District tax rate is targeted to be $3.30, representing $3.00 per $100 secondary assessed value for the purpose of paying debt service and $0.30 for operational and maintenance expenses of the Public Infrastructure as well as administrative expenses of the District.

Standby Contribution Agreement and Depository Agreement

The $3.00 tax levy for debt service, given the current tax base, is not sufficient to provide for the debt service of the Bonds. As a consequence, Robson Ranch Quail Creek, LLC will enter into a standby contribution agreement (the "Contribution Agreement") pursuant to which it will be liable and obligated for the amount of any debt service payments on the Bonds not provided for by the $3.00 tax levy, given the then current tax base. The Contribution Agreement will be in effect for the life of the Bonds unless terminated under conditions specified in the Contribution Agreement; principally, that the $3.00 tax rate for debt service alone provides for the maximum annual debt service on the Bonds.

As additional security for the Bonds, the Developer will deposit with a depository pursuant to a depository agreement (the "Depository Agreement"), for the benefit of the District, a standby letter of credit initially equal to $5,500,000. If amounts are unavailable pursuant to the Contribution Agreement, pursuant to its terms, or if such letter of credit is not timely renewed before its expiration, such depository will be obligated to draw upon such letter of credit in the full amount thereof. Once drawn upon, the proceeds of such letter of credit will be held as a deposit of cash and disbursed pursuant to the terms of such Depository Agreement, but will not be subject to reinstatement. The face amount of the letter of credit held pursuant to the Depository Agreement will be reduced periodically, initially in part and ultimately in whole, when certain thresholds of development are met within the boundaries of the District.

Homeowners Obligation

At the $3.30 tax rate level, assuming an average home price of $320,000, the District portion of a tax bill for a homeowner would be approximately $72 per month or approximately $866 annually.

Disclosure Obligation

Disclosure of the District and the District's debt obligations will be provided to homebuyers in the following forms:

(i) Within the real estate report, required by A.R.S. 32-2183, signed by all initial buyers of homes within the District.

(ii) A disclosure form signed by each initial homebuyer upon close of escrow for the purchase thereof describing the District, the Bonds and levy of taxes with respect thereto.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

Estimated Sources and Uses of Funds

SOURCES:	
Par Amount of Bonds	$12,840,000
Total Sources	$12,840,000
USES:	
Project Construction Fund	
Campbell Avenue	1,800,000
Campbell Avenue Bridge	600,000
South Boundary	1,750,000
Landscaping along public streets	400,000
Drainage Imp. (between RR & Campbell)	1,200,000
Public Sewer System (partial)	1,685,000
Bridges at wash crossings (partial)	1,800,000
Land Acquisition	600,000
Ballfield/Park	1,385,250
Total Project Construction Fund	11,220,250
Costs of Issuance (Including Underwriter's Discount)	731,829
Capitalized Interest	887,921
Total Uses	$ 12,840,000

TABLE TWO

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

		$12,840,000 *General Obligation Bonds, Series 2006* *Dated: June 22, 2006*					
Fiscal Year Ending June 30	Net Secondary Assessed Valuation (1)	Principal	Interest @ 6.50%	Total Estimated Debt Service	District Debt Tax Rate	Projected District Revenues @ Tax Rate	Projected Depository Agreement Amount (2)
2006							
2007	$3,936,000		$887,921	$887,921	$3.00	(3)	(3)
2008	12,311,808		834,600	834,600	3.00	369,354	465,246
2009	21,021,074	$255,000	834,600	1,089,600	3.00	630,632	458,968
2010	30,073,786	275,000	818,025	1,093,025	3.00	902,214	190,811
2011	39,480,198	290,000	800,150	1,090,150	2.76	1,090,150	0
2012	49,250,836	310,000	781,300	1,091,300	2.22	1,091,300	
2013	59,396,509	330,000	761,150	1,091,150	1.84	1,091,150	
2014	69,928,308	350,000	739,700	1,089,700	1.56	1,089,700	
2015	82,579,303	375,000	716,950	1,091,950	1.32	1,091,950	
2016	84,230,889	400,000	692,575	1,092,575	1.30	1,092,575	
2017	85,915,507	425,000	666,575	1,091,575	1.27	1,091,575	
2018	87,633,817	450,000	638,950	1,088,950	1.24	1,088,950	
2019	89,386,493	480,000	609,700	1,089,700	1.22	1,089,700	
2020	91,174,223	510,000	578,500	1,088,500	1.19	1,088,500	
2021	92,997,708	545,000	545,350	1,090,350	1.17	1,090,350	
2022	94,857,662	580,000	509,925	1,089,925	1.15	1,089,925	
2023	96,754,815	620,000	472,225	1,092,225	1.13	1,092,225	
2024	98,689,911	660,000	431,925	1,091,925	1.11	1,091,925	
2025	100,663,710	700,000	389,025	1,089,025	1.08	1,089,025	
2026	102,676,984	750,000	343,525	1,093,525	1.07	1,093,525	
2027	104,730,523	795,000	294,775	1,089,775	1.04	1,089,775	
2028	106,825,134	850,000	243,100	1,093,100	1.02	1,093,100	
2029	108,961,637	905,000	187,850	1,092,850	1.00	1,092,850	
2030	111,140,869	960,000	129,025	1,089,025	0.98	1,089,025	
2031	113,363,687	1,025,000	66,625	1,091,626	0.96	1,091,626	
Totals		$12,840,000	$13,974,046	$26,814,048			

(1) Secondary assessed valuation is estimated based on average home prices and single family home absorption included as Table Three herein.

(2) Represents the portion of annual debt service that will be paid from the standby letter of credit held pursuant to the Depository Agreement.

(3) The January 15 and July 15, 2007 Debt Service Payments will be paid from bond proceeds.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)

PROJECTED ABSORPTION SCHEDULE

Average S/F Home Sale Price (2006)	$320,000
On the tax rolls at	82%
Assessment Ratio	10%
SAV Growth Per Year	2%
Home Price Inflation Per Year	2%
Tax Rate for Debt Service	$3.00

Fiscal Year Ending June 30	Single Family Buildout (Per Year)	Cumulative
2004	0	0
2005	0	0
2006	0	0
2007	150	150
2008	310	460
2009	310	770
2010	310	1,080
2011	310	1,390
2012	310	1,700
2013	310	2,010
2014	310	2,320
2015	366	2,686

APPENDIX A

LEGAL DESCRIPTION FOR QUAIL CREEK COMMUNITY FACILITIES DISTRICT (SAHUARITA, ARIZONA)

LEGAL DESCRIPTION

QUAIL CREEK CFD

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

PARCEL 1

A parcel of land located in Sections 6, 7, and 8, T.18S., R.14E., and Sections 1 and 12, T.18S.,R13E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6, T18S., R.14E., said point being a found aluminum cap marked "NORTHWEST CORNER SECTION 6";

THENCE along the North line of the Northwest quarter of said Section 6, S89°25'48"E, a distance of 689.37 feet to the POINT OF BEGINNING;

THENCE continuing along said North line, S89°25'48"E, a distance of 1,858.47 feet;

THENCE S89°25'26"E, a distance of 1620.62 feet;

THENCE S17°57'47"W, a distance of 689.75 feet;

THENCE S12°46'24"W, a distance of 115.96 feet,

THENCE S05°53'16"W, a distance of 476.75 feet;

THENCE S79°12'27"W, a distance of 496.86 feet;

THENCE N34°33'43"W, a distance of 297.82 feet;

THENCE S55°26'17"W, a distance of 728.89 feet;

THENCE S17°46'29"E, a distance of 548.81 feet to the Northwesterly corner of lot 150 of Quail Creek Block 1, Lots 1-306 and Common Areas "B", "C", and "D" recorded in Book 43, Page 39, Pima County Recorder;

THENCE S17°46'29"E along the Westerly line of said Quail Creek Block 1, Lots 1-306, a distance of 744.94 feet, to an angle point in said Westerly line;

THENCE continuing along said Westerly line S12°52'00"E, a distance of 1037.57 feet, to the Southwesterly corner of lot 174M of said Quail Creek Block 1, Lots 1-306;

THENCE Southeasterly along the Southerly line of said Quail Creek Block 1, Lots 1-306 S85°16'22"E, a distance of 296.51 to the Southeasterly corner of lot 175M;

THENCE leaving said Southerly line S36°46'53"E, a distance of 1,354.26 feet;

THENCE S04°23'03"E, a distance of 866.39 feet;

THENCE S78°30'18"E, a distance of 1,177.70 feet to a point on the centerline of Quail View Loop per the Final Plat of Quail Creek 2, Blocks 1-64 recorded in Book 51, Page 58, Pima County Recorder;

THENCE along the centerline of Quail Range Loop S52°10'00"E, a distance of 476.65 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 42°50'00";

THENCE Easterly along the arc of said centerline, a distance of 448.55 feet;

THENCE continuing along said centerline N85°00'00"E, a distance of 376.62 feet to a point of curve to the right, having a radius of 600.00 feet and a central angle of 34°00'00";

THENCE Easterly along the arc of said centerline, a distance of 356.05 feet;

THENCE continuing along said centerline S61°00'00"E, a distance of 522.00 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 75°30'00";

THENCE Easterly along the arc of said centerline, a distance of 790.63 feet;

THENCE continuing along said centerline N43°30'00"E, a distance of 227.70 feet to point hereinafter referred to as POINT "B";

THENCE S46°30'00"E, a distance of 45.00 feet, to the beginning of a non-tangent curve, concave to the South, having a radius of 25.00 feet, the center of which bears S46°30'00"E;

THENCE Easterly along said curve through a central angle of 90°00'00", an arc distance of 39.27 feet;

THENCE S46°30'00"E, a distance of 151.15 feet to the beginning of a tangent curve, concave to the Southwest, having a radius of 970.00 feet;

THENCE Southeasterly along said curve, through a central angle of 01°49'57", an arc distance of 31.02 feet; to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 25.00 feet, the center of which bears S45°19'57"W;

THENCE Northwesterly along said curve through a central angle of 38°42'09", an arc distance of 16.89 feet;

THENCE S43°30'00"W, a distance of 109.65 feet;

THENCE S41°00'38"E, a distance of 133.26 feet;

THENCE S32°03'46"E, a distance of 133.52 feet;

THENCE S23°06'22"E, a distance of 133.52 feet;

THENCE S08°02'24"W, a distance of 90.35 feet;

THENCE S51°25'37"E, a distance of 65.18 feet;

THENCE N78°29'36"E, a distance of 110.00 feet;

THENCE S11°30'24"E, a distance of 193.54 feet to the beginning of a tangent curve, concave to the Northeast, having a radius of 1,030.00 feet;

THENCE Southeasterly along said curve, through a central angle of 26°19'27", an arc distance of 473.23 feet;

THENCE N52°10'09"E, a distance of 60.00 feet, to the beginning of a non-tangent curve, concave to the Northeast, having a radius of 970.00 feet, the center of which bears N52°10'09"E;

THENCE Southeasterly along said curve through a central angle of 06°06'27", an arc distance of 103.40 feet;

THENCE N46°03'43"E, a distance of 122.43 feet;

THENCE S43°56'17"E, a distance of 66.81 feet;

THENCE S47°11'51"E, a distance of 100.91 feet;

THENCE N52°28'40"E, a distance of 131.50 feet;

THENCE N63°52'30"E, a distance of 198.74 feet;

THENCE N45°58'06"E, a distance of 186.86 feet;

THENCE N20°39'25"E, a distance of 80.53 feet;

THENCE N03°23'52"W, a distance of 82.36 feet;

THENCE N36°01'32"E, a distance of 93.31 feet;

THENCE N19°30'26"W, a distance of 43.06 feet;

THENCE N40°58'24"W, a distance of 101.90 feet;

THENCE N50°51'33"W, a distance of 59.43 feet;

THENCE N25°35'36"W, a distance of 36.36 feet;

THENCE N03°28'22"E, a distance of 60.07 feet;

THENCE N27°20'33"E, a distance of 60.58 feet;

THENCE N41°10'36"E, a distance of 212.18 feet to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 1,427.50 feet, the center of which bears S48°54'23"W;

THENCE Northwesterly along said curve through a central angle of 04°10'24", an arc distance of 103.98 feet;

THENCE N44°43'59"E, a distance of 45.00 feet;

THENCE N45°26'32"W, a distance of 9.00 feet;

THENCE N44°22'58"E, a distance of 120.00 feet;

THENCE N37°57'52"E, a distance of 75.65 feet;

THENCE S36°52'18"E, a distance of 721.37 feet to a point on the East line of said Section 8;

THENCE S00°19'00"E, a distance of 811.56 feet;

THENCE S00°19'51"E, a distance of 651.86 feet;

THENCE S89°15'28"W, a distance of 2,642.16 feet;

THENCE S89°16'11"W, a distance of 1,319.79 feet;

THENCE N00°28'48"W, a distance of 655.34 feet;

THENCE S89°18'44"W, a distance of 1,197.28 feet;

THENCE N00°42'14"W, a distance of 72.65 feet;

THENCE N42°10'27"W, a distance of 342.88 feet to the beginning of a non-tangent curve, concave to the Northwest, having a radius of 845.00 feet, the center of which bears N46°55'34"W;

THENCE Southwesterly along said curve through a central angle of 46°57'01", an arc distance of 692.43 feet;

THENCE S00°01'30"W, a distance of 60.00 feet;

THENCE N89°58'30"W, a distance of 594.68 feet;

THENCE S00°31'37"E, a distance of 1,311.64 feet;

THENCE N89°55'51"W, a distance of 692.48 feet;

THENCE N22°54'16"E, a distance of 810.76 feet;

THENCE N59°28'16"W, a distance of 1,385.45 feet;

THENCE N59°30'41"W, a distance of 2,662.66 feet;

THENCE N59°30'29"W, a distance of 1,385.47 feet;

THENCE N30°29'31"E, a distance of 407.54 feet;

THENCE N59°30'29"W, a distance of 75.00 feet;

THENCE N80°03'48"W, a distance of 150.96 feet;

THENCE N66°28'33"W, a distance of 188.76 feet;

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.')

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

THENCE N42°42'29"W, a distance of 137.40 feet;

THENCE N02°09'13"W, a distance of 56.55 feet;

THENCE N14°57'58"E, a distance of 85.47 feet;

THENCE N21°49'39"W, a distance of 258.88 feet;

THENCE N28°55'06"E, a distance of 254.73 feet;

THENCE N61°31'39"E, a distance of 136.53 feet;

THENCE N72°52'39"E, a distance of 422.49 feet;

THENCE N34°44'43"E, a distance of 153.07 feet;

THENCE N71°28'23"E, a distance of 111.45 feet;

THENCE N41°01'44"E, a distance of 137.87 feet;

THENCE N58°21'09"E, a distance of 292.98 feet;

THENCE S80°09'49"E, a distance of 75.00 feet to the point of curve of a non tangent curve to the left, of which the radius point lies N80°09'49"W, a radial distance of 2,000.00 feet;

THENCE Northerly along the arc, through a central angle of 05°14'33", a distance of 183.00 feet

THENCE N04°35'38"E, a distance of 1,046.83 feet;

THENCE S87°03'00"E, a distance of 1,101.85 feet;

THENCE N02°57'00"E, a distance of 99.08 feet;

THENCE N09°58'23"W, a distance of 1,861.54 feet;

THENCE N16°56'59"E, a distance of 280.91 feet;

THENCE N03°22'05"W, a distance of 633.45 feet to the POINT OF BEGINNING.

The above described parcel contains 929.49 acres, more or less.

Description No. 517

J:\Susan\Legals\Quail Creek\QC CFD.doc
Prior Description No. 459

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.')

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

PARCEL 2
A parcel of land located in Section 5, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 5, T18S., R.14E.;

THENCE along the North line of the Northwest quarter of said Section 5, S89°24'40"E, a distance of 919.94 feet to the POINT OF BEGINNING;

THENCE continuing S89°24'40"E, a distance of 1711.16 feet;

THENCE S89°26'12"E, a distance of 2,628.94 feet;

THENCE S00°33'46"E, a distance of 2,600.25 feet;

THENCE S00°29'09"E, a distance of 1,177.63 feet;

THENCE N63°51'17"W, a distance of 914.96 feet;

THENCE N31°25'45"W, a distance of 955.64 feet;

THENCE S69°24'01"W, a distance of 274.89 feet to a point on curve of a non tangent curve to the left, said curve being on the centerline of Quail Range Loop per the Final Plat of Quail Creek 2 Unit 16 recorded in Book 55, Page 62, Pima County Recorder, of which the radius point lies S69°24'01"W, a radial distance of 1,300.00 feet;

THENCE Westerly along the arc of said centerline of Quail Range Loop, through a central angle of 110°10'10", a distance of 2,499.67 feet;

THENCE S49°13'51"W, a distance of 58.50 feet;

THENCE leaving said centerline of Quail Range Loop N34°50'20"W, a distance of 908.75 feet;

THENCE N55°03'30"W, a distance of 470.74 feet;

THENCE N62°43'56"W, a distance of 376.71 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 322.50 feet, the center of which bears N87°18'49"W;

THENCE Northerly along said curve through a central angle of 12°45'07", an arc distance of 71.78 feet;

THENCE N10°03'57"W, a distance of 68.46 feet;

THENCE N58°08'56"E, a distance of 165.49 feet;

THENCE N20°16'58"E, a distance of 196.06 feet;

THENCE N59°42'02"E, a distance of 233.09 feet;

THENCE S61°26'23"E, a distance of 178.00 feet;

THENCE N85°54'34"E, a distance of 287.29 feet;

THENCE N28°33'37"E, a distance of 45.00 feet;

THENCE N08°33'37"E, a distance of 174.61 feet;

THENCE N43°44'51"W, a distance of 480.23 feet to the POINT OF BEGINNING.

The above described parcel contains 244.58 acres, more or less.

PARCEL 3
A parcel of land located in Sections 5 and 8, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the aforementioned POINT "B", described in the legal description of PARCEL 1;

THENCE N43°30'00"E, a distance of 222.29 feet to the beginning of a tangent curve, concave Northwesterly, having a radius of 2600.00 feet;

THENCE Northerly along said curve, through a central angle of 19°23'44", an arc distance of 880.14 feet to the POINT OF BEGINNING;

THENCE N65°53'43"W, a distance of 45.00 feet;

THENCE N17°19'29"W, a distance of 365.55 feet;

THENCE N28°38'24"W, a distance of 319.69 feet;

THENCE N34°52'48"W, a distance of 269.69 feet;

THENCE N41°04'54"W, a distance of 58.17 feet;

THENCE N72°59'01"W, a distance of 888.47 feet;

THENCE S88°08'09"W, a distance of 65.69 feet;

THENCE S22°49'31"W, a distance of 84.90 feet;

THENCE S65°06'02"E, a distance of 40.00 feet;

THENCE S58°18'20"E, a distance of 93.52 feet;

THENCE S53°17'39"E, a distance of 95.03 feet;

THENCE S52°09'00"E, a distance of 127.17 feet;

THENCE S55°16'49"E, a distance of 97.42 feet;

THENCE S31°51'34"W, a distance of 60.44 feet;

THENCE N75°07'27"W, a distance of 30.48 feet;

THENCE N67°08'11"W, a distance of 61.67 feet;

THENCE N41°41'08"W, a distance of 131.83 feet;

THENCE N58°19'02"W, a distance of 73.33 feet;

THENCE N80°40'31"W, a distance of 50.02 feet;

THENCE S75°58'19"W, a distance of 58.64 feet;

THENCE N88°06'15"W, a distance of 52.06 feet;

THENCE N69°07'01"W, a distance of 48.36 feet;

THENCE N48°01'26"W, a distance of 52.87 feet;

THENCE N18°06'05"W, a distance of 74.56 feet;

THENCE N08°25'37"W, a distance of 106.61 feet;

THENCE N09°49'57"W, a distance of 74.86 feet;

LEGAL DESCRIPTION

QUAIL CREEK CFD (Cont.')

August 17, 2004
Revised October 7, 2004
Revised June 15, 2005

THENCE N09°56'55"W, a distance of 186.01 feet;

THENCE N80°03'05"E, a distance of 46.69 feet;

THENCE S68°04'15"E, a distance of 196.72 feet;

THENCE N67°24'03"E, a distance of 64.98 feet;

THENCE N19°01'53"E, a distance of 178.30 feet;

THENCE S70°16'15"E, a distance of 206.75 feet;

THENCE N65°15'48"E, a distance of 101.24 feet;

THENCE S57°59'26"E, a distance of 122.37 feet;

THENCE S52°51'17"E, a distance of 232.85 feet;

THENCE S52°34'38"E, a distance of 213.67 feet;

THENCE S64°12'16"E, a distance of 191.58 feet;

THENCE S64°19'02"E, a distance of 190.06 feet;

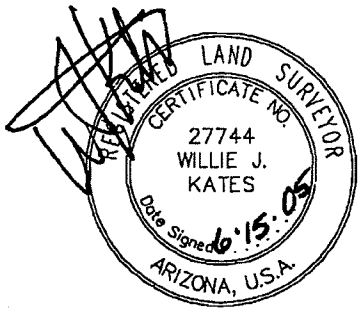
THENCE S36°16'11"E, a distance of 297.39 feet;

THENCE S61°27'59"E, a distance of 161.28 feet;

THENCE S65°06'09"E, a distance of 120.17 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 2,600.00 feet, the center of which bears N81°16'35"W;

THENCE Southerly along said curve through a central angle of 15°22'51", an arc distance of 697.96 feet to the POINT OF BEGINNING.

The above described parcel contains 17.94 acres, more or less.



Description No. 517

J:\Susan\Legals\Quail Creek\QC CFD.doc
Prior Description No 459

STATE OF ARIZONA)
:SS.
COUNTY OF PIMA)

PUBLIC NOTICE

NOTICE FOR HEARING REQUIRED BY A.R.S. §48-715 ON REPORT OF THE FEASIBILITY AND BENEFITS OF CERTAIN PROJECTS TO BE FINANCED WITH THE PROCEEDS OF THE SALE OF GENERAL OBLIGATION BONDS OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT

Pursuant to Section 48-715, Arizona Revised Statutes, as amended, notice is hereby given that a public hearing on the report of the feasibility and benefits of projects to be financed with the proceeds of the sale of general obligation bonds of Quail Creek Community Facilities District shall be held by the District Board on May 8, 2006, at approximately 7:00 p.m. (Tucson, Arizona, time), or immediately preceding the meeting of the Mayor and Council of the Town of Sahuarita, Arizona, on the same date at the Anamax Park Recreation Center, located at 17501 S Camino de Las Quintas, Sahuarita, Arizona. Such feasibility report and further information relating thereto are on file with the Town Clerk of the Town of Sahuarita, Arizona/District Clerk of Quail Creek Community Facilities District, Box 879, 725 West Via Rancho Sahuarita, Sahuarita, Arizona 85629, telephone number; (520) 648-1972.

Dated this 18th day of April, 2006.

/s/ James R. Stahle
District Manager, Quail Creek Community Facilities District

Pub: Green Valley News & Sun
Date: April 23, 2006*

AFFIDAVIT OF PUBLICATION

MARILEE WRIGHT being first duly sworn, deposes and says that she is the Legal Advertising Manager of the **GREEN VALLEY NEWS and SUN**, a newspaper published every Sunday, Wednesday and Friday in the County of Pima, State of Arizona, and of general circulation in said County, and that the hereto attached

NOTICE OF PUBLIC HEARING
MAY 8, 2006

was printed and published in the regular and entire issue of said **GREEN VALLEY NEWS and SUN** for 1 issues; that the first was made on the **23RD** day of **APRIL, 2006** and the last publication thereof was made on the **23RD** day of **APRIL, 2006**; that said publication was made on each of the following dates, to-wit:

04/23/06

Request of (L) TOWN OF SAHUARITA

green valley news and sun

By Marilee Wright

Subscribed and sworn to before me this **23RD** day of **APRIL, 2006.**

Peggy A. Hanson

Notary Public in and for the County of Pima, State of Arizona

My Commission Expires: DECEMBER 26, 2009

OFFICIAL SEAL
PEGGY A. HANSON
Notary Public - State of Arizona
PIMA COUNTY
My Comm. Expires December 26, 2009

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

and

WELLS FARGO BANK, N.A.,
as Trustee

SERIES 2006

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

Dated as of June 1, 2006

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2006

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* * *

THIS SERIES 2006 INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of June 1, 2006 (hereinafter referred to as this "*Indenture*"), from Quail Creek Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), to Wells Fargo Bank, N.A., a national banking association with a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as trustee (hereinafter together with any successor to the trust herein granted referred to as the "*Trustee*"),

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Enabling Act*"), a general obligation bond election was held on November 8, 2005 (hereinafter referred to as the "*Election*"), submitting to those persons who were qualified to vote pursuant to the Enabling Act the question of authorizing the district board of Issuer (hereafter referred to as the "*Board*") to issue general obligation bonds of the Issuer to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with the General Plan for the Proposed Quail Creek Community Facilities District filed with the Clerk of the Town of Sahuarita, Arizona, before or on September 9, 2005; and

WHEREAS, the issuance of such general obligation bonds was approved at the Election; and

WHEREAS, pursuant to a Resolution of the Board adopted on May 8, 2006 (hereinafter referred to as the "*Bond Resolution*"), the Board (1) authorized the sale and issuance of the general obligation bonds described herein (hereinafter referred to as the "*Bonds*") to provide funds for all or a portion of the public infrastructure purposes provided for in the Enabling Act and in the hereinafter described Development Agreement to the extent authorized by the Election and (2) entered in its minutes a record of the Bonds sold and their numbers and dates and will levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the Issuer sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is hereinafter defined) when due; and

WHEREAS, pursuant to (1) the Enabling Act and (2) Section 9-500.05, Arizona Revised Statutes, as amended, the Town of Sahuarita, Arizona, a municipality incorporated and existing pursuant to the laws of the State of Arizona, the Issuer and Robson Ranch Quail Creek, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as the "*Owner*"), have entered into a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 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, with regard to the property which makes up the real property included within the boundaries of the Issuer, particularly matters relating to the acquisition of certain public infrastructure by the Issuer and the acceptance thereof by the Municipality, all pursuant to the Enabling Act; and

WHEREAS, pursuant to the Enabling Act, the Issuer has also entered into a Series 2006 Standby Contribution Agreement, dated as of even date herewith (hereinafter referred to as the "*Series 2006 Standby Contribution Agreement*"), by and among the Issuer, the Trustee and the Owner to provide for certain public infrastructure purposes for the Issuer; and

WHEREAS, pursuant to the Enabling Act, the Issuer has also entered into a Series 2006 Depository Agreement, dated as of even date herewith (hereinafter referred to as the "*Series 2006 Depository Agreement*"), by and between the Issuer and Wells Fargo Bank, N.A., as depository, to provide for certain moneys to be available to the Issuer; 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 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, remise, release, convey, collater-

ally 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 Series 2006 Tax Account established with the Trustee as hereinafter described, unless necessary to pay Rebate (hereinafter defined);

GRANTING CLAUSE SECOND

Any and all interest of the Issuer in and to the Series 2006 Standby Contribution Agreement and the Series 2006 Depository Agreement and

GRANTING CLAUSE THIRD

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

TO HAVE AND TO HOLD all said property of every kind and description, real, personal, or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, aligned, remised, released, conveyed, collaterally assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said properties together with any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated herein not to be deemed part of the Trust Estate) being hereinafter 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 an escrow 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 Issuer and the Trustee all sums of money due or to become due to each of them 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 ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.01. *Definitions.*

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

1. 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.

2. 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.

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

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

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

"*Alternate Letter of Credit*" means an irrevocable, single-draw, standby letter of credit authorizing a draw thereunder by the Depository issued by a bank, a trust company or other financial institution rated by a Rating Agency in one of the three highest rating categories of a Rating Agency and which has a term of not less than one year from the date of its issuance, which Alternate Letter of Credit shall be the same in all other material respects (except as to expiration date) as the Letter of Credit and shall have the remaining face amount of the Letter of Credit.

"*Annual Debt Service Requirement*" means, for any Fiscal Year, the amount to be paid in such Fiscal Year with respect to the Bonds and any other outstanding general obligation bonds of the Issuer hereafter issued for payment of principal of and interest on the Bonds and such other bonds during such Fiscal Year.

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

"*Bond Register*" and "*Bond Registrar*" have the respective meanings stated in Section 3.04.

"*Bond Resolution*" means the Board Resolution adopted on May 8, 2006, 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.

"*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 city where the designated corporate trust office of the Trustee or the office of the account bank of the Letter of Credit Bank is located.

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

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

"*Costs of Acquisition and Construction*" means all items of expense directly or indirectly relating to the cost of the "Infrastructure" described in, as limited by and to be paid pursuant to the terms of, the Development Agreement. Without limiting the generality of the foregoing, the Trustee is specifically instructed that "Costs of Acquisition and Construction" shall not include, and the Trustee shall not disburse funds with respect to, any cost or other amount that does not comply with the limitations set forth in Section 2.7 of the Development Agreement.

"*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, the Series 2006 Standby Contribution Agreement and the Series 2006 Depository Agreement, including, but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing as well as costs relating to the Election.

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

"*Debt Service*" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds; (ii) expenses and costs of the Issuer arising from the activities of the Issuer (such activities being the financing of the "Infrastructure" described in the Development Agreement including the issuance of the Bonds) including particularly, but not by way of limitation, expenses and costs for agents or third parties required to administer the Bonds, levy and collect taxes for payment of the Bonds, prepare annual audits, budgets and materials with respect to continuing disclosure and provide for any purposes otherwise related to such activities of the Issuer and (iii) amounts due with respect to Rebate.

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

"*Depository*" means the Person named as "Depository" in the first paragraph of the Series 2006 Depository Agreement until a successor Depository shall have become such pursuant to the applicable provisions of the Series 2006 Depository Agreement, and thereafter "Depository" shall mean such successor Depository.

"*Development Agreement*" means that certain District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005, by and among the Municipality, the Issuer and the Owner.

"*Discounted Tax Revenues*" means the amount of secondary ad valorem property tax revenues of the Issuer that would be collected for the then current Fiscal Year of the Issuer using the total secondary assessed valuation of property within the boundaries of the Issuer for purposes of the tax roll used to levy taxes during the preceding August and applying a tax rate of $3.00 per $100 of secondary assessed valuation and assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the Issuer as of such Fiscal Year and no credit for any fund balances or investment income accruing during such Fiscal Year.

"*Draw*" means the single drawing by the Depository against the Letter of Credit in the full amount of the Letter of Credit.

"*Election*" means the election of the Issuer held on November 8, 2005, to authorize the issuance of the Bonds.

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

"*Fiscal Year*" means a period of twelve (12) consecutive months commencing on July 1 and ending on June 30 or any other consecutive 12-month period which may be established hereinafter as the fiscal year of the Issuer for budgeting and appropriate purposes.

"*Governmental Obligations*" means (1) direct obligations of, or obligations the timely payment of principal of is fully and unconditionally guaranteed by, the United States of America, (2) obligations described in Section 103(a) of the Internal Revenue Code of 1954 or the Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in Clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in Clause (1) are not available to satisfy any other claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating category of S&P, but in the case of both Clause (1) and Clause (2) of this paragraph, for purposes of Section 6.02, only if such obligations are non-callable prior to the Maturity of the Bonds or (3) 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. Governmental Obligations also includes for purposes other than Section 6.02, a "no load," open-end management investment company or trust (mutual fund), registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States, and repurchase agreements secured by the same and which money market fund is rated by S&P at least "AAAm-G;" "AAAm" or "AAm" and by Moody's at least "VMIG-1."

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

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

"*Initial Letter of Credit*" means the irrevocable, single-draw, standby letter of credit issued by the Letter of Credit Bank and delivered to the Depository on the same date as the initial delivery of the Bonds, being an irrevocable obligation to make payment to the Depository of $5,500,000 which expires when the face amount thereof has been reduced to $50,000 or less, provided that after the Owner has provided evidence satisfactory to the Issuer Representative that 400 building permits have been issued within the boundaries of the Issuer and that the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to the retail purchasers thereof, then on February 15 of each year thereafter, if the

secondary assessed valuation of property within the boundaries of the Issuer used to levy taxes during the preceding August exceeded that used in the prior August, the difference between the Maximum Annual Debt Service and the Discounted Tax Revenues shall be calculated by the Issuer Representative and such face amount of the Letter of Credit shall be subject to automatic reduction in face amount to an amount equal to three (3) times such difference by providing a written certification of the foregoing from the Issuer Representative and an authorized representative of the Owner to the Trustee which shall then provide a reduction certificate for such purpose to the issuer of the Letter of Credit then in effect. (If the Trustee fails to provide such reduction certificate upon receipt of such certification, the Draw shall be limited to the amount which would have otherwise been available if such reduction certificate was given its proper effect and if any amount is drawn in excess of the foregoing limit, it shall be immediately returned to the Owner.)

"*Interest Payment Date*" means each January 15 and July 15 commencing January 15, 2007.

"*Issuer*" means Quail Creek Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State.

"*Issuer Representative*" means the District Manager or any designee appointed by him in writing.

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

"*Letter of Credit*" means (a) the Initial Letter of Credit and (b) upon the issuance and effectiveness thereof, any Alternate Letter of Credit.

"*Letter of Credit Bank*" means J.P. Morgan Chase Bank, N.A., a national banking association in its capacity as issuer of the Initial Letter of Credit, and its successors and assigns. Upon issuance and effectiveness of any Alternate Letter of Credit, "Letter of Credit Bank" shall mean the issuer thereof and its successors and assigns.

"*Letter of Credit Termination Date*" means the earlier of sixty (60) days after the Letter of Credit then in effect is no longer rated in one of the three highest rating categories of a Rating Agency and the stated expiration date of the Letter of Credit, as extended by any applicable provisions thereof.

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

"*Maximum Annual Debt Service*" means, at the time of computation, the greatest Annual Debt Service Requirement for the then current or any succeeding Fiscal Year.

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

"*Municipality*" means the Town of Sahuarita, Arizona, a municipal corporation incorporated and existing pursuant to the laws of the State.

"*Officers' Certificate*" means a certificate signed by the Issuer Representative and delivered to the Trustee.

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

"*Original Purchaser*" means RBC Dain Rauscher, Inc., doing business under the trade name RBC Capital Markets.

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

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

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

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

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

(5) Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both

are held by the Trustee or an escrow agent with the effect specified in Section 6.02.

"*Outstanding Secured Bonds*" means, as of the date of determination, (1) all Bonds then Outstanding and (2) all Bonds, if any, alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.06 but whose ownership and enforceability by the Holder thereof have been established by a court of competent jurisdiction or other competent tribunal or otherwise established to the satisfaction of the Issuer and the Trustee.

"*Owner*" means Robson Ranch Quail Creek, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware.

"*Parity Debt Service*" means for any Fiscal Year principal and interest on all outstanding general obligation bonds of the Issuer due for such Fiscal Year hereafter issued.

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

"*Permitted Investments*" means:

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

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

1. Small Business Administration
Guaranteed participation certificates

2. Farmers Home Administration
Certificates of beneficial ownership

3. Federal Housing Administration
Debentures

4. General Services Administration
Participation certificates

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

6. U.S. Maritime Administration
Guaranteed Title XI financing

7. Washington Metropolitan Transit Authority
Guaranteed transit bonds

8. Veteran Administration
Guaranteed REMIC pass-through certificates

9. U.S. Department of Housing and Urban Development
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
Consolidated debt obligations

2. Federal Home Loan Mortgage Corporation
Debt obligations

3. Federal National Mortgage Association ("FNMA")
Debt obligations

4. Student Loan Marketing Association
Debt obligations

5. Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
Debt obligations

6. Financing Corp.
Debt obligations

7. Resolution Funding Corp.
Debt obligations

8. U.S. Agency for International Development
Guaranteed notes which mature at least four Business Days before the appropriate payment date

D. Money market funds registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and having a rating by S&P of "AAAm-G" including, if the foregoing are met, funds for which the Trustee acts as an investment advisor or custodian; "AAAm"; or "AAm" or better and having a rating by Moody's of "VMIG-1 or better including, if the

foregoing are met, funds for which the Trustee acts as an investment advisor or custodian.

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 to the then current requirements of Moody's to have a rating of at least "A," which shall not be amended and for which no investment agreement shall be entered into in substitution therefor unless S&P and Moody's has confirmed that any rating on the Bonds 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 and Moody's in one of the two highest rating categories assigned by S&P or Moody's, as applicable.

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" or better by Moody's.

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

Repos must satisfy the following criteria:

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

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

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

2. The written repo contract must include the following:

a. Securities which are acceptable for transfer are:

   (1) Direct U.S. government or

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

   b. The term of the repo may be up to 30 days.

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

   d. The securities must be valued weekly, marked-to market at current market price plus accrued interest and the value of collateral must be equal to 103% of the amount of cash transferred by the Issuer to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 103% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA, then the value of collateral must equal 105%.

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

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

K. Governmental Obligations.

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

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

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

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

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

"*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 first (1st) day (whether or not a Business Day) of the calendar month of such Interest Payment Date.

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

entity to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

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

"*Series 2006 Depository Agreement*" means that certain Series 2006 Depository Agreement, dated as of even date herewith, by and between the Issuer and the Depository.

"*Series 2006 Expenses Account*" means the account of the Bond Fund so defined in Section 5.01.

"*Series 2006 Standby Contribution Agreement*" means that certain Series 2006 Standby Contribution Agreement, dated as of even date herewith, by and among the Issuer, the Trustee and the Owner.

"*Series 2006 Tax Account*" means the account of the Bond Fund so defined in Section 5.01.

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

"*State*" means the State of Arizona.

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

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

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

SECTION 1.02. *Acts of Bondholders.*

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

and conclusive in favor of the Issuer and (subject to Section 8.01) the Trustee, if made in the manner provided in this Section.

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

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

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

SECTION 1.03. *Notices, etc.*

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

1. the Trustee shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its principal corporate trust office or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at Wells Fargo Plaza, MAC S4101-22E, 100 West Washington Street, 22nd Floor, Phoenix, Arizona 85003, Attention: Corporate Trust Services, or at any other address furnished in writing to such Person by the Trustee, or

2. the Issuer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to the Issuer at c/o Town of Sahuarita, Arizona, Box 879, Sahuarita, Arizona 85629, Attention: District Clerk, or at any other address previously furnished in writing to such Person by the Issuer.

3. the Original Purchaser shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Original Purchaser addressed to the Original Purchaser 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 Original Purchaser, or

4. The Owner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Owner addressed to the Owner at c/o Robson Communities, 9532 East Riggs Road, Sun Lakes, Arizona 85248, Attention: Steven M. Soriano or at any other address furnished previously in writing to such Person by the Owner, with a copy to Peter Gerstman at the same address.

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

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

SECTION 1.04. *Form and Contents of Documents Delivered to the Trustee.*

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

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

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

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

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

SECTION 1.05. *Effect of Headings and Table of Contents.*

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

SECTION 1.06. *Successors and Assigns.*

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

SECTION 1.07. *Severability Clause.*

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

SECTION 1.08. *Benefits of Indenture.*

Nothing in this Indenture 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 under this Indenture.

SECTION 1.09. *Governing Law.*

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

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

The Issuer may, within three (3) years after its execution, cancel this Indenture, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Indenture on behalf of the Issuer is, at any time while this Indenture is in effect, an employee or agent of the Trustee in any capacity or a consultant to the Trustee with respect to the subject matter of this Indenture and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Indenture on behalf of the Issuer from the Trustee arising as the result of this Indenture. The Trustee 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 Trustee in any capacity or a consultant to the Trustee with respect to the subject matter of the Indenture.

SECTION 1.11. *Business Days.*

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

* * *

ARTICLE TWO

FORM OF BONDS

SECTION 2.01. *Forms Generally.*

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

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

SECTION 2.02. *Forms of Bonds and Matters Relating to Certain Necessary Documentation.*

The Bonds shall be in the following form:

[FORM OF BOND]

REGISTERED REGISTERED

NO. ..... $.....

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

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

United States of America
State of Arizona

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BOND, SERIES 2006

Interest Rate	Maturity Date	Original Issue Date	CUSIP NO.:
.....	July 15, ...	June 21, 2006	.....

REGISTERED OWNER .....

PRINCIPAL AMOUNT .....DOLLARS

Quail Creek Community Facilities District, a community facilities district 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 (hereinafter 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 defined in the hereinafter described "Indenture"),

semiannually on each January 15 and July 15 commencing January 15, 2007 (each an "Interest Payment Date"), at the per annum "Interest Rate" specified above.

As provided in the Indenture hereinafter referred to, the interest so payable on any Interest Payment Date shall be paid to the Person (as such term is defined in the Indenture) in whose name this Bond (or one or more Predecessor Bonds evidencing the same debt) is registered in the Bond Register (as such term is defined in the Indenture) of the Issuer at the close of business on the "Regular Record Date" therefor, which shall be the 1st day (whether or not a Business Day as such term is defined in the Indenture) of the calendar month of such Interest Payment Date. Any such interest not so punctually paid or duly provided for within 15 days after such Interest Payment Date shall forthwith cease to be payable to the Holder on such Regular Record Date and shall be paid to the Person in whose name this Bond (or one or more such Predecessor Bonds) is registered at the close of business on a "Special Record Date" for the payment of such defaulted interest to be fixed by the hereinafter referred to "Trustee" in accordance with the Indenture, notice whereof being given to the Holder hereof not less than 10 days prior to such Special Record Date. All such interest shall be payable at the agency of the Issuer for such purpose (hereinafter referred to as the "Paying Agent") which shall initially be the designated corporate trust office of Wells Fargo Bank, N.A., by check mailed to the Holder as of the relevant record date at the address specified in the Bond Register or pursuant to customary arrangements made by such Holder acceptable to the Paying Agent. The principal and Redemption Price (as such term is defined in the Indenture) of this Bond are payable at the designated corporate trust office of the Paying Agent, upon presentation and surrender of this Bond.

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

This Bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (hereinafter referred to as the "Bonds"), issued and to be issued in one series under, and all equally and ratably secured by, a Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (hereinafter, together with all indentures supplemental thereto, referred to as the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter 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. The Bonds are authorized to be issued by a Resolution of the District Board of the Issuer adopted on May 8, 2006 (hereinafter referred to as the "Bond Resolution"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Enabling Act").

The Bonds are payable, equally and ratably with, with the limitations described herein, such other general obligation bonds of the Issuer from the proceeds of an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer, sufficient together with any other moneys from sources available pursuant to the Enabling Act (including the Standby Contribution Agreement described hereinbelow) to pay debt service on the Bonds when due. Robson Ranch Quail Creek, LLC, a Delaware limited liability company (the "Owner"), has entered into a Series 2006 Standby Contribution Agreement, dated as of June 1, 2006 (the "Standby Contribution Agreement"), with the Issuer and the Trustee pursuant to which the Owner will make payments to the Trustee to supplement tax revenues to pay principal and interest with respect to the Bonds. The Issuer and Wells Fargo Bank, N.A., as depository, have entered into a Series 2006 Depository Agreement, dated as of June 1, 2006 (hereinafter referred to as the "Depository Agreement"), pursuant to which certain other amounts will be available to the Trustee for payment of principal and interest with respect to the Bonds to the extent moneys are not otherwise available. THE STANDBY CONTRIBUTION AGREEMENT AND THE DEPOSITORY AGREEMENT MAY BE TERMINATED PRIOR TO THE MATURITY OF THE BONDS BY THE ISSUER UPON SATISFACTION OF CERTAIN CONDITIONS SET FORTH THEREIN.

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 Governmental Obligations (as such term is defined in the Indenture) sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of principal amount of $100,000 and any integral multiple of $5,000 in excess thereof.

The Bonds are subject to redemption, at the option of the Issuer as a whole or from time to time in part, on July 15, 2016, and any date thereafter, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price (as such term is defined in the Indenture), which

shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date (as such term is defined in the Indenture), without a premium.

The Bonds maturing on July 15 of the following years shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date:

Redemption Date (July 15)	Principal Amount
MATURING 2012	
2009	$320,000
2010	335,000
2011	350,000
MATURING 2016	
2013	$385,000
2014	405,000
2015	425,000
MATURING 2030	
2017	$470,000
2018	500,000
2019	525,000
2020	555,000
2021	585,000
2022	620,000
2023	655,000
2024	690,000
2025	725,000
2026	770,000
2027	810,000
2028	855,000
2029	905,000

Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 of principal amount or an integral multiple thereof) and upon any partial redemption of any such Bond the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same Stated Maturity (as such term is defined in the Indenture) in authorized form for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled

to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds of a Stated Maturity are to be redeemed, the particular Bonds of that Stated Maturity to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to $5,000 of principal amount or a multiple thereof) of the principal of Bonds of a denomination larger than $5,000. The Trustee shall promptly notify the Issuer in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

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

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the designated corporate trust office thereof 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 Stated Maturity and aggregate principal amount shall be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Bonds are exchangeable for a like Stated Maturity and original 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 designated corporate trust office thereof.

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

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

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

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

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

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By.....
.....

ATTEST:

.....
.....

"QUALIFIED INVESTOR LETTER"

....., ...

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $..... 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 undersigned 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, in that regard, **agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer.** The undersigned agrees that a "Qualified Investor Letter" in the identical form hereof will be provided to the addressee Trustee if as a result of such offer and sale of such interest in the Bonds (i) an amount less than $100,000 of principal amount will be transferred or (ii) the broker, dealer or broker-dealer involved therein indicates to the undersigned that the proposed transferee is not a "sophisticated municipal market professional" (as such term is used in the context of rules of the Municipal Securities Rulemaking Board).

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

(1) The undersigned is one of the following:

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

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

(iii) a director or executive officer of Robson Ranch Quail Creek, LLC;

(iv) any officer of RBC Dain Rauscher Inc. or

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

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

(3) An opportunity was available to obtain and that the undersigned has obtained all information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds, the concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the addressee District and the possible transfer of such land by such taxpayer, failure or inability of such owner as developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds, bankruptcy and foreclosure delays and the probable lack of any secondary market for the Bonds.

(4) Neither the addressee District nor the Town of Sahuarita, Arizona (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 in the Bonds.

(5) The undersigned 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, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

.....

By.....

Printed Name:.....

Title:.....

[END OF FORM OF BOND]

SECTION 2.03. *Form of Certificate of Authentication.*

Each of the Bonds shall also include the following form:

CERTIFICATE OF AUTHENTICATION

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

[Name of Trustee], as Trustee

By.....
Authorized Representative

DATE: .....

SECTION 2.04. *Form of Assignment.*

Each of the Bonds shall further include the following form:

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(s) guaranteed:
[Insert proper legend]

.....
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.

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

UNIF GIFT MIN ACT

TEN COM --	as tenants in common	..... Custodian	
TEN ENT --	as tenants by the Entireties under Uniform Gifts to Minors Act	(Cust.)	(Minor)
JT TEN --	as joint tenants with Right of survivorship and not as tenants in common	..... State	

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

* * *

ARTICLE THREE

TERMS AND ISSUANCE OF THE BONDS

SECTION 3.01. *Title and Terms.*

A. There shall be one series of bonds, dated the date of initial delivery thereof, issued and secured hereunder entitled

"QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2006"

(hereinafter referred to as the "Bonds")

B. Except as provided in Section 3.04(B)(2), the Bonds shall be issued in denominations of $100,000 of principal amount and integral multiples of $5,000 in excess thereof.

C. The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to $12,660,000, and the Stated Maturities, the principal amounts thereof maturing thereon and the rates of interest the Bonds so maturing shall bear shall be as follows:

Year (July 15)	Principal Amount	Interest Rate
2012	$1,375,000	4.85%
2016	1,665,000	5.15
2030	9,620,000	5.55

D. The Bonds shall bear interest from and including the date of initial delivery thereof, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each January 15 and July 15 commencing January 15, 2007 (hereinafter each referred to as an "Interest Payment Date").

E. The principal of, Redemption Price for and premium, if any, on the Bonds shall be payable upon surrender of the Bonds to the Paying Agent at the designated corporate trust office thereof when due. Interest on the Bonds payable on any Interest Payment Date shall be payable as provided in Section 3.07.

SECTION 3.02. *Redemption of Bonds.*

A. The Bonds shall be redeemable from funds of the Issuer at the option of the Issuer prior to their Stated Maturity in accordance with Article Four in whole or from time to time in part on July 15, 2016, and any date thereafter, upon not more than sixty (60) nor

less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date without a premium.

B. The Bonds maturing on July 15 of the following years shall be redeemed from funds of the Issuer prior to their Stated Maturities in accordance with Article Four on the following Redemption Dates and in the following amounts upon not less than sixty (60) nor more than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date:

Redemption Date (July 15)	Principal Amount
MATURING 2012	
2009	$320,000
2010	335,000
2011	350,000
MATURING 2016	
2013	$385,000
2014	405,000
2015	425,000
MATURING 2030	
2017	$470,000
2018	500,000
2019	525,000
2020	555,000
2021	585,000
2022	620,000
2023	655,000
2024	690,000
2025	725,000
2026	770,000
2027	810,000
2028	855,000
2029	905,000

SECTION 3.03. *Execution, Authentication, Delivery and Dating.*

A. The Bonds shall be executed on behalf of the Issuer by the Chairman or Vice Chairman of the Board and attested by the District Clerk. The signature of any of these officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile

signatures of individuals who were at the time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the certification or authentication and delivery of such Bonds or shall not have held such offices at the date of such Bonds.

B. Forthwith upon the execution and delivery of this Indenture, the Issuer shall deliver to the Trustee the Bonds, executed by the Issuer, and the Trustee shall thereupon authenticate the Bonds and deliver the Bonds to the Persons and in the principal amounts designated in writing to the Trustee not less than seven (7) days in advance thereof upon 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 Series 2006 Standby Contribution Agreement, duly and validly executed and delivered by the parties thereto, and evidence satisfactory to the Trustee of performance of the obligations of the Owner and the Issuer thereunder to be performed by the Owner and the Issuer prior to or simultaneously with the delivery of the Bonds,

3. the Series 2006 Depository Agreement, duly and validly executed and delivered by the parties thereto, and evidence satisfactory to the Trustee of the performance of the obligations of the Owner and the Issuer thereunder to be performed by the Owner and the Issuer prior to or simultaneously with the delivery of the Bonds,

4. the Initial Letter of Credit, along with necessary legal opinions relating to the validity and enforceability thereof and

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

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

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

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

SECTION 3.04. *Registration, Transfer and Exchange.*

A. The Issuer shall cause to be kept (at its agency for payment of the Bonds) at the designated corporate trust office of the Registrar a register (hereinafter 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. The Trustee is hereby appointed "Bond Registrar" for the purpose of registering Bonds and transfer of Bonds as herein provided.

B. 1. Upon surrender for transfer of any Bond to a Paying Agent therefor at the designated corporate trust office thereof, accompanied by such other documents as are required in the form of Bond in Section 2.02 in connection with the transfer thereof, 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 Stated Maturity, of any authorized denominations (provided, however, that no Bond shall ever be issued in a denomination less than the minimum applicable authorized denomination of such Bond) and of a like aggregate principal amount as requested by the transferor.

2. The restrictions on transfer of beneficial interests in the Bonds included in the form of Bond prescribed in Section 2.02 shall be eliminated after receipt by the Trustee of (a)(i) proof of a rating on the Bonds of one of the four highest investment grade ratings from a Rating Agency and (ii) written approval of the Board to the deletion thereof or (b) defeasance of the Bonds pursuant to this Indenture. Thereafter, the Bonds shall be issued in denominations of $5,000 of principal amount and integral multiples thereof.

C. At the option of the Holder, Bonds may be exchanged for other Bonds of the same Stated Maturity, of any authorized denominations (provided, however, that no Bond shall ever be issued in a denomination less than the minimum applicable authorized denomination of such Bond) and of like aggregate principal amount upon surrender of the Bonds to a Paying Agent therefor at the designated corporate trust office thereof. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Bonds which the Holder of Bonds making the exchange is entitled to receive.

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

E. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed (if so required by the Trustee), or be accompanied by a written instrument of transfer in form satisfactory

to the Trustee duly executed, by the Holder thereof or his attorney duly authorized in writing.

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

G. Neither the Issuer nor the Trustee shall be required (1) to issue, transfer, or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of the first mailing of a notice of redemption of Bonds under Section 4.04 and ending at the close of business on the day of such mailing or (2) thereafter to transfer or exchange any Bond to be redeemed in whole or in part pursuant to such notice. The Trustee shall give notice of any such redemption with each delivery of Bonds to be redeemed upon transfer pursuant to any such mandatory tender.

H. 1. The Trustee and the Issuer shall at all times have an arrangement with a "clearing agency" (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended, 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 such securities depository may be set forth herein and that a legend shall appear on each Bond so long as the Bonds are subject to such agreement.

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

3. It is hereby acknowledged that the Issuer and the Trustee intend to enter into an agreement (the "Letter of Representations") with DTC in connection with the issuance of the Bonds, and while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds notwithstanding any other provisions of this Indenture to the contrary. As long as DTC is such a securities depository with respect to the Bonds, the Trustee shall be a "DTC Direct Participant."

SECTION 3.05. *Temporary Bonds*.

A. Pending the preparation of definitive Bonds, the Issuer may execute, and upon Issuer Request the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, mimeographed or otherwise produced, any denomination and Stated Maturities, 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 varia-

tions 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 Stated Maturities and of authorized denominations. Until so exchanged, temporary Outstanding Secured Bonds shall in all respects be entitled to the security and benefits of this Indenture.

SECTION 3.06. *Mutilated, Destroyed, Lost and Stolen Bonds.*

A. If (1) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (2) there is delivered to the Trustee such security or indemnity as may be required by it to save each of the Issuer and Trustee harmless, then, in the absence of notice to the Issuer or the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon a request of the Issuer Representative, the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like tenor, Stated Maturity and aggregate principal amount bearing a number not contemporaneously outstanding. If, after the delivery of such new Bond, a bona fide purchaser of the original Bond in lieu of which such new Bond was issued presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such new Bond from the Person to whom it was delivered 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. 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.

C. 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.

D. Every new Bond issued pursuant to this Indenture in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the

benefits of the Board Resolution authorizing the Bonds and of this Indenture equally and ratably with all other Outstanding Bonds.

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

SECTION 3.07. *Payment of Interest on Bonds; Interest Rights Preserved.*

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

B. Any interest on any Bond which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (hereinafter 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 at his or her address as it appears in the Bond

Register not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date.

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

SECTION 3.08. *Cancellation.*

All Bonds surrendered for payment, redemption, transfer, exchange, replacement or conversion, and all Bonds, if surrendered to the Trustee, shall be promptly canceled by it and, if surrendered to the Issuer or any Paying Agent, shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously certified or authenticated and delivered which the Issuer may have acquired 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 by this Indenture.

SECTION 3.09. *Persons Deemed Owners.*

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

* * *

ARTICLE FOUR

REDEMPTION OF BONDS

SECTION 4.01. *General Applicability of Article.*

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

SECTION 4.02. *Election to Redeem; Notice to Trustee.*

The exercise by the Issuer of its option to redeem any Bonds shall be evidenced by a Board Resolution. In case of any redemption at the election of the Issuer of less than all of the Outstanding Bonds, 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 Stated Maturities and principal amounts of Bonds to be redeemed.

SECTION 4.03. *Selection of Bonds to be Redeemed.*

A. If less than all the Outstanding Bonds of a Stated Maturity of the Bonds are to be redeemed, the particular Bonds of such Stated Maturity of the Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to $5,000 of principal amount or an integral multiple thereof) of the principal of Bonds of a denomination larger than the authorized denomination of that Bond.

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

SECTION 4.04. *Notice of Redemption.*

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

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

1. the Redemption Date,

2. the Redemption Price,

3. the Stated Maturity and 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) of Bonds 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 at the designated corporate trust office thereof and the address of such Paying Agent.

C. Notices of redemption shall also be sent pursuant to this Section to the entities, on the date and by the means required for such matters pursuant to Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended.

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

SECTION 4.05. *Deposit of Redemption Price.*

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

SECTION 4.06. *Bonds Payable on Redemption Date.*

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

Record Dates according to the terms of such Bonds and the provisions of Section 3.07.

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

SECTION 4.07. *Bonds Redeemed in Part.*

Any Bond which is to be redeemed only in part shall be surrendered at the designated corporate trust office of the Trustee, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of any authorized denomination or denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

* * *

ARTICLE FIVE

FUNDS

SECTION 5.01. *Bond Fund.*

There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "General Obligation Bonds, Series 2006 Bond Fund" (hereinafter referred to as the "*Bond Fund*") and within the Bond Fund (1) a special account designated the Series 2006 Tax Account" and (2) a special account separate and apart from the Trust Estate and designated the "*Series 2006 Expenses Account*." The money deposited to the Series 2006 Tax Account and the Series 2006 Expenses Account, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.02 and 7.03.

SECTION 5.02. *Deposits to and Application of Bond Fund; Reports from Trustee with Respect Thereto.*

A. The Issuer shall, upon receipt, deposit to the credit of

1. the Series 2006 Tax Account the proceeds of the sale of the Bonds described in Section 5.05 and then:

a. amounts collected by or remitted to the Issuer as ad valorem taxes to the extent provided in Section 10.01(A) which are allocated in the budget of the Issuer for the applicable Fiscal Year for the payment of either (i) principal of or interest or premium on the Bonds with respect to Debt Service or (ii) for the payment of Rebate and the expenses described in Clause (ii) of the definition of Debt Service (but not any amounts from such source which are to be applied to pay amounts due with respect to any bonds issued on a parity with the Bonds),

b. amounts paid to the Trustee pursuant to Sections 2.01(A), (B)(4) and (C)(3) of the Series 2006 Standby Contribution Agreement for which the Trustee shall submit written requests as required by such sections of the Series 2006 Standby Contribution Agreement;

c. amounts paid to the Trustee pursuant to Section 2.02(A) of the Series 2006 Depository Agreement for which the Trustee shall submit written requests as provided by Section 5.02(C)(1);

d. amounts transferred from the Acquisition and Construction Fund to the extent provided in Sections 5.04(B) and 5.06(B) and

e. such other funds as the Issuer shall, at the option of the Board, deem advisable.

2. the Series 2006 Expenses Account, amounts transferred from the Series 2006 Tax Account to the extent provided in Section 5.02(B)(1)(b).

B. 1. a. Amounts deposited in the Series 2006 Tax Account shall be applied, first, to pay principal, interest or premium with respect to Debt Service on the dates due and in the amounts and order provided in Section 7.03(B).

b. On the day after each such due date referred to in Section 5.02(B)(1)(a), amounts deposited in the Series 2006 Tax Account pursuant to, and for the purposes described in, Section 5.02(A)(1)(a)(ii) shall be transferred to the Series 2006 Expenses Account.

2. Amounts deposited in the Series 2006 Expenses Account shall be applied to pay amounts due with respect to Rebate or, upon an Issuer Request, be paid to the Issuer for the purposes described in Section 9.1 of the Development Agreement.

C. 1. After the Draw, on January 2 and July 2 of each Fiscal Year prior to the termination of the Series 2006 Depository Agreement, the Trustee shall provide to the Depository in writing the following information:

a. Debt Service due on the Bonds on the next January 15 and July 15, as the case may be,

b. the amount then on deposit in the Series 2006 Tax Account including the amounts deposited therein pursuant to Section 5.02(A)(1)(b) and (c) and

c. the difference of clause (a) above less clause (b) above,

together with a request (which may be by facsimile communication) for payment by the Depository of an amount equal to such difference if greater than zero by January 8 and July 8, respectively.

2. As soon as possible after July 15 of each Fiscal Year and more often as indicated in an Issuer Request, the Trustee shall provide to the Issuer, the Original Purchaser and, while the Series 2006 Depository Agreement is in effect, the Owner the balances as of such date in each fund established hereunder.

SECTION 5.03. *Acquisition and Construction Fund.*

There is hereby created by the Issuer and established with the Trustee a special trust fund of the Issuer held separate and apart from the Trust Estate and designated its "General Obligation Bonds,

Series 2006 Acquisition and Construction Fund" (hereinafter referred to as the "Acquisition and Construction Fund"). Amounts deposited to the Acquisition and Construction Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.04 and 5.05.

SECTION 5.04. *Deposits to and Application of Acquisition and Construction Fund.*

A. The Issuer shall deposit to the credit of the Acquisition and Construction Fund the proceeds of the sale of the Bonds as provided in Section 5.05(b).

B. Upon an Issuer Request which shall state with respect to Costs of Acquisition and Construction (1) the name and address of the Person to whom the payment is to be made; (2) the amount to be paid; (3) the obligation on account of which the payment is to be made, showing the total obligation, any amount previously paid and the unpaid balance as well as the provision of the Development Agreement to which the foregoing relates; (4) that the obligation was properly incurred and is a proper charge against the Acquisition and Construction Fund; (5) that the amount requisitioned is due and unpaid or owing to such Person; (6) that with respect to items covered in the Issuer Request, there are no vendors', mechanics' or other liens, bailments, leases or conditional sale contracts which must be satisfied or discharged before the payments as requisitioned therein are made or which will not be discharged by such payment and (7) the aggregate amount of all disbursements previously made from the Acquisition and Construction Fund, amounts on deposit in the Acquisition and Construction Fund shall be applied by the Trustee solely to pay the Costs of Issuance and the Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the Issuer as provided by Issuer Request to transfer such unexpended proceeds or income to the Series 2006 Tax Account; provided, however, that if any such amounts remain on deposit in the Acquisition and Construction Fund on July 1, 2009, such amounts shall be transferred by the Trustee to the Series 2006 Tax Account.

SECTION 5.05. *Disposition of Proceeds of Bonds.*

Simultaneously with delivery of the Bonds to the initial purchasers thereof, the Issuer shall cause the Trustee to deposit (a) $732,101.33 to the Series 2006 Tax Account from the proceeds of the sale thereof and (b) the balance of the proceeds thereof to the credit of the Acquisition and Construction Fund for the purposes described in Section 5.04(B).

SECTION 5.06. *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 at the written direction of the Issuer Representative.

B. Money held for the credit of the Acquisition and Construction Fund shall, as nearly as may be practical, be continuously invested and reinvested by the Trustee in Permitted Investments at the written direction of the Issuer Representative and on each September 14 and March 10 of each Fiscal Year the resulting investment income shall be transferred by the Trustee to the Series 2006 Tax Account.

C. The Trustee shall sell or present for redemption any obligations so purchased as an investment hereunder whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money required hereby. Investments shall mature, or shall be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established hereunder shall be deemed at all times to be a part of such fund. The investment income 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 shall not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from disregard or negligent implementation of any permitted direction by the Issuer.

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ARTICLE SIX

DEFEASANCE AND RELEASES

SECTION 6.01. *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 4.05,

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

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 6.02; and

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

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

B. In the absence of an Issuer Request as aforesaid, the payment of all Outstanding Secured Bonds shall not render this Indenture inoperative or prevent the Issuer from issuing Bonds from time to time thereafter as herein provided.

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

SECTION 6.02. *Defeasance.*

Any Bond shall be deemed to be no longer Outstanding when payment of the principal of such Bond, plus interest thereon to the Maturity thereof (whether such Maturity be by reason of the Stated Maturity thereof or giving of notice redemption therefor, if notice of such redemption has been given or waived or irrevocable arrangements therefor satisfactory to the Trustee have been made) shall have been provided for by depositing for such payment from funds of the Issuer under the terms provided in this Section (1) money sufficient to make such payment or (2) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as shall, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom be sufficient to make such payment, provided that all necessary and proper fees, compensation, and expenses of the Trustee and Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Any such deposit shall be made either with the Trustee or, if notice of such deposit is given to the Trustee, with a state or nationally chartered bank with a minimum combined capital and surplus of $50,000,000, as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or the Paying Agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the Maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then Outstanding, the Trustee shall select the Outstanding Bonds in the same manner as provided in Section 4.03 for the selection of Bonds to be redeemed. Notwithstanding anything herein to the contrary however, no such deposit shall have the effect hereinabove described (1) if made during

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

SECTION 6.03. *Application of Deposited Money.*

Money or Governmental Obligations deposited with the Trustee pursuant to Section 6.01 or 6.02 shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Subject to the provisions of Section 4.03, such money or Governmental Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent as the Trustee may determine) to the Holders entitled thereto of the principal (and premium, if any) and interest for the payment of which such money has been deposited with the Trustee.

* * *

ARTICLE SEVEN

REMEDIES

SECTION 7.01. *Suits for Enforcement; Mandamus.*

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

B. In addition to all rights and remedies of any Holder of Bonds provided herein, in the event the Issuer defaults in the payment of the principal of or premium, if any, or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution, this Indenture, the Series 2006 Standby Contribution Agreement or the Series 2006 Depository Agreement, 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, this Indenture, the Series 2006 Standby Contribution Agreement and the Series 2006 Depository Agreement.

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

A. If

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

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

then upon demand of the Trustee, the Issuer shall pay or cause to be paid to the Trustee for the benefit of the Holders of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any), but not any such amounts due in the future, and interest and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of administration and collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the Issuer fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled

to sue for and recover judgment against the Issuer for the amount then so due and unpaid.

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

SECTION 7.03. *Application of Money Collected.*

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

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

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

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

SECTION 7.04. *Trustee May File Proofs of Claim.*

A. In case of the 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 8.06.

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

SECTION 7.05. *Trustee May Enforce Claims Without Possession of Bonds.*

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

SECTION 7.06. *Unconditional Right of Bondholders to Receive Principal, Premium and Interest.*

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

SECTION 7.07. *Rights and Remedies Cumulative.*

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

SECTION 7.08. *Delay or Omission Not Waiver.*

No delay or omission of the Trustee or any Holder of any Bond to exercise any right or remedy accruing upon a default under this Article shall impair any such right or remedy or constitute a waiver of any such default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondholders, as the case may be.

SECTION 7.09. *Control by Bondholders.*

A. The Holders of a majority in aggregate principal amount of the Outstanding Bonds affected thereby shall have the right

1. to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of

this Indenture, the sale of the Trust Estate, or otherwise; and

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

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

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

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

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

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

SECTION 7.10. *Waiver of Past Defaults.*

A. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the Holders of not less than a majority in aggregate principal amount of 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 Article Twelve cannot be modified or amended without the consent of the Holder of each Outstanding Bond affected.

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

SECTION 7.11. *Undertaking for Costs.*

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

SECTION 7.12. *Remedies Subject to Applicable Law.*

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

* * *

ARTICLE EIGHT

THE TRUSTEE

SECTION 8.01. *Certain Duties and Responsibilities.*

A. The Trustee undertakes to perform such duties and only such duties as are specifically set forth 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 of this Indenture; 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 of this Indenture.

B. No provision of this Indenture 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, under this Indenture and

4. no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in Sections 7.09(B) and 8.02(E).

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

SECTION 8.02. *Certain Rights of Trustee.*

Except as otherwise provided in Section 8.01 hereof:

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

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

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

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

C. whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate or, for purposes of Section 10.06, an appropriate certificate of a consultant or firm of consultants of nationally recognized standing in the field of accounting for 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 by this Indenture at the request or direction of any of the Bondholders pursuant to this Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;

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

make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney and

G. the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or 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 8.03. *Not Responsible for Recitals or Application of Proceeds.*

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

SECTION 8.04. *May Hold Bonds.*

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

SECTION 8.05. *Money Held in Trust.*

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

SECTION 8.06. *Compensation and Reimbursement.*

A. The Issuer shall

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

2. except as otherwise expressly provided herein, reimburse the Trustee upon its request for all reasonable

expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or bad faith.

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

SECTION 8.07. *Corporate Trustee Required; Eligibility.*

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

SECTION 8.08. *Resignation and Removal; Appointment of Successor.*

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

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

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

D. If at any time:

1. the Trustee shall cease to be eligible under Section 8.07 and shall fail to resign after written request therefor by the Issuer or any such Bondholder or

2. the Trustee shall become incapable of acting or shall be adjudged insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in either such case, (a) the Issuer by Board Resolution may remove the Trustee or (b) subject to Section 8.12, any Bondholder who has been a bona fide Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor 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 designated corporate trust office.

SECTION 8.09. *Acceptance of Appointment by Successor.*

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

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

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

SECTION 8.10. *Merger, Conversion, Consolidation or Succession to Business.*

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

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ARTICLE NINE

SUPPLEMENTAL INDENTURES;
AMENDMENTS TO BOND RESOLUTION,
SERIES 2006 STANDBY CONTRIBUTION AGREEMENT AND
SERIES 2006 DEPOSITORY AGREEMENT

SECTION 9.01. *Supplemental Indentures or Amendments to Bond Resolution, Series 2006 Standby Contribution Agreement and Series 2006 Depository Agreement 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, the Issuer may amend the Bond Resolution or the Issuer, when authorized by Board Resolution, and the Trustee may amend the Series 2006 Standby Contribution Agreement and the Series 2006 Depository Agreement, as applicable, for any of the following purposes:

1. to correct or amplify the description of any property at any time subject to the lien of this Indenture, 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 of this Indenture 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, in the Series 2006 Standby Contribution Agreement, in the Series 2006 Depository Agreement or in 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

5. to cure any ambiguity, to correct or supplement any provision herein, in the Series 2006 Standby Contribution Agreement, in the Series 2006 Depository Agreement or in the Bond Resolution which may be inconsistent with any other provision herein in the Series 2006 Standby Contribution Agreement, in the Series 2006 Depository Agreement or in the Bond Resolution, or to make any other provisions, with respect to matters or questions arising under this Indenture, the Series 2006 Standby Contribution Agreement,

the Series 2006 Depository Agreement or the Bond Resolution, which shall not be inconsistent with the provisions of this Indenture, the Series 2006 Standby Contribution Agreement, the Series 2006 Depository Agreement or the Bond Resolution, provided such action shall not adversely affect the interests of the Holders of the Bonds.

SECTION 9.02. *Supplemental Indentures or Amendments to the Bond Resolution or Series 2006 Standby Contribution Agreement or Series 2006 Depository Agreement With Consent of Bondholders.*

A. With the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds affected by such supplemental indenture or amendment to the Series 2006 Standby Contribution Agreement, the Series 2006 Depository Agreement or the Bond Resolution, by Act of such Holders delivered to the Issuer and the Trustee, the Issuer, when authorized by Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto or an amendment or amendments to the Series 2006 Standby Contribution Agreement, the Series 2006 Depository Agreement or the Bond Resolution, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture, the Series 2006 Standby Contribution Agreement, the Series 2006 Depository Agreement or the Bond Resolution or of modifying in any manner the rights of the Holders of the Bonds under this Indenture, the Series 2006 Standby Contribution Agreement, the Series 2006 Depository Agreement or the Bond Resolution; provided, however, that no such supplemental indenture or amendment to the Series 2006 Standby Contribution Agreement, the Series 2006 Depository Agreement or 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 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 the Series 2006 Standby Contribution Agreement, the Series 2006 Depository Agreement and 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 Series 2006 Standby Contribution Agreement, the Series 2006 Depository Agreement or the Bond Resolution and any such determination shall be conclusive upon every Holder of Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

C. It shall not be necessary for any Act of Bondholders under this Section to approve the particular form of any proposed supplemental indenture or any such amendment to the Series 2006 Standby Contribution Agreement, the Series 2006 Depository Agreement or the Bond Resolution, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 9.03. *Execution of Supplemental Indentures and Amendments to Bond Resolution, Series 2006 Standby Contribution Agreement Series 2006 Depository Agreement.*

In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Series 2006 Standby Contribution Agreement, the Series 2006 Depository Agreement or the Bond Resolution permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive and, subject to Section 8.01, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture or adoption or execution of such amendment is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture or amendment to the Series 2006 Standby Contribution Agreement or be governed by any amended Bond Resolution which affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

SECTION 9.04. *Effect of Supplemental Indentures and Amendments to Bond Resolution, Series 2006 Standby Contribution Agreement or Series 2006 Depository Agreement.*

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part of this Indenture for all purposes, and upon the amendment of the Bond Resolution, the Series 2006 Depository Agreement or the Series 2006 Standby Contribution Agreement under this Article, the Bond Resolution, the Series 2006 Depository Agreement or the Series 2006 Standby Contribution Agreement, as applicable, shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution, the Series 2006 Depository Agreement or the Series 2006 Standby Contribution Agreement, as applicable, for all purposes, and every Holder of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.05. *Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution, Series 2006 Depository Agreement and Series 2006 Standby Contribution Agreement.*

Bonds authenticated and delivered after the execution of any supplemental indenture or amendment to the Bond Resolution, the Series 2006 Depository Agreement or the Series 2006 Standby Contribution Agreement pursuant to this Article may bear a notation as to any matter provided for in such supplemental indenture or amendment to the Bond Resolution, the Series 2006 Depository Agreement or the Series 2006 Standby Contribution Agreement. If the Issuer shall so determine, new Bonds so modified as to conform to any such supplemental indenture or amendment to the Bond Resolution, the Series 2006 Depository Agreement or the Series 2006 Standby Contribution Agreement may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

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ARTICLE TEN

COVENANTS

SECTION 10.01. *Pledge and Levy of Taxes.*

A. For each Fiscal Year while any Bond is Outstanding, the Board shall annually levy and cause an *ad valorem* property tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the Issuer, to pay Debt Service and to pay Parity Debt Service when due, and the Issuer shall duly and punctually pay Debt Service in accordance with the terms of this Indenture. (The Issuer and the Trustee acknowledge that the Bonds and any other general obligation bonds of the Issuer hereafter issued will be secured on a parity basis in the collection and application of property tax revenues of the Issuer and that such property taxes will be allocated to each series of general obligation bonds in accordance with any Debt Service or Parity Debt Service then due and, in either case, taking into account other funds held by the Issuer for such payment. Property tax revenues allocated for any series of bonds shall be deposited into the applicable fund or account set aside for such series.)

B. Amounts derived from the levy of the tax provided for in this Section when collected constitute funds to pay Debt Service and shall be kept separately from other funds of the Issuer, including with respect to the pro-rata amount of such amounts applicable to the Bonds, by being paid to the Trustee and deposited by the Trustee to the accounts as described in Section 5.02.

C. The Board shall make annual statements and estimates of the amount to be raised to pay Debt Service [including the amounts to be allocated as described in Sections 5.02(A)(1)(a)]. The Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The Board, on or before the date set by law for certifying the annual budget of the Municipality, shall fix, levy and assess the amounts to be raised by ad valorem taxes of the Issuer and shall cause certified copies of the order to be delivered to the Board of Supervisors of Pima County, Arizona, to the Department of Revenue of the State and to the Trustee. All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

SECTION 10.02. *Maintenance of Agency.*

The Issuer shall maintain an agency where Bonds may be presented or surrendered for payment, where Bonds 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 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 designated 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 10.03. *Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money.*

A. The amounts 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. Amounts 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. Amounts 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

(a) hold all amounts 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 amounts shall be paid to the Holders or otherwise disposed of as herein provided and

(b) at any time, upon the written request of the Trustee, forthwith pay to the Trustee all amounts 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 10.04. *Further Assurances; Recording.*

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

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

SECTION 10.05. *Covenants as to Arbitrage and Other Tax Matters.*

A. The Board shall not cause the Issuer to make or direct the making of any investment or other use of the proceeds of any Bonds which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Code or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of the Code, and the Board shall cause the Issuer to comply with the requirements of the Code sections and related regulations throughout the term of the Bonds. The Board shall cause the Issuer to comply with the procedures and covenants contained in any arbitrage rebate provision or separate agreement executed in connection with the issuance of the Bonds (including as provided in Section 10.06) for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In consideration of the purchase and acceptance of the Bonds by such holders from time to time and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, as amended,

the Board covenants, and the appropriate officials of the Issuer are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by such Code which would adversely affect in any respect such exclusion.

B. 1. The Board shall not cause the Issuer to take any action or fail to take any action with respect to the investment of the proceeds of any Bonds or any other funds of the Issuer, including amounts received from the investment of any of the foregoing, which, based upon the facts, estimates, and circumstances known on the Closing Date, would result in constituting the Bonds "arbitrage bonds" within the meaning of the Code, and the Board shall not cause the Issuer to take any deliberate action motivated by arbitrage which would have such result.

2. In the event the Board is of the opinion that it is necessary to restrict or limit the yield on the investment of any money paid to or held by the Trustee hereunder in order to avoid classification of any Bonds as "arbitrage bonds" within the meaning of the Code, the Board may issue to the Trustee a written instrument to such effect (along with appropriate written instructions), in which event the Trustee shall take such action as is necessary so to restrict or limit the yield on such investment in accordance with such instrument and instructions, irrespective of whether the Trustee shares such opinion. The Trustee may conclusively rely upon any such instructions and shall be responsible for no loss resulting from investment of any money held hereunder in accordance with such instructions.

C. 1. The Issuer shall take all necessary and desirable steps, as determined by the Board, to comply with the requirements hereunder in order to ensure that interest on the Bonds is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event the Issuer receives a Bond Counsel's Opinion (as such term is defined in the next section) that either (i) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Bonds, or (ii) compliance with some other requirement will meet the requirements of the Code. In the event the Issuer receives such a Bond Counsel's Opinion, this shall be supplemental Indenture to conform to the requirements set forth in such opinion.

2. If for any reason any requirement hereunder is not complied with, the Issuer shall take all necessary and desirable steps, as determined by the Board, to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and the Issuer shall pay any required interest or penalty under Regulations section 1.148-3(h) of the Regulations (as such term is defined in the next section).

SECTION 10.06. *Specific Covenants as to Rebate.*

A. 1. Terms not otherwise defined in Subsection (2) hereof shall have the meanings given to them in the arbitrage certificate of the Issuer delivered in connection with the issuance of the Bonds.

2. The following terms shall have the following meanings:

Bond Counsel's Opinion shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Issuer.

Bond Year shall mean each one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Bonds and shall end on the date selected by the Issuer, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Bond.

Bond Yield is as indicated in such arbitrage certificate. Bond Yield shall be recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). Bond Yield shall mean the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Bonds as determined under Regulations section 1.148-4(b). The present value of all such payments shall be computed as of the date of issue of the Bonds and using semiannual compounding on the basis of a 360-day year.

Code shall mean the Internal Revenue Code of 1986, as amended, and any successor provisions thereto.

Gross Proceeds shall mean:

(i) any amounts actually or constructively received by the Issuer from the sale of the Bonds but excluding amounts used to pay accrued interest on the Bonds within one year of the date of issuance of the Bonds;

(ii) transferred proceeds of the Bonds under Regulations section 1.148-9;

(iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii); and

(iv) replacement proceeds of the Bonds within the meaning of Regulations section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly

to pay debt service on the Bonds, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Bonds in the event the Issuer encounters financial difficulties and other replacement proceeds within the meaning of Regulations section 1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account established under the Indenture.

Investment Property shall mean any security, obligation (other than a tax-exempt bond within the meaning of Code section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations section 1.148-1(b).

Issue Price is as indicated in such arbitrage certificate, which is the initial offering price to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters of wholesalers) at which price a substantial amount of the Bonds was sold, less any bond insurance premium and reserve surety bond premium. Issue price shall be determined as provided in Regulations section 1.148-1(b).

Nonpurpose Investment shall mean any Investment Property acquired with Gross Proceeds, and which is not acquired to carry out the governmental purposes of the Bonds.

Payment shall mean any payment within the meaning of Regulations section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

Rebate Requirement shall mean at any time the excess of the future value of all Receipts over the future value of all Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Payments in accordance with Regulations section 1.148-3(c). The Rebate Requirement is zero for any Nonpurpose Investment meeting the requirements of a rebate exception under section 148(f)(4) of the Code or Regulations section 1.148-7.

Receipt shall mean any receipt within the meaning of Regulations section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

Regulations shall mean the sections 1.148-1 through 1.148-11 and section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

B. Within 60 days after the end of each Bond Year, the Issuer shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

(1) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an

amount which, when added to the future value of all previous rebate payments with respect to the Bonds (determined as of such Computation Date), is equal to at least 90% of the sum of the Rebate Requirement (determined as of the last day of such Bond Year) plus the future value of all previous rebate payments with respect to the Bonds (determined as of the last day of such Bond Year); and

(2) not later than 60 days after the retirement of the last Bond, an amount equal to 100% of the Rebate Requirement (determined as of the date of retirement of the last Bond).

Each payment required to be made under this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date such payment is due, and shall be accompanied by IRS Form 8038-T.

C. No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

D. For purposes of Subsection (C), whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

1. The fair market value of a Nonpurpose Investment generally shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in a bona fide arm's length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

2. Except as provided in Subsection (E) or (F), a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

3. If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

E. The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

1. the yield on reasonably comparable direct obligations of the United States; and

2. the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

F. A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

1. A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements in the Regulations that the Issuer receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the Bonds.

2. All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

3. At least three reasonably competitive providers (i.e. having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Bonds (e.g., a lead underwriter within 15 days of the issue date of the Bonds or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the Issuer uses an agent to conduct the bidding, the agent may not bid.

4. The highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees) is purchased.

5. The determination of the terms of the guaranteed investment contract takes into account as a significant factor the reasonably expected deposit and drawdown schedule for the amounts to be invested.

6. The terms for the guaranteed investment contract are commercially reasonable (i.e. have a legitimate business purpose other than to increase the purchase price or reduce the yield of the guaranteed investment contract).

7. The provider of the investment contract certifies the administrative costs (as defined in Regulations section 1.148-5(e)) that it pays (or expects to pay) to third parties in connection with the guaranteed investment contract.

8. The Issuer retains until three years after the last outstanding Bond is retired, (i) a copy of the guaranteed investment contract, (ii) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by the Issuer and a copy of the provider's certification described in (7) above, (iii) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (iv) the bid solicitation form and, if the terms of the guaranteed investment contract deviates from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

G. Such experts and consultants shall be employed to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of the Code with respect to the Bonds.

* * *

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

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

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By.....
District Manager

ATTEST:

.....
District Clerk

WELLS FARGO BANK, N.A., as Trustee

By.....
Authorized Officer

QUAIL CREEK COMMUNITY FACILITIES DISTRICT,

WELLS FARGO BANK, N.A.,
as Trustee,

and

ROBSON RANCH QUAIL CREEK, LLC

SERIES 2006 STANDBY CONTRIBUTION AGREEMENT

Dated as of June 1, 2006

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* * *

THIS SERIES 2006 STANDBY CONTRIBUTION AGREEMENT, dated as of June 1, 2006 (hereinafter referred to as this "*Agreement*"), by and among Quail Creek Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"); Wells Fargo Bank, N.A., a national banking association with trust powers having a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as trustee (hereinafter together with its successors referred to as the "*Trustee*"), and Robson Ranch Quail Creek, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as the "*Owner*"),

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Enabling Act*"), a general obligation bond election was held on November 8, 2005 (hereinafter referred to as the "*Election*"), submitting to those persons who are qualified to vote pursuant to the Enabling Act the question of authorizing the Board to issue general obligation bonds of the Issuer in the aggregate principal amount of $30,000,000 to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with The General Plan for the Proposed Quail Creek Community Facilities District filed with the Clerk of the Town of Sahuarita, Arizona, before or on September 9, 2005; and

WHEREAS, the issuance of such general obligation bonds was approved at the Election; and

WHEREAS, pursuant to a Resolution of the district board of the Issuer (hereinafter referred to as the "*Board*"), the Board adopted on May 8, 2006 (hereinafter referred to as the "*Bond Resolution*"), the Board (1) authorized the sale and issuance of its General Obligation Bonds, Series 2006, in the aggregate principal amount of $12,660,000 (hereinafter referred to as the "*Series 2006 Bonds*") to provide funds for all or a portion of the public infrastructure purposes provided for in the Enabling Act and described in the feasibility report presented to and approved by the Board on May 8, 2006, and in the District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005 (hereinafter referred to as the "*Development Agreement*"), by and among the Town of Sahuarita, Arizona, a municipality incorporated and existing pursuant to the laws of the State of Arizona, the Issuer and the Owner and (2) entered in its minutes a record of the Series 2006 Bonds sold and their numbers and dates and will levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the Issuer sufficient, together with moneys from the sources described therein (including amounts available hereunder), to pay Debt Service (as such term is hereinafter defined) when due; and

WHEREAS, the Board has by the Bond Resolution duly authorized the issuance of the Series 2006 Bonds and, in order to provide terms for, to secure and to provide for authentication and delivery of the Series 2006 Bonds, has duly authorized the execution and delivery of a Series 2006 Indenture of Trust and Security Agreement, dated as of even date herewith (hereinafter referred to as the "*Series 2006 Indenture*"), from the Issuer to Wells Fargo Bank, N.A., as trustee; and

WHEREAS, as provided in the Development Agreement and the Series 2006 Indenture, the proceeds of the sale of the Series 2006 Bonds shall be used by the Issuer to construct or acquire from the Owner a portion of the "public infrastructure" (as such term is defined in the Enabling Act) described in the Development Agreement; and

WHEREAS, in consideration for the issuance of the Series 2006 Bonds, and the actions taken and to be taken in the Development Agreement and the Series 2006 Indenture, by the Issuer and as a condition precedent to the execution and delivery of this Agreement and the issuance of the Series 2006 Bonds, the Owner shall be obligated to contribute certain amounts for the benefit of the Issuer which shall, pursuant to, and for purposes of, the Enabling Act, be considered by the Issuer in levying taxes to pay principal of and interest on the Series 2006 Bonds when due; and

WHEREAS, the Issuer may enter into, and expend moneys pursuant to, this Agreement for the public infrastructure purposes provided for by this Agreement with respect to the Issuer;

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

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01. *Definitions.*

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

1. The terms defined hereinabove, hereinafter and in the Series 2006 Indenture have the meanings assigned to them hereinabove, hereinafter and in Article One of the Series 2006 Indenture and include the plural as well as the singular.

2. 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.

3. 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, the Trustee or the Owner 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 the Issuer at c/o Town of Sahuarita, Arizona, Box 879, Sahuarita, Arizona 85629, Attention: District Clerk, or at any other address previously furnished in writing to such Person by the Issuer,

2. the Trustee shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its corporate trust office in Phoenix, Arizona, or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at Wells Fargo Plaza, MAC S4101-22E, 100 West Washington Street, 22nd Floor, Phoenix, Arizona 85003, Attention: Corporate Trust Services, or at any other address furnished in writing to such Person by the Trustee, or

3. The Owner shall be sufficient for every purpose hereunder if in writing and mailed, first class mail postage prepaid, to the Owner addressed to the Owner at c/o Robson Communities, 9532 East Riggs Road, Sun Lakes, Arizona 85248, Attention: Steven M. Soriano, or at any other address previously furnished in writing to such Person by the Owner, with a copy to Peter Gerstman at the same address.

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, the Trustee and the Owner 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 pursuant to this Agreement.

SECTION 1.07. *Governing Law.*

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

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

The Issuer may, within three (3) years after its execution, cancel this Agreement, without penalty(s) 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 either of the Trustee or the Owner in any capacity or a consultant to either of the Trustee or the Owner with respect to the subject matter of this Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer from either of the Trustee or the Owner arising as the result of this Agreement. Neither the Trustee or the Owner has taken nor shall take any action which could cause any person described in the preceding sentence to be or become an employee or agent of either of the Trustee or the Owner in any capacity or a consultant to any of the Trustee or the Owner with respect to the subject matter of this Agreement.

SECTION 1.09. *Further Assurances.*

A. The Issuer, the Trustee and the Owner 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.

B. The Owner shall cause this instrument and any instruments of further assurance, including financing statements, if any, to be promptly registered and filed, and to be kept registered and filed, and, when necessary, to 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 Issuer hereunder, and the Owner shall execute any financing statement, continuation statement or other document required for such purposes.

SECTION 1.10. *Amendments.*

Pursuant to the provisions established in the Series 2006 Indenture, this Agreement may be amended by an instrument in writing executed and delivered by each of the Issuer, the Trustee and the Owner.

SECTION 1.11. *Business Days.*

For purposes of this Agreement, if any date for any certification, payment, submission or determination is not a Business Day, the applicable certification, payment, submission or determination shall be made or done on the next succeeding day which is a Business Day.

SECTION 1.12. *Termination.*

Subject to the last sentence of this Section, this Agreement shall terminate upon the earlier of (A) the payment or the provision for the payment in full of all of the outstanding Series 2006 Bonds or (B) receipt by the Issuer Representative of evidence satisfactory to the Issuer Representative that, for any consecutive three (3) Fiscal Years (the first of which shall be no sooner than the first Fiscal Year after the Series 2006 Depository Agreement has been terminated), a tax rate of $3.00 per $100 of secondary assessed valuation of property within the boundaries of the Issuer for each such Fiscal Year would have been sufficient to pay Maximum Annual Debt Service for any subsequent Fiscal Year plus the historical, annual, average of amounts necessary for payment of amounts described in Section 9.1 of the Development Agreement as of such Fiscal Year. Such evidence shall consist of a written projection, prepared by the Issuer Representative upon a written request of the Owner, that is based upon the application of such secondary tax rate in light of the actual secondary assessed valuation of the property within the boundaries of the Issuer for each such Fiscal Year, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the Issuer as of such Fiscal Year and no credit for any fund balances or investment income accruing during such Fiscal Year. After receipt of proof of satisfaction of such condition, the Board shall approve in writing such termination, such approval not to be withheld unreasonably.

SECTION 1.13. *Beneficiaries*.

This Agreement is entered into by the Owner with the Trustee and the Issuer for the benefit of the Issuer, the Trustee and the Holders, from time to time, of the Series 2006 Bonds, all of whom shall be entitled to enforce performance and observance of this Agreement to the same extent provided for the enforcement of remedies pursuant to the Series 2006 Indenture.

SECTION 1.14. *Integration*.

This Agreement, when executed and delivered by the parties hereto, shall constitute the entire agreement among them with respect to the matters provided herein and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

* * *

ARTICLE TWO

PAYMENTS; RELATED MATTERS

SECTION 2.01. *Payments.*

A. [Reserved to Preserve Section Numbering]

B. 1. On September 1 of each Fiscal Year commencing the Fiscal Year ending in 2008, the Issuer shall certify to the Trustee the amount of property taxes which would be produced based upon (a) the current secondary assessed valuation of taxable property within the boundaries of the Issuer and (b) a tax rate of $3.00 per $100 (or such lower rate as may be permitted as hereinafter provided) of secondary assessed valuation (assuming a five percent (5%) delinquency factor) (the "Tax Year Tax Amount").

2. On September 15 of each Fiscal Year commencing the Fiscal Year ending in 2008, the Trustee shall determine (a) Debt Service (without regard to any optional redemption) due on the next succeeding January 15 plus Debt Service due on the next succeeding July 15 (the "Total Debt Service"), (b) the amount in the Series 2006 Tax Account available to pay Debt Service (collectively the "September Available Moneys"), and (c) the difference, if any, between (x) one-half (1/2) of the Total Debt Service and (y) the sum of (A) the September Available Moneys and (B) one-half (1/2) of the Tax Year Tax Amount (such difference being the "October Payment").

3. On March 11 of each Fiscal Year commencing the Fiscal Year ending in 2008, the Trustee shall determine (a) the amount in the Series 2006 Tax Account available to pay Debt Service (collectively the "March Available Moneys"), and (b) the difference, if any, between (x) one-half (1/2) of the Total Debt Service and (y) the sum of (A) the March Available Moneys and (B) one-half (1/2) of the Tax Year Tax Amount (such difference being the "April Payment").

4. On September 15 and March 11 of each Fiscal Year commencing the Fiscal Year ending in 2008, the Trustee shall submit a written request to the Owner for, and on October 12 and April 11, respectively, the Owner shall be obligated to pay and shall pay to the Trustee, the October Payment and the April Payment, respectively.

C. 1. On December 15 of each Fiscal Year commencing the Fiscal Year ending in 2007, the Trustee shall determine the difference between the amount in the Series 2006 Tax Account on such date and the amount necessary to pay Debt Service (without regard to any optional redemption) on the next succeeding January 15 (such difference being the "December Payment").

2. On June 15 of each Fiscal Year commencing the Fiscal Year ending in 2007, the Trustee shall determine the difference between the amount in the Series 2006 Tax Account on such date and the

amount necessary to pay Debt Service on the next succeeding July 15 (such difference being the "June Payment").

3. On December 21 and June 20 of each Fiscal Year commencing the Fiscal Year ending 2007, the Trustee shall submit a written request to the Owner for, and on the next succeeding December 31 and June 30, respectively, the Owner shall be obligated to pay and shall pay to the Trustee, the December Payment and the June Payment, respectively.

D. The Owner shall be liable and obligated pursuant to Sections 2.01(B)(4) and (C)(3) only if the Issuer has with respect to any Interest Payment Date occurring on January 15 levied for Debt Service for that Fiscal Year a tax rate pursuant to Section 10.01(A) of the Series 2006 Indenture of at least $3.00 per $100 of secondary assessed valuation and with respect to any Interest Payment Date occurring on July 15 levied such tax rate for the immediately preceding Fiscal Year; provided, however that the tax rate in any such Fiscal Year for such purpose may be less than $3.00 if the Board expected that such lower rate would produce secondary ad valorem tax revenues sufficient to pay in full Debt Service and the Series 2006 Depository Agreement has been, or is in the process of being, terminated pursuant to its terms.

E. All payments by the Owner pursuant to the preceding subsections of this Section shall be paid to the Trustee or the Issuer, as the case may be, in immediately available funds composed of lawful money of the United States of America.

SECTION 2.02. *Nature of the Owner's Obligations.*

The obligations of the Owner pursuant to this Agreement shall be absolute and unconditional (except as set forth in Section 2.01 hereof) and shall remain in full force and effect until this Agreement is terminated. Such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following, whether or not with notice to, or the consent of the Owner:

A. the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Issuer or the Owner pursuant to the Series 2006 Indenture, the Series 2006 Depository Agreement or the Development Agreement; or

B. the failure to give notice to the Owner of the occurrence of an event of default pursuant to the terms and provisions of the Series 2006 Indenture, the Series 2006 Depository Agreement, the Development Agreement or this Agreement; or

C. the waiver of the payment, performance or observance by the Issuer or the Owner of any of the obligations, covenants or agreements of any of them contained in the Series 2006 Indenture, the

Series 2006 Depository Agreement, the Development Agreement or this Agreement; or

D. the extension of the time for payment of any principal of or premium, if any, or interest on any Series 2006 Bond or the extension or renewal of the time for performance of any other obligations, covenants or agreements pursuant to or arising out of the Series 2006 Indenture, the Series 2006 Depository Agreement, the Development Agreement or this Agreement; or

E. the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Series 2006 Indenture, the Series 2006 Depository Agreement, the Development Agreement or this Agreement; or

F. the taking or the omission of any of the actions referred to in the Series 2006 Indenture, the Series 2006 Depository Agreement, the Development Agreement or this Agreement (other than as set forth in Section 2.01 hereof); or

G. any failure, omission, delay or lack on the part of the Issuer, the Trustee or the Owner to enforce, assert or exercise any right, power or remedy conferred on the Issuer or the Trustee in the Series 2006 Indenture, the Series 2006 Depository Agreement, the Development Agreement or this Agreement (except as set forth in Section 2.01 hereof), or any other act or acts on the part of the Issuer, the Trustee or any of the owners from time to time of the Series 2006 Bonds; or

H. the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or re-adjustment of, or other similar proceedings affecting the Issuer or the Owner or any of the assets of any of them or any allegation or contest of the validity of the Series 2006 Indenture, the Series 2006 Depository Agreement, the Development Agreement or this Agreement in any such proceeding; or

I. the release or discharge of the Issuer or the Owner from the performance or observance of any obligations, covenant or agreement contained in the Series 2006 Indenture, the Series 2006 Depository Agreement, the Development Agreement or this Agreement by operation of law; or

J. the default or failure of the Owner fully to perform any of its obligations set forth in the Series 2006 Depository Agreement, the Development Agreement or this Agreement; or

K. the invalidity of the Series 2006 Indenture, the Series 2006 Depository Agreement, Development Agreement, this Agreement or the Series 2006 Bonds.

SECTION 2.03. *No Set-Off.*

Except as otherwise provided herein, no monetary set-off, reduction or diminution of any obligation or any defense of any kind or nature which the Owner has or may have against the Issuer or the Trustee or which the Issuer may have against the Trustee shall be available hereunder to the Owner against the Trustee.

SECTION 2.04. *Remedies.*

Upon the occurrence of any failure to pay amounts due hereunder, the Trustee shall proceed directly against the Owner pursuant to this Agreement without proceeding against or exhausting any other remedies which it may have against the Issuer or any other person, firm or corporation and without resorting to any other security held by the Issuer or the Trustee for the amounts so due. Before taking any action hereunder, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses and to protect against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

SECTION 2.05. *Waiver of Notice; Payment of Expenses.*

The Owner hereby expressly waives notice from the Trustee or the owners from time to time of any of the Series 2006 Bonds of their acceptance and reliance on this Agreement. The Owner shall be liable and obligated to pay and shall pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by the Trustee in enforcing or attempting to enforce this Agreement following any default on the part of the Owner hereunder, whether the same shall be enforce by suit or otherwise.

* * *

ARTICLE THREE

THE TRUSTEE

SECTION 3.01. *Certain Duties and Responsibilities.*

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

B. No provision of this Agreement 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 and

3. no provision of this Agreement 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 Sections 2.04 and 3.04A(3).

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

SECTION 3.02. *Certain Rights of Trustee.*

Except as otherwise provided in Section 3.01 hereof the Trustee may rely and shall be protected in acting or refraining from acting upon:

A. any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, telex or other paper, document or communication reasonably believed by

it to be genuine and to have been signed or presented by the proper Persons;

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

C. 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;

D. whenever in the administration of this Agreement 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;

E. 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;

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, 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 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 3.03. *Not Responsible for Recitals or Application of Proceeds.*

The recitals contained herein shall be taken as the statements of the other parties hereto, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the amounts held hereunder or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder, or as to the validity or sufficiency of this Agreement.

SECTION 3.04. *Compensation and Reimbursement.*

A. The Issuer shall

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

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 of this Agreement (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 and

3. indemnify, to the extent permitted by applicable law, the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

B. The Trustee shall not have the right to set off against or to appropriate or apply any of the amount deposited pursuant to Section 2.01 or any of the investment income therefrom to any unpaid obligation of the Issuer to the Trustee hereunder or as a result of any other matter between the Issuer and the Trustee.

SECTION 3.05. *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 pursuant to 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 a corporate trust office in the City of Phoenix, 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 3.06. *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 pursuant to Section 3.07.

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. If at any time:

1. the Trustee shall cease to be eligible pursuant to Section 3.05 and shall fail to resign after written request therefor by the Issuer 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 any such case, the Issuer by Board Resolution may remove the Trustee.

D. If the Trustee shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer by Board Resolution, shall promptly appoint a successor Trustee. In case all or substantially all of the amounts held hereunder 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. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee shall be so appointed, 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 and accepted appointment in the manner hereinafter provided, either the Issuer or the Owner may petition any court of competent jurisdiction for the appointment of a successor Trustee.

SECTION 3.07. *Acceptance of Appointment by Successor.*

A. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to the Issuer and the retiring Trustee an instrument accepting such appointment, and thereupon the

resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 3.04. Upon request of any such successor Trustee, the Issuer and the Owner 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 pursuant to this Article.

SECTION 3.08. *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 pursuant to this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

* * *

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.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By.....
District Manager

ATTEST:

.....
District Clerk

WELLS FARGO BANK, N.A., as Trustee

By.....
Authorized Officer

ROBSON RANCH QUAIL CREEK, LLC, a Delaware limited liability company

By: Arlington Property Management Company, an Arizona corporation, its Manager

By.....
Printed Name: Steven M. Soriano
Title: VP

1512460.3-6/6/06

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

and

WELLS FARGO BANK, N.A.,
as Depository

SERIES 2006 DEPOSITORY AGREEMENT

Dated as of June 1, 2006

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* * *

THIS SERIES 2006 DEPOSITORY AGREEMENT, dated as of June 1, 2006 (hereinafter referred to as this "*Agreement*"), by and between Quail Creek Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), and Wells Fargo Bank, N.A., a national banking association with trust powers having a corporate trust office in the City of Phoenix, Maricopa County, Arizona, as depository (hereinafter together with any successor to the trust herein granted referred to as the "*Depository*"),

W I T N E S S E T H:

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*") caused a general obligation bond election to be held on November 8, 2005 (hereinafter referred to as the "*Election*"), submitting to those persons who are qualified to vote pursuant to the Enabling Act the question of authorizing the Board to issue general obligation bonds of the Issuer in the aggregate principal amount of $30,000,000 to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with The General Plan for The Proposed Quail Creek Community Facilities District filed with the Clerk of the Town of Sahuarita, Arizona, before or on September 9, 2005; and

WHEREAS, the issuance of such general obligation bonds was approved at the Election; and

WHEREAS, pursuant to a Resolution of the Board adopted on May 8, 2006 (hereinafter referred to as the "*Bond Resolution*"), the Board (1) authorized the sale and issuance of its General Obligation Bonds, Series 2006, in the aggregate principal amount of $12,660,000 (hereinafter referred to as the "*Series 2006 Bonds*") to provide funds for any and all of the public infrastructure purposes provided for in the Enabling Act and described in the feasibility report presented to and approved by the Board on May 8, 2006, and (2) entered in its minutes a record of the Series 2006 Bonds sold and their numbers and dates and will levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the Issuer sufficient, together with moneys from the sources described therein (including amounts available hereunder), to pay Debt Service (as such term is hereinafter defined) when due; and

WHEREAS, the Board has by the Bond Resolution duly authorized the issuance of the Series 2006 Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Series 2006 Bonds, has duly authorized the execution and delivery of a Series 2006 Indenture of Trust and Security Agreement, dated as of even date herewith (hereinafter referred to as the "*Series*

2006 Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee; and

WHEREAS, in consideration for the issuance of the Series 2006 Bonds, and the actions taken and to be taken in the Series 2006 Indenture, by the Issuer and as a condition precedent to the execution and delivery of this Agreement and the issuance of the Series 2006 Bonds, Robson Ranch Quail Creek, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as the "*Owner*"), has had established by J.P. Morgan Chase Bank, N.A. in favor of the Depository an irrevocable standby letter of credit in the amount of $5,500,000; and

WHEREAS, the Issuer may enter into, and expend moneys pursuant to, this Agreement for the public infrastructure purposes provided for by this Agreement with respect to the Issuer;

NOW, THEREFORE, in the joint and mutual exercise of 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

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01. *Definitions.*

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

1. The terms defined hereinabove, hereinafter and in the Series 2006 Indenture have the meanings assigned to them hereinabove, hereinafter and in Article One of the Series 2006 Indenture and include the plural as well as the singular.

2. 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.

3. 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 Depository to be made upon, given or furnished to, or filed with,

1. the Depository shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Depository at its corporate trust office in Phoenix, Arizona, or if in writing and mailed, first-class postage prepaid, to the Depository addressed to it at Wells Fargo Plaza, MAC S4101-22E, 100 West Washington Street, 22nd Floor, Phoenix, Arizona 85003, Attention: Corporate Trust Services, or at any other address furnished in writing to such Person by the Depository, 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 the Issuer at c/o Town of Sahuarita, Arizona, Box 879, Sahuarita, Arizona 85629, Attention: District Clerk or at any other address previously furnished in writing to such Person by the Issuer, or

3. The Owner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Owner addressed to the Owner at c/o Robson Communities, 9532 East Riggs Road, Sun Lakes, Arizona 85248, Attention: Steven M. Soriano, or at any other address furnished previously in writing to such Person by the Owner, with a copy to Peter Gerstman at the same address.

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 Depository 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 pursuant to this Agreement. The role of the Depository hereunder is administrative only, and the Depository is a party to this Agreement only to hold the Letter of Credit or proceeds thereof in trust for the benefit of the Issuer and the Holders of the Series 2006 Bonds and to carry out the instructions given to the Depository hereunder.

SECTION 1.07. *Governing Law.*

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

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

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

SECTION 1.09. *Further Assurances.*

The Issuer and the Depository 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 of this Agreement.

SECTION 1.10. *Amendments.*

Pursuant to the conditions established in the Series 2006 Indenture, this Agreement may be amended by an instrument in writing executed and delivered by each of the Depository and the Issuer.

SECTION 1.11. *Business Days.*

For purposes of this Agreement, if any date for any payment or determination is not a Business Day, the applicable payment or determination shall be made or done on the next succeeding day which is a Business Day.

SECTION 1.12. *Termination.*

Subject to the last sentence of this Section, this Agreement shall terminate upon the earliest of (A) the payment or the provision for payment in full of all of the outstanding Series 2006 Bonds, (B) the expiration of the Letter of Credit because the face amount thereof has been reduced to $50,000 or less or (C) receipt by the Issuer Representative of evidence satisfactory to the Issuer Representative that, in any Fiscal Year after the first Fiscal Year in which principal of the Series 2006 Bonds has started to be amortized, for such Fiscal Year, a tax rate of $3.00 per $100 of secondary assessed valuation of property within the boundaries of the Issuer for such Fiscal Year would have been sufficient to pay Maximum Annual Debt Service for any subsequent Fiscal Year plus the historical, annual, average of amounts necessary for payment of amounts described in Section 9.1 of the Development Agreement as of such Fiscal Year. Such evidence shall consist of a written projection, prepared by the Issuer Representative, if the Letter of Credit has not been drawn, upon a written request of the Owner and otherwise at the discretion of the Issuer Representative, that is based upon the application of such secondary tax rate in light of the actual secondary assessed valuation of the property within the boundaries of the Issuer for such Fiscal Year, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the Issuer as of such Fiscal Year and no credit for any balance or investment income accruing during such Fiscal Year. After receipt of proof of satisfaction of such condition, the Board shall approve in writing such termination, such approval not to be withheld unreasonably.

SECTION 1.13. *Integration.*

This Agreement, when executed and delivered by the parties hereto, shall constitute the entire agreement among them with respect to the matters provided herein and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

* * *

ARTICLE TWO

THE LETTER OF CREDIT

SECTION 2.01. *Beneficiary; Authority to Draw; Draws; Alternates.*

A. The Letter of Credit shall be held by the Depository for the benefit of the Issuer and shall be the subject of the Draw upon the occurrence of any one of the following events so long as the Issuer has with respect to any Interest Payment Date occurring on the January 15 immediately preceding the Draw levied for Debt Service for that Fiscal Year a tax rate pursuant to Section 10.01(A) of the Series 2006 Indenture of at least $3.00 per $100 of secondary assessed valuation and with respect to any Interest Payment Date occurring on the July 15 immediately preceding the Draw levied such tax rate for the immediately preceding Fiscal Year:

1. The failure of the Owner to pay any amount due on the applicable date due pursuant to the Series 2006 Standby Contribution Agreement.

2. The failure to obtain and deliver to the Depository an Alternate Letter of Credit pursuant to Section 2.01C.

3. The Letter of Credit Bank (i) commences a proceeding pursuant to any federal or state insolvency, reorganization or similar law, or has such a proceeding commenced against it and either has an order of insolvency or reorganization entered against it or has the proceeding remain undismissed and unstayed for ninety (90) days or (ii) has a receiver, conservator, liquidator or trustee appointed for it or for the whole or any substantial part of its property.

The Depository shall present a sight draft to the Letter of Credit Bank (together with any required certificates pursuant to the Letter of Credit) so as to permit the timely transfer of funds from the Letter of Credit Bank to the Depository for the Draw and shall follow such other procedures so as to comply with the Letter of Credit in order to make the Draw. The Depository shall promptly notify the Owner and the Issuer if the Letter of Credit Bank has not transferred funds in accordance with the Letter of Credit upon the presentment of such draft.

B. Upon receipt of moneys from the Letter of Credit Bank, the Depository shall deposit the amount representing the Draw in a separate account established hereby in the name of the Issuer for the purposes hereof to be called the "Series 2006 Principal Account" and apply the same as provided in Section 2.02.

C. The Owner may, at its option, provide for the delivery to the Depository of an Alternate Letter of Credit to take effect on the Letter of Credit Termination Date of the then effective Letter of Credit. For an Alternate Letter of Credit to be effective, sixty (60)

Business Days prior to the Letter of Credit Termination Date, the Depository and the Issuer shall have received the following, in form and substance acceptable to the Issuer Representative:

1. evidence that the rating of the issuer of the Alternate Letter of Credit is as indicated in the definition of "Alternate Letter of Credit";

2. an opinion of counsel for the issuer of the Alternate Letter of Credit that it constitutes a legal, valid and binding obligation of the issuer in accordance with its terms;

3. an opinion of nationally recognized bond counsel that such replacement is authorized hereunder and will not cause interest on the Bonds to become includable in gross income for federal income tax purposes and

4. the Alternate Letter of Credit, meeting all of the other requirements provided in the definition of "Alternate Letter of Credit" and being unconditionally binding and effective as of the Letter of Credit Termination Date.

D. The Depository shall not sell, assign or transfer the Letter of Credit except to a successor Depository pursuant to this Agreement.

E. If the Draw has occurred because of the event described in Section 2.01(A)(2) or (3), the Issuer Representative may, in the sole and absolute discretion of the Issuer Representative and pursuant to the same terms and conditions described in Section 2.01(C) and whatever additional terms and conditions the Issuer Representative deems appropriate, instruct the Depository to pay an amount equal to the Draw to the issuer of a new letter of credit meeting the qualifications in the definition of "Alternate Letter of Credit" in exchange for such new letter of credit and thereafter such new letter of credit shall be treated as the Letter of Credit for all purposes of this Agreement.

SECTION 2.02. *Application*.

A. After the Draw, the Depository shall pay to the Trustee from amounts on deposit in the Series 2006 Principal Account the amounts requested pursuant to Section 5.02(C)(1) of the Series 2006 Indenture on each July 8 prior to any Interest Payment Date occurring on July 15 and January 8 prior to any Interest Payment Date occurring on January 15, as applicable.

B. Upon the written consent of the District Manager, the Depository shall pay to the Owner all amounts held by the Depository hereunder upon the termination of this Agreement.

C. The Depository shall return the Letter of Credit to the Owner upon the earlier of the termination thereof or of this Agreement.

SECTION 2.03. *Investment of and Security for Fund.*

A. Amounts on deposit in the Series 2006 Principal Account shall be invested in the Permitted Investments indicated in writing by the Issuer Representative but only such that the yield, calculated for federal income tax purposes, of such Permitted Investments is not materially higher than the yield, calculated on the same basis, for the Series 2006 Bonds, and the Depository shall take all actions necessary with regard to any Permitted Investment to assure that amounts are invested accordingly and such that amounts are available therefrom for the purposes hereof; provided, however, that such amounts may be invested at a higher yield upon receipt from the Issuer of an opinion of nationally recognized bond counsel, addressed to the Depository, to the effect that such amounts may be so invested.

B. The earnings accruing on amounts deposited hereunder and any profit realized from such investment shall be added to the amount held hereunder, and any loss resulting from such investment shall be subtracted from the amount held hereunder.

C. The Depository shall not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from disregard or negligent implementation of any written direction by the Issuer.

SECTION 2.04. *Annual Reports.*

As soon as possible after July 15 of each Fiscal Year and more often as requested in writing by the Issuer Representative, the Depository shall provide to the Issuer a report indicating the balance in the Series 2006 Principal Account as well as all deposits to, and payments from, the Series 2006 Principal Account during the prior Fiscal Year.

* * *

ARTICLE THREE

THE DEPOSITORY

SECTION 3.01. *Certain Duties and Responsibilities of Depository.*

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

B. No provision of this Agreement shall be construed to relieve the Depository 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 Depository shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Depository was negligent and

3. no provision of this Agreement shall require the Depository 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 3.04(A)(3).

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

SECTION 3.02. *Certain Rights of Depository.*

Except as otherwise provided in Section 3.01 hereof:

A. the Depository 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 Depository to receive any such paper, document, or communication, if prior receipt thereof is required by this Agreement before the Depository is to take or refrain from taking any action;

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

C. whenever in the administration of this Agreement the Depository shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Depository (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

D. the Depository 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 Depository hereunder in good faith and in reliance thereon;

E. the Depository 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, but the Depository, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Depository 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

F. the Depository may perform any duties hereunder either directly or by or through agents or attorneys, and the Depository 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 3.03. *Not Responsible for Recitals or Application of Proceeds.*

The recitals contained herein shall be taken as the statements of the other parties hereto, and the Depository assumes no responsibility for their correctness. The Depository makes no representations as to the amounts held hereunder 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 Depository hereunder, or as to the validity or sufficiency of this Agreement.

SECTION 3.04. *Compensation and Reimbursement.*

A. The Issuer shall

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

2. except as otherwise expressly provided herein, reimburse the Depository upon its request for all reasonable expenses, disbursements and advances incurred or made by the Depository in accordance with any provisions of this Agreement (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 Depository's negligence or bad faith and

3. indemnify, to the extent permitted by applicable law, the Depository for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

B. The Depository shall not have the right to set off against or to appropriate or apply any of the amount deposited pursuant to Section 2.01 or any of the investment income therefrom to any unpaid obligation of the Issuer to the Depository hereunder or as a result of any other matter between the Issuer and the Depository.

SECTION 3.05. *Corporate Depository Required; Eligibility.*

There shall at all times be a Depository 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 pursuant to 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 a corporate trust office in the City of Phoenix, 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 Depository 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 3.06. *Resignation and Removal; Appointment of Successor.*

A. No resignation or removal of the Depository and no appointment of a successor Depository pursuant to this Article shall become effective until the acceptance of appointment by the successor Depository pursuant to Section 3.07.

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

C. If at any time:

1. the Depository shall cease to be eligible pursuant to Section 3.05 and shall fail to resign after written request therefor by the Issuer or

2. the Depository shall become incapable of acting or shall be adjudged insolvent or a receiver of the Depository or of its property shall be appointed or any public officer shall take charge or control of the Depository or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, the Issuer by Board Resolution may remove the Depository.

D. If the Depository shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Depository for any cause, the Issuer by Board Resolution, shall promptly appoint a successor Depository. In case all or substantially all of the amounts held hereunder 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 Depository shall be so appointed. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Depository shall be so appointed, then the successor Depository so appointed shall, forthwith upon its acceptance of such appointment, become the successor Depository and supersede the successor Depository appointed by the Issuer or by such receiver or trustee. If no successor Depository shall have been so appointed and accepted appointment in the manner hereinafter provided, the Issuer may petition any court of competent jurisdiction for the appointment of a successor Depository.

SECTION 3.07. *Acceptance of Appointment by Successor.*

A. Every successor Depository appointed hereunder shall execute, acknowledge and deliver to the Issuer and the retiring Depository an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Depository shall become effective and such successor Depository, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Depository; but, on request of the Issuer or the successor Depository, such retiring Depository shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Depository upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Depository, and shall duly assign, transfer and deliver to such successor Depository all property and money held by such retiring Depository hereunder, subject nevertheless to its lien, if any, provided for in Section 3.04. Upon request of any such successor Depository, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Depository all such estates, properties, rights, powers and trusts.

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

SECTION 3.08. *Merger, Conversion, Consolidation or Succession to Business.*

Any corporation into which the Depository 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 Depository shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Depository, shall be the successor of the Depository hereunder, provided such corporation shall be otherwise qualified and eligible pursuant to this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

* * *

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.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By.....
District Manager

ATTEST:

.....
District Clerk

WELLS FARGO BANK, N.A., as Depository

By.....
Authorized Officer

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

NEW ISSUE - FULL BOOK-ENTRY-ONLY FORM **NOT RATED**

In the opinion of Bond Counsel, assuming compliance with certain tax covenants by the District and relying on certain representations of Robson Ranch Quail Creek, LLC (the "Developer") with respect to the development of property within the District, interest on the Bonds will be excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, see "TAX MATTERS" herein for a description of the federal alternative minimum tax on corporations and certain other federal tax consequences of ownership of the Bonds. Bond Counsel is further of the opinion that, if the foregoing is the case, the interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona.

$12,820,000*
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

Dated: Date of Delivery **Due: As shown below**

Interest Payment Dates: January 15 and July 15 of each year, commencing January 15, 2007

The Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006 (the "*Bonds*") are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended, and an election held in and for Quail Creek Community Facilities District (the "*District*"), a community facilities district formed within the boundaries of the Town of Sahuarita, Arizona (the "*Town*"), held on November 8, 2005, and will be issued pursuant to a Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "*Indenture*"), from the District to Wells Fargo Bank, N.A., as trustee, and a resolution of the district board of the District. The Bonds will be payable as to both principal and interest from *ad valorem* taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount. Debt service with respect to the Bonds will also be payable from (i) amounts payable pursuant to a Series 2006 Standby Contribution Agreement, dated as of June 1, 2006 (the "*Standby Contribution Agreement*"), as described herein, and (ii) an amount to be held under certain circumstances pursuant to a Series 2006 Depository Agreement, dated as of June 1, 2006 (the "*Depository Agreement*"), and which is not subject to replenishment and will be reduced from time to time under certain circumstances, all as described herein. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein. The Standby Contribution Agreement and the Depository Agreement will be terminated, in each case, under certain circumstances described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "RISK FACTORS" herein.

As they will be in book-entry-only form, purchasers will not receive definitive certificates with respect to the Bonds. So long as any purchaser is the beneficial owner of a Bond, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant (defined herein) to receive payment of principal of and premium, if any, and interest on such Bond. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds will be subject to optional and mandatory redemption by the District prior to maturity as described herein.

Proceeds of the sale of the Bonds will be used: (i) to pay costs of acquisition and construction of certain public infrastructure benefiting the District, (ii) to pay interest coming due on the Bonds on January 15, 2007 and July 15, 2007, and (iii) to pay costs of issuance relating to the Bonds.

The Bonds are not being sold in a public offering. The Bonds may be purchased by Qualified Investors (defined herein) only and, except as described herein, will be transferable to Qualified Investors only. See "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS" herein.

Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "RISK FACTORS" herein.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, OR THE STATE OF ARIZONA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Limited Offering Memorandum in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds.

MATURITY SCHEDULE*

Maturity (July 15)	Principal Amount	Interest Rate	Yield	Maturity (July 15)	Principal Amount	Interest Rate	Yield
2009	$255,000			2021	$545,000		
2010	275,000			2022	580,000		
2011	290,000			2023	620,000		
2012	310,000			2024	660,000		
2013	330,000			2025	700,000		
2014	350,000			2026	745,000		
2015	375,000			2027	795,000		
2016	400,000			2028	845,000		
2017	425,000			2029	900,000		
2018	450,000			2030	960,000		
2019	480,000			2031	1,020,000		
2020	510,000						

*The Bonds are offered when, as and if issued and subject to the approval of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel. Certain matters will be passed upon for the Underwriter by its counsel, Squire, Sanders & Dempsey L.L.P., Phoenix, Arizona, and the Developer by Greenberg Traurig, LLP, Phoenix, Arizona. It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of DTC on or about June 21, 2006.**

RBC CAPITAL MARKETS

Dated: _____, 2006

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* Preliminary, subject to change.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

DISTRICT BOARD

Charles Oldham, *Chairperson*

Marty Moreno, *Vice Chairperson*

Phil Conklin, *Member*

Lynn Skelton, *Member*

John Stuckey, *Member*

John J. Sullivan, *Member*

Joseph Taylor, *Member*

DISTRICT ADMINISTRATIVE STAFF

James Stahle
District Manager

A.C. Mariotti
District Treasurer

Daniel J. Hochuli
District Counsel

Sandra Olivas
District Clerk

FINANCIAL ADVISOR

Stone & Youngberg LLC
Phoenix, Arizona

BOND COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

TRUSTEE

Wells Fargo Bank, N.A.
Phoenix, Arizona

THIS LIMITED OFFERING MEMORANDUM, WHICH INCLUDES THE COVER PAGE AND THE APPENDICES HERETO, SHOULD BE CONSIDERED IN ITS ENTIRETY, AND NO ONE SUBJECT SHOULD BE CONSIDERED LESS IMPORTANT THAN ANOTHER BY REASON OF LOCATION IN THE TEXT. BRIEF DESCRIPTIONS OF THE BONDS, THE INDENTURE, THE STANDBY CONTRIBUTION AGREEMENT, THE DEPOSITORY AGREEMENT, THE BOND RESOLUTION, THE SECURITY FOR THE BONDS, THE DISTRICT, THE DEVELOPER AND THE PUBLIC INFRASTRUCTURE (AS SUCH TERMS ARE DEFINED HEREIN) AND OTHER INFORMATION ARE INCLUDED IN THIS LIMITED OFFERING MEMORANDUM. SUCH DESCRIPTIONS DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES HEREIN TO THE BONDS, THE INDENTURE, THE BOND RESOLUTION, THE STANDBY CONTRIBUTION AGREEMENT, THE DEPOSITORY AGREEMENT AND ANY OTHER DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS, COPIES OF WHICH MAY BE OBTAINED FROM RBC DAIN RAUSCHER INC., DOING BUSINESS UNDER THE TRADE NAME RBC CAPITAL MARKETS (THE "*UNDERWRITER*"), AT SUITE 700, 2398 EAST CAMELBACK ROAD, PHOENIX, ARIZONA 85016.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT, THE DEVELOPER AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS THE PROMISE OR GUARANTEE OF THE UNDERWRITER. THIS LIMITED OFFERING MEMORANDUM CONTAINS, IN PART, ESTIMATES AND MATTERS OF OPINION THAT ARE NOT INTENDED AS STATEMENTS OF FACT, AND NO REPRESENTATION IS MADE AS TO THE CORRECTNESS OF SUCH ESTIMATES AND OPINIONS OR THAT THEY WILL BE REALIZED. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF *AD VALOREM* PROPERTY TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IN THIS LIMITED OFFERING MEMORANDUM IS INTENDED TO SHOW RECENT HISTORICAL INFORMATION AND, EXCEPT AS EXPRESSLY STATED OTHERWISE, IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE SHOWN BY SUCH INFORMATION WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS LIMITED OFFERING MEMORANDUM: "THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION."

ANY STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM INVOLVING MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO STATED, ARE INTENDED AS SUCH AND NOT AS REPRESENTATIONS OF FACT. THIS LIMITED OFFERING MEMORANDUM IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE DISTRICT OR THE UNDERWRITER AND THE PURCHASERS OR HOLDERS OF ANY OF THE BONDS.

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR THE DEVELOPER WITH RESPECT TO THE STANDBY

CONTRIBUTION AGREEMENT OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN SINCE THE DATE OF THIS LIMITED OFFERING MEMORANDUM.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITER TO GIVE INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THIS LIMITED OFFERING MEMORANDUM, WHICH INCLUDES THE COVER PAGE AND THE APPENDICES HERETO, DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE DISTRICT AND THE DEVELOPER, AS THE OBLIGATED PERSONS PURSUANT TO THE CONTINUING DISCLOSURE UNDERTAKINGS, WILL COVENANT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM UNDER THE HEADING "CONTINUING DISCLOSURE" AND IN APPENDIX E – "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS," PURSUANT TO RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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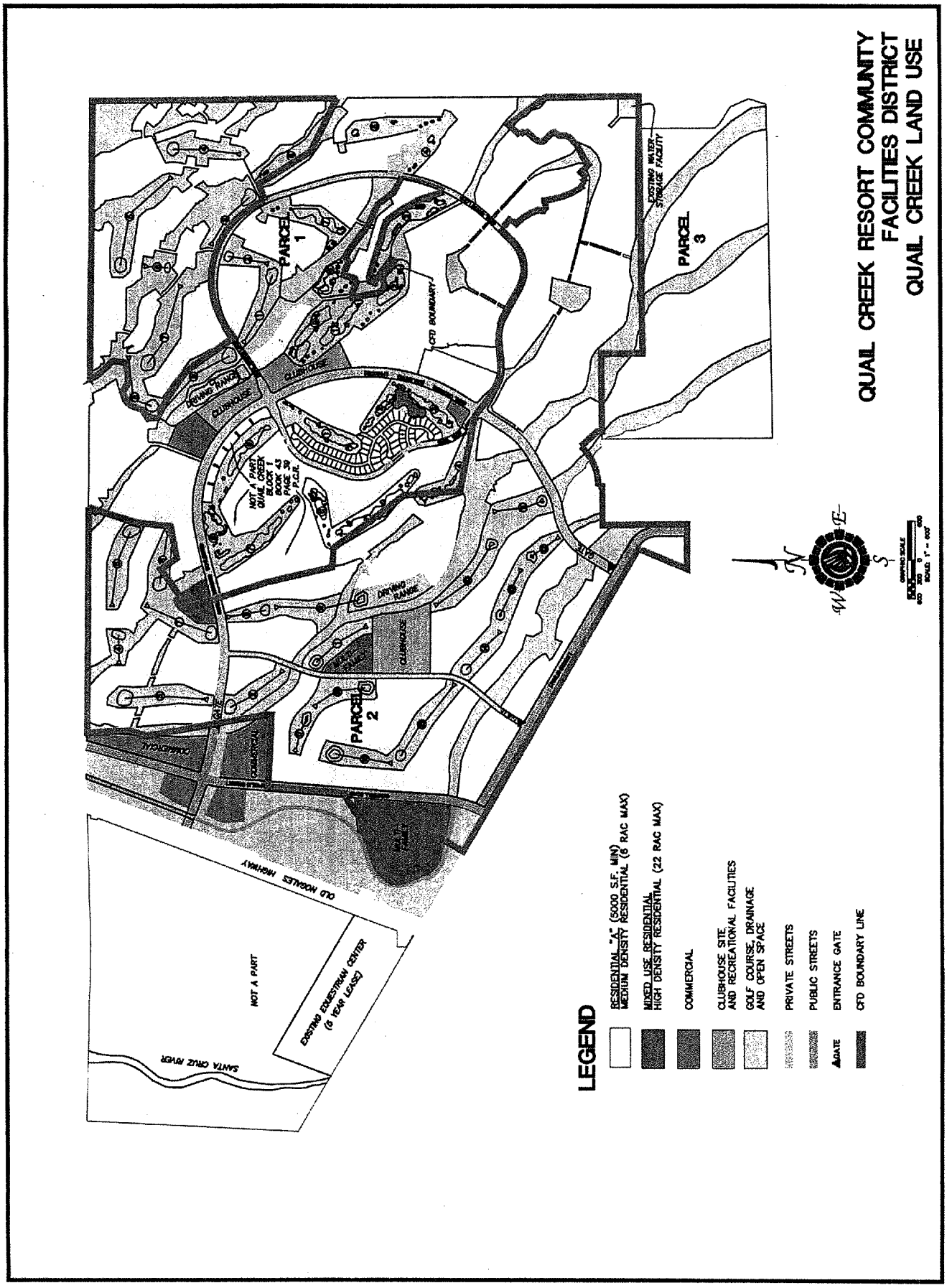
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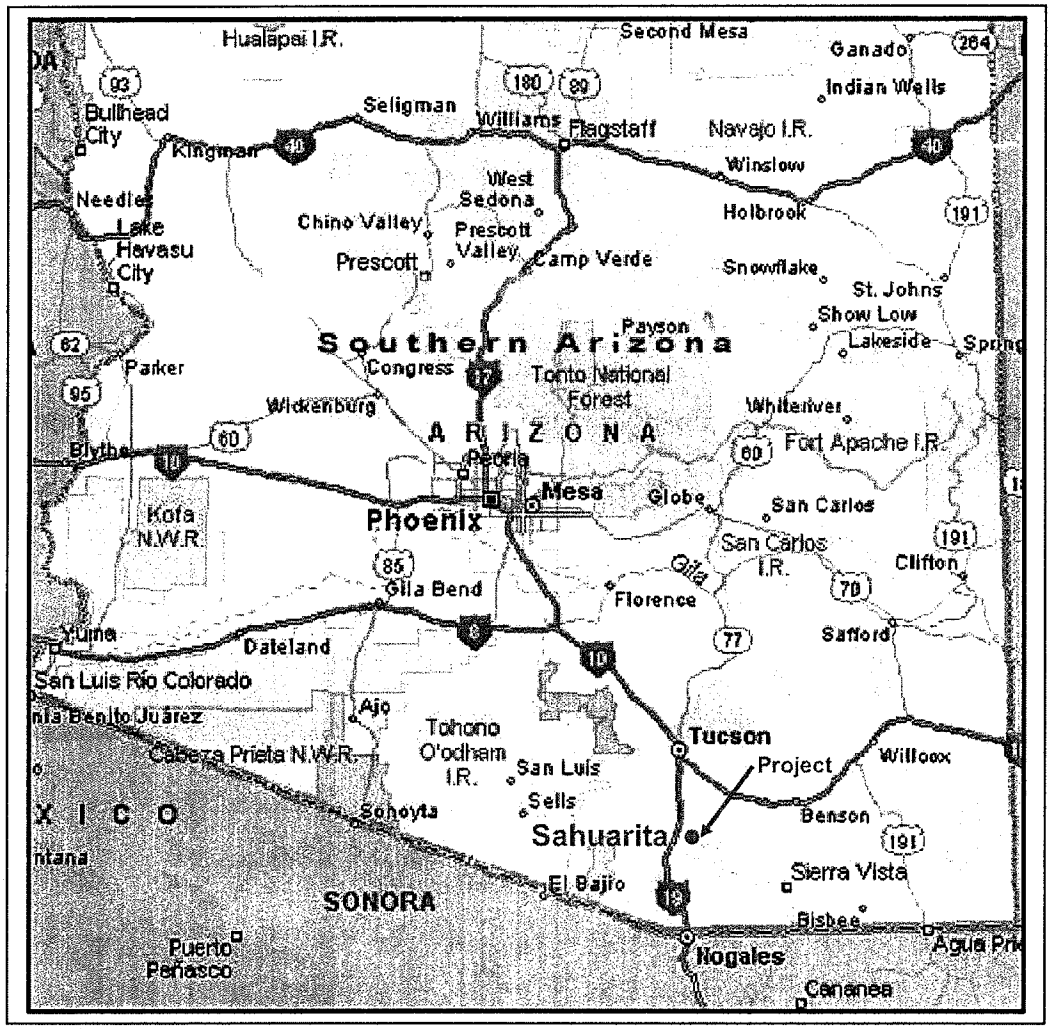
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OLD NOGALES HIGHWAY
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NOT A PART
EXISTING EQUESTRIAN CENTER (5 YEAR LEASE)
LEGEND
RESIDENTIAL "A" (5000 S.F. MIN) MEDIUM DENSITY RESIDENTIAL (6 RAC MAX)
MIXED USE RESIDENTIAL HIGH DENSITY RESIDENTIAL (22 RAC MAX)
COMMERCIAL
CLUBHOUSE SITE AND RECREATIONAL FACILITIES
GOLF COURSE, DRAINAGE AND OPEN SPACE
PRIVATE STREETS
PUBLIC STREETS
ENTRANCE GATE
CFD BOUNDARY LINE
GRAPHIC SCALE
SCALE 1" = 600'

MAP SHOWING LOCATION OF DISTRICT IN CONTEXT OF SURROUNDING AREA



$12,820,000*
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

INTRODUCTORY STATEMENT

This Limited Offering Memorandum, which includes the cover page and the appendices hereto, provides certain information concerning the issuance of Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006 (the "*Bonds*"), in the aggregate principal amount of $12,820,000*. Certain capitalized terms not defined in the text of this Limited Offering Memorandum are defined in Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions of Certain Terms."

The Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*"), was enacted to provide a method of financing (including through the issuance by the District (defined below) of general obligation bonds) certain "public infrastructure purposes" (as such term is defined in the Enabling Act) relating to a community facilities district. As provided by, and with the limitations set forth in, the Enabling Act, once formed, a community facilities district is a legally constituted municipal corporation and political subdivision within defined boundaries.

Pursuant to the Enabling Act and in response to a petition by all of the "owners" of land therein, the Council (the "*Town Council*") of the Town of Sahuarita, Arizona (the "*Town*"), formed Quail Creek Community Facilities District (the "*District*") on September 12, 2005. Such petition was filed at the direction of Robson Ranch Quail Creek, LLC, a Delaware limited liability company (the "*Developer*"). At the time of formation of the District, all of the land within the boundaries of the District (the "*District Land*") was held in a trust (the "*Subdivision Trust*") created pursuant to the Trust Agreement, dated as of July 26, 1999 (the "Trust Agreement"), by and between Lawyers Title of Arizona, an Arizona Corporation, as trustee, and the Developer, as beneficiary. See Appendix A – "INFORMATION REGARDING THE TOWN OF SAHUARITA, ARIZONA" for certain information about the Town, "THE DISTRICT" for a description of the District and "LAND DEVELOPMENT BY THE DEVELOPER" for a description of the Developer.

Among other things, pursuant to a District Development, Financing Participation and Intergovernmental Agreement, dated September 1, 2005 (the "Development Agreement"), among the Town, the District and the Developer, the District is intended to provide the vehicle for financing certain public infrastructure necessary for development of the land within the boundaries of the District. See "LAND DEVELOPMENT BY THE DEVELOPER."

Pursuant to the results of the Election (defined below under "THE BONDS – Authority and Election"), the District has the authority to issue general obligation bonds in an aggregate principal amount of not to exceed $30,000,000, in one or more series, payable from *ad valorem* taxes (without limitation as to rate or amount) levied on all taxable property within the boundaries of the District and may also secure such bonds from other sources described in the Enabling Act, including amounts available from sources such as the hereinafter described Standby Contribution Agreement and Depository Agreement.

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* Preliminary, subject to change.

The Bonds are being issued in order to finance the costs to acquire and construct certain public infrastructure within the boundaries of the District. See "THE PUBLIC INFRASTRUCTURE" and "SOURCES AND APPLICATIONS OF FUNDS."

After the Bonds are issued, State law requires that the district board of the District (the "*Board*") annually levy, and cause to be collected, an *ad valorem* tax, at the same time and in the same manner as other such taxes are levied and collected, on all taxable property in the District, sufficient, together with any moneys from the sources described in the Enabling Act and available pursuant to the Indenture, including the hereinafter described Standby Contribution Agreement and Depository Agreement, to pay Debt Service (whether at maturity or prior redemption). See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS- *Ad Valorem* Property Taxation in the District" and "RISK FACTORS."

In addition to the levy of *ad valorem* property taxes for the payment of Debt Service, pursuant to the results of the Election, the District also is authorized to levy and collect an *ad valorem* tax at a tax rate of not to exceed $0.30 per $100 of secondary assessed valuation on all taxable property within the boundaries of the District for operation and maintenance expenses of the District (the "*Operation and Maintenance Tax*").

For each year until the Bonds are paid or otherwise provided for, the Board will levy and cause to be collected an *ad valorem* tax on all taxable property within the boundaries of the District (which does not include the Operation and Maintenance Tax), sufficient, with moneys, if any, available pursuant to the Series 2006 Standby Contribution Agreement, dated as of June 1, 2006 (the "*Standby Contribution Agreement*"), by and among the District, the Developer and Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), to pay Debt Service. The Standby Contribution Agreement will be terminated under certain circumstances. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Standby Contribution Agreement."

Simultaneously with the delivery of the Bonds, the Developer will have established with the Letter of Credit Bank the Initial Letter of Credit for the benefit of the District and in favor of Wells Fargo Bank, N.A., as depository (the "*Depository*"), in the stated amount of $5,500,000* to be held pursuant to the Series 2006 Depository Agreement, dated as of June 1, 2006 (the "*Depository Agreement*"), by and between the District and the Depository. The draw upon the Letter of Credit in its then stated amount will be available to pay Debt Service if there has been levied and assessed an *ad valorem* tax of at least $3.00 per $100 of secondary assessed valuation (which does not include the Operation and Maintenance Tax) on all taxable property within the boundaries of the District and amounts to pay Debt Service are not available pursuant to the Standby Contribution Agreement. The amount to be held pursuant to the Depository Agreement as a result of the draw upon the Letter of Credit will not be subject to replenishment if applied as described hereinabove, nor will the Letter of Credit be subject to reinstatement; the Depository Agreement will be subject to termination, and the Letter of Credit will be subject to reduction from time to time, under certain circumstances. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Depository Agreement."

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, THE STATE OF ARIZONA (THE "*STATE*"), OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

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* Preliminary, subject to change.

INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS

Beneficial interests with respect to the Bonds are not being sold in a public offering for all purposes of, and as required by, the Act, but are being offered to, and may be purchased only by, Qualified Investors. As used herein, "*Qualified Investor*" means any purchaser of such an interest through a broker/dealer which is either (A) a "sophisticated municipal market professional" (as such term is interpreted by and applied to the rules of the Municipal Securities Rulemaking Board) which is buying an interest of a principal amount of $100,000 or more or (B) providing a qualified investor letter in the form attached hereto as Appendix D-1. A letter in the form set forth in Appendix D-1 must be provided by all Qualified Investors described in clause (B) hereinabove in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds and by any transferee not described in clause (A) hereinabove upon any transfer of any beneficial interest in a Bond after the initial sale and delivery of the Bonds. Qualified Investors described in clause (A) hereinabove must provide a qualified investor letter in the form set forth in Appendix D-2 only in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds.

Prior to either (i) the District being informed that the Bonds have one of the four highest investment grade ratings from a Rating Agency and written approval of the Board or (ii) the Bonds being defeased pursuant to the terms of the hereinafter described Indenture, beneficial interests in the Bonds will be transferable only to Qualified Investors and under the terms and conditions described hereinabove. Any owner of a beneficial interest in a Bond by its acceptance of such interest agrees that it will not transfer such interest to a person other than a Qualified Investor and under the terms and conditions described hereinabove.

THE BONDS

Authority and Election

The Bonds are authorized pursuant to the Enabling Act and a vote of the owners of land in the District at a special bond election held in and for the District on November 8, 2005 (the "*Election*"), pursuant to which the District has been authorized to incur general obligation bonded indebtedness in an amount not to exceed $30,000,000 in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds, and will be issued pursuant to a resolution adopted by the Board on May 8, 2006 (the "*Bond Resolution*"), and the Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "*Indenture*"), from the District to the Trustee. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." The Bonds will be the first series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, $17,180,000* aggregate principal amount of bonds will remain authorized but unissued. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS- *Ad Valorem* Property Taxation in the District – *Estimated Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding*" and "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

General Description

The Bonds will be dated as of the date of their initial delivery and will mature and bear interest as set forth on the cover page of this Limited Offering Memorandum.

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* Preliminary, subject to change.

Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing January 15, 2007 (each such date an "*Interest Payment Date*"). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the date of their initial delivery, calculated on the basis of a 360-day year of twelve 30-day months.

Beneficial ownership interests may be purchased through the facilities of The Depository Trust Company, New York, New York ("*DTC*"), in the book-entry-only form described herein in amounts of $100,000 of principal amount and integral multiples of $5,000 in excess thereof. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM." After elimination of the restrictions described under the heading "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS," beneficial ownership interests may be purchased in amounts of $5,000 of principal amount and integral multiples thereof.

Redemption Provisions*

Optional Redemption. The Bonds will be subject to redemption at the option of the District as a whole or from time to time in part on July 15, 20__ or any date thereafter (each a "*Redemption Date*") upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without premium.

Mandatory Redemption. The Bonds maturing on July 15, 20__ will be redeemed on the following Redemption Dates and in the following amounts upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without premium:

Term Bond Maturing
July 15, 20__

Redemption Date (July 15)	Principal Amount Redeemed
(maturity)	

Selection of Bonds for Redemption. In case of any redemption at the election of the District of less than all of the Bonds Outstanding, the District will, at least 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 Stated Maturities and principal amounts of Bonds to be redeemed. If less than all the Bonds Outstanding of a Stated Maturity of the Bonds are to be redeemed, the particular Bonds of such Stated Maturity of the Bonds to be redeemed will be selected not more than 45 days prior to the Redemption Date by the Trustee from the Bonds Outstanding that have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and that may provide for the selection for redemption of portions (equal to $5,000 of principal amount or an integral multiple thereof) of the principal of Bonds of a denomination larger than the authorized denomination of that Bond.

* Preliminary, subject to change.

Notice of Redemption. Notice of redemption will be given by the Trustee, not less than 30 days nor more than 60 days prior to the Redemption Date, to DTC. Neither the failure to mail any such notice, nor any defect in any notice so mailed, will affect the sufficiency of such notice or the redemption otherwise effected by such notice.

Effect of Redemption. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed will, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the District shall default in the payment of the Redemption Price) such Bonds will cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond will be paid by the District at the Redemption Price, but solely from the sources provided therein.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

After the Bonds are issued, State law requires that the Board annually levy, and cause to be collected, an *ad valorem* tax, at the same time and in the same manner as other such taxes are levied and collected, on all taxable property in the District, sufficient, together with any amounts from the sources described in the Enabling Act and available pursuant to the Indenture, to pay Debt Service (whether at maturity or prior redemption). Amounts derived from the levy of such tax when collected constitute funds to pay Debt Service and will be deposited in the Tax Account of the Bond Fund and kept separately from other funds of the District. (It is anticipated by the District and the Developer that the District will need to levy an *ad valorem* tax at a rate of $3.00 per $100 of secondary assessed valuation on all taxable property within the boundaries of the District for the payment of Debt Service, which is separate from the Operation and Maintenance Tax, and that any additional amounts needed to pay Debt Service will be paid pursuant to the Standby Contribution Agreement as hereinafter described.) With respect to *ad valorem* property taxes, issues of general obligation bonds of the District that may be issued in the future will be payable from such taxes on the same basis as the Bonds. (The District and the Trustee have acknowledged pursuant to the Indenture that the Bonds and any other general obligation bonds of the District hereafter issued will be payable on a parity basis with respect to the collection and application of property tax revenues of the District and that such property taxes will be allocated to each series of general obligation bonds in accordance with any debt service then due and, in either case, taking into account other funds held by the District for such payment. Property tax revenues allocated for any series of bonds will be deposited into the applicable fund or account set aside for such series.) See "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

Debt Service also will be payable from amounts paid pursuant to the Standby Contribution Agreement, which amounts will be paid to the Trustee at the times and for the period set forth in the Standby Contribution Agreement. The Standby Contribution Agreement may be terminated under certain circumstances prior to the final maturity of the Bonds. See "-- The Standby Contribution Agreement" below. The full amount of Debt Service due on January 15, 2007 and July 15, 2007 will be paid from proceeds of the sale of the Bonds. It is expected that thereafter, based on anticipated development as described herein under the heading "LAND DEVELOPMENT BY THE DEVELOPER – Land Development," the amount of *ad valorem* taxes to be collected from year to year at a tax rate of $3.00 per $100 of secondary assessed valuation on all taxable property then within the boundaries of the District will, each year, pay an increasing amount of Debt Service and ultimately will be sufficient alone to pay Debt Service.

In the event the Developer fails to pay amounts due pursuant to the Standby Contribution Agreement, Debt Service also will be payable from the then stated amount of the Letter of Credit which will be drawn and held pursuant to the Depository Agreement and then paid to the Trustee for such purpose at the times and in the amounts set forth in the Depository Agreement. The Depository Agreement will be terminated, and the Letter of Credit will be subject to reduction from time to time, under certain circumstances prior to the final maturity of the Bonds. See "-- The Depository Agreement" below. **The amounts available to be held pursuant to the Depository Agreement will not be subject to replenishment from any sources if such amounts are applied as described hereinabove; the Letter of Credit will not be subject to reinstatement.**

Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "RISK FACTORS."

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

***Ad Valorem* Property Taxation in the District**

General. The State has two different valuation bases for levying *ad valorem* property taxes. They are "limited property" and "full cash value." Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) that is multiplied by the limited or full cash values of the property to obtain the assessed valuations. See "-- *Assessment Ratios*" below.

Primary Taxes. Taxes levied against the assessed limited property value (after application of the assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. Limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

(a) The limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use are established at the previous year's limited property value increased by the greater of either ten percent of the previous year's limited property value or 25 percent of the difference between the previous year's limited property value and the current year's full cash value.

(b) The limited property value for parcels that underwent modification through construction, destruction or change in use, and for new parcels, is established by applying a ratio of the full cash to limited property values of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city/town and community college district is constitutionally limited to a maximum increase of two percent over the previous year's levy limit plus any taxes on property not subject to tax in the previous year (e.g., new construction and property brought into the jurisdiction because of annexation). The two percent limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal property are the same. Primary taxes on owner-occupied residential property only are constitutionally limited to one percent of

the full cash value of such property. (To offset the effects of the one percent limitation, a tax equalization program has been instituted for school equalization purposes. This program required the counties to levy a tax of $0.4358 per $100 of assessed value under the primary system for fiscal year 2005-2006.)

Secondary Taxes. Taxes levied against the assessed value (after application of the assessment ratio to full cash value) are referred to as secondary taxes, which are used for debt retirement (including debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts (including maintenance and operation expenses of the District). There is no limitation on the annual increases in full cash value of any property, and annual levies for voter-approved bond indebtedness and special district assessments are unlimited.

Determination of Full Cash Value. The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Most property is valued by the various county assessors, including for Pima County, Arizona (the "*County*"), the county in which the District is located, the County Assessor for the County (the "*Assessor*"), with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as prescribed by statute" or, if no statutory method is prescribed, it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally include the market approach, the cost approach and the income approach. As a general matter, the Assessor uses a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the Assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

County assessors, upon meeting certain conditions, may value residential, agricultural and vacant land at the same full cash valuation for up to three years. The Assessor currently values existing properties on a two-year cycle.

Arizona law provides for a property valuation "freeze" for certain residential property owners 65 years of age and older. Owners of residential property may obtain such a freeze against valuation increases (the "*Property Valuation Protection Option*") if the owner's total income from all sources does not exceed 400 percent (500 percent for two or more owners of the same property) of the "Social Security Income Benefit Rate." The property owner must apply for the Property Valuation Protection Option and, if approved by the Assessor, must renew the application every three years. If the property is sold to a person who does not qualify for the Property Valuation Protection Option, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Assessment Ratios. The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. The current assessment ratios for each class of property are set forth in Table 1.

TABLE 1
PROPERTY TAX ASSESSMENT RATIOS

Property Classification (a)	Assessment as Percent of Full Cash Value
Mining, Utility, Commercial and Industrial (b)	24.5%
Agricultural and Vacant Land (b)	16.0
Owner Occupied Residential	10.0
Leased or Rented Residential	10.0
Railroad, Private Car Company and Airline Flight Property (c)	N/A

(a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.

(b) The first $57,632 of full cash value for commercial, industrial and agricultural personal property is not subject to taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of such amount will be assessed at 24.5 percent or 16 percent, as applicable. Effective December 31, 2005, the assessment ratio on mining, utility, commercial and industrial property was reduced to 24.5%. Additionally, this rate will be decreased by one-half of one percent annually through 2014, resulting in an assessment ratio of 20% from and after December 31, 2014.

(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Collection. On or before the third Monday in August of each year based on valuation as of that date, the District will (i) fix, levy and assess the amount to be raised from *ad valorem* property taxes that, together with the amount estimated to be available from all other sources of revenue and any unencumbered balances from the previous fiscal year, will equal the total of amounts proposed to be expended in the budget for the current fiscal year and (ii) fix and determine the necessary *ad valorem* property tax rates for the District. For such purpose, on or before each such third Monday in August, and after review of such amount and rate for compliance with any applicable statutory and constitutional limitations by the property tax oversight commission of the State, an assessment and tax roll must be delivered to the County Treasurer of the County (the "*Treasurer*"). The Assessor of the County may, however, change such roll any time before December 20 of such year. *Any decrease in the value of the roll so established in December from the value used on the immediately preceding third Monday in August could reduce the aggregate amount of taxes to be collected by the District.*

The *ad valorem* property taxes levied and assessed by the District pursuant to the assessment and tax roll delivered to the Treasurer are billed along with State and County *ad valorem* property taxes and are due and payable in two equal installments on October 1 of that calendar year and on March 1 of the subsequent calendar year. The two *ad valorem* property tax installments become delinquent and begin to accrue interest at the rate of 16 percent per annum simple interest prorated monthly on November 1 of that calendar year and May 1 of the subsequent calendar year, respectively. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31 of such calendar year.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year, subject to the possible exception of *ad valorem* property taxes levied against the real property of a property owner in bankruptcy. Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser

under a tax lien sale. An *ad valorem* property tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property upon which the *ad valorem* property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale, and the sale of the tax lien for delinquent *ad valorem* property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept less than 16 percent per annum, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay in cash at the time of sale a purchase price equal to the amount of taxes, interest and penalties due on the property. If the lien is assigned to the State, the *ad valorem* property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent *ad valorem* property taxes levied by the District should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered by the District within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

It is anticipated that the District's semiannual payments of Debt Service will be funded with installments of tax payments collected on or about the immediately preceding tax payment date together with any funds available from any other sources, including amounts, if any, available from the Standby Contribution Agreement. If, for any reason, a material portion of the *ad valorem* property taxes due and payable to the District are not paid in a timely manner, the payment of Debt Service could be delayed. It cannot be determined with any certainty when delinquent *ad valorem* property taxes could be collected and available for the payment of Debt Service and what impact such delay could have on the secondary market for the Bonds. **See "RISK FACTORS - Availability of Standby Contribution Agreement Amounts," "- Assessed Valuation of Property," "- Direct and Overlapping Indebtedness" and "- Bankruptcy and Foreclosure Delays."**

Property Valuations. The District was formed after the deadline established by applicable law in order to be eligible to levy taxes due in the 2006 tax year. Consequently, the full cash value and secondary assessed value of taxable property within the boundaries of the District are not yet available from the Assessor for the District as a separate taxing jurisdiction. (Such values will be available from the Assessor for the District as a separate taxing jurisdiction beginning in tax year 2007.) The Developer has estimated the full cash value and secondary assessed value based on existing tax bills for parcels included within the District (the "*Developer Values*"), as shown in the tables below. The Developer Values are substantially lower than the current estimated market value of the parcels because most of the land within the District is currently categorized as unimproved grazing land for tax purposes.

TABLE 2
ESTIMATE OF VALUES

Fiscal Year	Full Cash Value	Secondary Assessed Value
2005-2006	$4,045,506	$639,462

Source: The Developer.

See "RISK FACTORS – Concentration of Ownership; Subsequent Transfer."

Net Secondary Assessed Valuation by Property Classification. The Developer believes that the secondary assessed valuation for the land within the District is classified as follows:

TABLE 3
ESTIMATE OF SECONDARY ASSESSED VALUE BY PROPERTY CLASSIFICATIONS

Description	Net Secondary Assessed Valuation 2005-2006	2005-2006 Percent of Total
Mining	N/A	0.0%
Utility	N/A	0.0
Commercial and Industrial	N/A	0.0
Agricultural and Vacant Land (a)	$639,462	100.0
Owner Occupied Residential	N/A	0.0
Leased or Rented Residential	N/A	0.0
Railroad, Private Car Company & Airline Flight Property	N/A	0.0
Total	$639,462	100.0%

(a) Most of the land within the boundaries of the District is categorized as grazing land, which is included within agricultural land but is valued substantially lower than other agricultural land and vacant land.

Source: The Developer.

See also in this respect the discussion under "LAND DEVELOPMENT BY THE DEVELOPER" and "RISK FACTORS – Concentration of Ownership; Subsequent Transfer."

Net Secondary Assessed Valuation of Major Taxpayer. Based on the Developer Values, the Developer has indicated that with respect to the current tax year, the Developer is the only property taxpayer located within the District.

TABLE 4
ESTIMATED TAXPAYER VALUES

Taxpayer	2005-2006 Secondary Assessed Valuation	As Percent of District's 2005-2006 Net Secondary Assessed Valuation
Lawyers Title	$639,462	100.0%

Source: The Developer.

See "LAND DEVELOPMENT BY THE DEVELOPER" and "RISK FACTORS – Concentration of Ownership; Subsequent Transfer."

Record of Taxes Levied and Collected in the District. Under State law, the Board of Supervisors of the County is required to levy a tax in an amount sufficient to provide for Debt Service. With respect to the District, certain amounts are available (as described below) that will be used to offset the amount otherwise needed for Debt Service. Property taxes are levied and collected on property within the District and certified by the Treasurer on behalf of the District. The first levy of taxes with respect to the District will occur in August 2007 and will be delinquent on November 1, 2007 and May 1, 2008. (Since the beginning of its ownership, the Developer paid, without default, all such taxes due with respect to the property now included within the boundaries of the District.)

Estimated Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding. The District will have the following annual debt service requirements after the issuance of the Bonds:

TABLE 5
ESTIMATED DEBT SERVICE FOR THE BONDS*

Year Ending (July 15)	Principal	Interest (a)	Annual Debt Service Requirements
2007	---	$866,539	$866,539
2008	---	833,300	833,300
2009	$255,000	833,300	1,088,300
2010	275,000	816,725	1,091,725
2011	290,000	798,850	1,088,850
2012	310,000	780,000	1,090,000
2013	330,000	759,850	1,089,850
2014	350,000	738,400	1,088,400
2015	375,000	715,650	1,090,650
2016	400,000	691,275	1,091,275
2017	425,000	665,275	1,090,275
2018	450,000	637,650	1,087,650
2019	480,000	608,400	1,088,400
2020	510,000	577,200	1,087,200
2021	545,000	544,050	1,089,050
2022	580,000	508,625	1,088,625
2023	620,000	470,925	1,090,925
2024	660,000	430,625	1,090,625
2025	700,000	387,725	1,087,725
2026	745,000	342,225	1,087,225
2027	795,000	293,800	1,088,800
2028	845,000	242,125	1,087,125
2029	900,000	187,200	1,087,200
2030	960,000	128,700	1,088,700
2031	1,020,000	66,300	1,086,300

Prepared by RBC Capital Markets, the Underwriter.

(a) Interest is estimated at 6.50%.

* Preliminary, subject to change.

The Standby Contribution Agreement

Pursuant to the Standby Contribution Agreement, in any Fiscal Year prior to termination of the Standby Contribution Agreement, so long as the District has, with respect to any Interest Payment Date occurring on January 15, levied for that Fiscal Year a tax rate of at least $3.00 per $100 of secondary assessed valuation and, with respect to any Interest Payment Date occurring on July 15, levied such tax rate for the immediately preceding Fiscal Year (provided, however, that the tax rate in any such Fiscal Year for such purpose may be less than $3.00 if the Board expected that such lower rate would produce secondary *ad valorem* property tax revenues sufficient to pay in full Debt Service and the Depository Agreement has been, or is in the process of being, terminated pursuant to its terms), the Developer will be obligated to pay to the Trustee on each October 12 prior to a January 15 Interest Payment Date and on each April 11 prior to a July 15 Interest Payment Date the amount equal to the amount estimated by the Trustee to be the difference between one-half of the aggregate amount due as Debt Service on the next January 15 and July 15 and one-half of the tax revenues for such year expected to be produced at such tax rate based on the then current secondary assessed valuation of taxable property in the District (assuming a five percent delinquency factor) less the amount then held in the Tax Account of the Bond Fund for such purpose. As provided in the Indenture, the Trustee will submit a request for payment under the Standby Contribution Agreement for such moneys to be used to pay Debt Service. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Funds -- Bond Fund." The Standby Contribution Agreement allows for submission of an additional request for payment under the Standby Contribution Agreement immediately before payment of Debt Service if any shortfall arises after the initial request.

The Standby Contribution Agreement will terminate upon the earlier of (i) the payment of or the provision for the payment in full of all of the Bonds Outstanding or (ii) receipt by the District Manager of evidence satisfactory to the District Manager that, for any consecutive three Fiscal Years (the first of which may not be sooner than the first Fiscal Year after the Depository Agreement has been terminated), a tax rate of $3.00 per $100 of secondary assessed valuation of property within the boundaries of the District owned by other than the Developer or any entity owned or controlled by, or which owns or controls, the Developer for each such Fiscal Year would have been sufficient to pay maximum annual debt service with respect to the Bonds for any subsequent Fiscal Year plus the historical, annual, average of amounts necessary for payment of administrative expenses relating to the Bonds as of such Fiscal Year. Such evidence will consist of a written projection, prepared by the District Manager upon a written request of the Developer, that is based upon the application of such secondary tax rate in light of the actual secondary assessed valuation of the property within the boundaries of the District for each such Fiscal Year, assuming a delinquency factor equal to the greater of five percent or the historic, average, annual percentage delinquency factor for the District as of such Fiscal Year and without credit for any fund balances or investment income accruing during such Fiscal Year. After receipt of proof that such condition has been satisfied, the Board will approve in writing the termination of the Standby Contribution Agreement, such approval not to be withheld unreasonably. See "RISK FACTORS - Bankruptcy and Foreclosure Delays."

Upon the occurrence of any failure to pay amounts due pursuant to the Standby Contribution Agreement, the Trustee will proceed directly against the Developer under the Standby Contribution Agreement without proceeding against or exhausting any other remedies which it may have against the District, or any other person, firm or corporation and without resorting to any other security held by the District or the Trustee for the amounts so due. Before taking any such action, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses and to protect against all liability, except liability that is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

The Depository Agreement

Simultaneously with the delivery of the Bonds, the Developer will have established with the Letter of Credit Bank the Initial Letter of Credit for the benefit of the District and in favor of the Depository in the stated amount of $5,500,000.* After 400 building permits have been issued within the boundaries of the District and the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to the retail purchasers thereof, then on February 15 of each year thereafter, if the secondary assessed valuation of property within the boundaries of the District used to levy taxes during the preceding August exceeded that used in the prior August, the difference between the maximum annual debt service for the Bonds and the Discounted Tax Revenues shall be calculated by the District Manager and the face amount of the Letter of Credit shall be subject to automatic reduction in face amount to an amount equal to three (3) times such difference.

To the extent described in and pursuant to the terms of the Depository Agreement, the draw upon the Letter of Credit in the then stated amount (the "*Draw*") will, if made, be held by the Depository pursuant to the Depository Agreement and will be paid over to the Trustee in amounts necessary to supplement *ad valorem* property tax revenues of the District for the payment of Debt Service if amounts are not available for such purpose pursuant to the Standby Contribution Agreement. See "-- The Standby Contribution Agreement" above. To be able to make the Draw to have such amounts available pursuant to the Depository Agreement for the payment of such Debt Service before the Depository Agreement is terminated according to its terms, the Board must have, with respect to any Interest Payment Date occurring on January 15, levied for Debt Service for that Fiscal Year a tax rate of at least $3.00 per $100 of secondary assessed valuation and with respect to any Interest Payment Date occurring on July 15, levied such tax rate for the immediately preceding Fiscal Year.

If such taxes have been so levied, the Draw also will be made and the amount thereof held pursuant to the Depository Agreement upon (a) the failure to obtain and deliver to the Depository an Alternate Letter of Credit as hereafter described or (b) the Letter of Credit Bank (i) commencing a proceeding under any federal or state insolvency, reorganization or similar law, or having such a proceeding commenced against it and either having an order of insolvency or reorganization entered against it or having the proceeding remain undismissed and unstayed for 90 days or (ii) having a receiver, conservator, liquidator or trustee appointed for it or for the whole or any substantial part of its property. The Developer may, at its option, provide for the delivery to the Depository of an Alternate Letter of Credit to take effect on the Letter of Credit Termination Date of the then effective Letter of Credit. For an Alternate Letter of Credit to be effective, prior to 60 Business Days prior to the Letter of Credit Termination Date, the Depository and the District must have received the following, in form and substance acceptable to the District Manager: evidence that the rating of the issuer of the Alternate Letter of Credit is as indicated in the definition of "Alternate Letter of Credit"; an opinion of counsel for the issuer of the Alternate Letter of Credit that it constitutes a legal, valid and binding obligation of the issuer in accordance with its terms; an opinion of nationally recognized bond counsel that such replacement is authorized pursuant to the Depository Agreement and will not cause interest on the Bonds to become includable in gross income for federal income tax purposes and the Alternate Letter of Credit, meeting all of the other requirements provided in the definition of "Alternate Letter of Credit" and being unconditionally binding and effective as of the Letter of Credit Termination Date.

If the Draw has occurred because of the events described in clauses (a) or (b) in the preceding paragraph, the District Manager may, in the sole and absolute discretion of the District Manager and pursuant to the same terms and conditions for provision of an Alternate Letter of Credit and whatever additional terms and conditions the District Manager deems appropriate, instruct the Depository to

* Preliminary, subject to change.

exchange the proceeds of the Draw for a new letter of credit meeting the qualifications in the definition of "Alternate Letter of Credit." After such exchange, such new letter of credit will be treated as the Letter of Credit for all purposes of the Depository Agreement.

After the Draw, on each July 2 and January 2, the Trustee will notify the Depository of the Debt Service coming due on the next succeeding July 15 or January 15, as the case may be, and state the amounts then on deposit in the Bond Fund and the accounts therein under the Indenture including amounts received pursuant to the Standby Contribution Agreement. Based on the amounts indicated to the Depository, the Depository will pay to the Trustee for deposit in the Bond Fund, as described in Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Funds - Bond Fund," an amount sufficient to pay the remaining amount of Debt Service due on the Bonds on the next succeeding July 15 or January 15, as the case may be, such amount to be paid on July 8 and January 8, respectively.

Amounts held pursuant to the Depository Agreement after a Draw will be invested in Permitted Investments. Earnings on amounts held by the Depository pursuant to the Depository Agreement will be deposited with the Depository and held pursuant to the Depository Agreement.

The Depository Agreement will terminate upon the earliest of (i) the payment of or the provision for the payment in full of all of the Bonds Outstanding, (ii) the expiration of the Letter of Credit, or (iii) receipt by the District Manager in any Fiscal Year of evidence satisfactory to the District Manager that, in any Fiscal Year after the first Fiscal Year in which principal of the Bonds has started to be amortized for such Fiscal Year, a tax rate of $3.00 per $100 of secondary assessed valuation of property within the boundaries of the District owned by other than the Developer or any entity owned or controlled by, or which owns or controls, the Developer for such Fiscal Year would have been sufficient to pay maximum annual debt service for any subsequent Fiscal Year plus the historical, annual, average of amounts necessary for payment of administrative expenses relating to the Bonds as of such Fiscal Year. Such evidence will consist of a written projection, prepared by the District Manager, if the Letter of Credit has not been drawn, upon a written request of the Developer and otherwise at the discretion of the District Manager, that is based upon the application of such secondary tax rate in light of the actual secondary assessed valuation of the property within the boundaries of the District for each such Fiscal Year, assuming a delinquency factor equal to the greater of five percent or the historic, average, annual percentage delinquency factor for the District as of such Fiscal Year and without credit for any fund balances or investment income accruing during such Fiscal Year. After receipt of proof of satisfaction of such condition, the Board will approve in writing the termination of the Depository Agreement, such approval not to be withheld unreasonably.

OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net assessed valuation and combined tax rate per $100 assessed valuation. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. **Please note that such information as it relates to the District is not on a comparable basis. See footnote (c).** See "RISK FACTORS - Direct and Overlapping Indebtedness."

TABLE 6
OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS

Overlapping Jurisdiction	2005-2006 Net Secondary Assessed Valuation	Net Outstanding Bonded Debt	Proportion Applicable to the District: Approx. Percent	Proportion Applicable to the District: Amount	2005-2006 Combined Tax Rate Per $100 Assessed (a)
State of Arizona	$48,931,946,145	None	0.000%	None	$0.0000
Pima County	6,050,950,040	$267,270,000	0.011%	$30,726	5.6423 (b)
Pima County Community College District	6,050,950,040	71,675,000	0.011%	8,240	1.3114
Pima County Flood Control District	5,323,432,911	6,010,000	0.013%	785	0.3746
Town of Sahuarita	86,106,488	None	0.808%	None	0.0000
Sahuarita Unified School District No. 30	121,793,494	26,315,000	0.571%	150,300	8.1495
Quail Creek Community Facilities District	**695,631 (c)**	**12,820,000***	**100.00%**	**12,820,000***	**3.30 (d)**
Total Net Direct and Overlapping General Obligation Bonded Debt and Tax Rate				$13,010,051*	$18.7778

(a) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which generally is based on the primary assessed valuation of jurisdictions other than special districts and on the secondary assessed valuation of special districts such as the District.

(b) The County's tax rate includes the $4.7870 county tax rate, the $0.4358 tax rate of the Education Equalization District, the $0.2575 tax rate of the County's Free Library District, the $0.1200 tax rate of the Central Arizona Project and the $0.0420 tax rate for the County's contribution to the fire districts.

(c) Estimated secondary assessed valuation is based on the Developer's estimate of property value described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - *Ad Valorem* Property Taxation in the District -- Property Valuations."

(d) This rate will not be levied until the 2007 tax year.

Source: Individual jurisdictions and the Developer as to the secondary assessed valuation estimate for the District.

Additional General Obligation Bonded Indebtedness of the District

In addition to the Bonds, the District retains the right to issue, subject to the authorization remaining from the Election or authorization from a future bond election, in accordance with the procedures set forth in the Enabling Act, additional series of bonds payable from *ad valorem* property taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS- *Ad Valorem* Property Taxation in the District – *Estimated Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding.*" See also "RISK FACTORS - Direct and Overlapping Debt."

* Preliminary, subject to change.

The Enabling Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed 60 percent of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (The District has made a finding that issuance of the Bonds will meet the test set forth above.)

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $30,000,000 and $17,180,000* of bond authorization will remain after issuance of the Bonds. See "THE PUBLIC INFRASTRUCTURE" with respect to the issuance of such bonds. Additional indebtedness could be authorized for the District in the future pursuant to other elections.

Additional Overlapping General Obligation Bonded Indebtedness

The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to the Town, the County, Sahuarita Unified School District No. 30 of Pima County Arizona, Pima County Community College District or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. See "RISK FACTORS - Direct and Overlapping Debt."

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonds available for future issuance:

TABLE 7
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Pima County (a)	$519,665,131
Pima County Community College District	0
Sahuarita Unified School District No. 30	0
Town of Sahuarita, Arizona	0

(a) The County will hold an election on May 16, 2006 requesting voter approval for the issuance of $54,000,000 in general obligation bonds for the purpose of funding various capital projects in the County.

THE DISTRICT

General

The District encompasses approximately 1,248 acres (the "*District Land*") located within the southern portion of the Town. The Town is located in Pima County and is considered part of the greater Tucson metropolitan area. See Appendix A – "INFORMATION REGARDING THE TOWN OF SAHUARITA, ARIZONA," which includes certain information about the Town and surrounding area, and, generally, the maps on pages (iii) and (iv).

The Town formed the District pursuant to a resolution adopted on September 12, 2005. The District is a special purpose, tax levying public improvement district for certain constitutional purposes

* Preliminary, subject to change.

and a municipal corporation for certain other statutory purposes. The District has the power to implement the District's general plan for public infrastructure primarily through the issuance of general obligation, assessment or revenue bonds. The District has no current plans to issue assessment or revenue bonds.

District Board and Administrative Staff

In accordance with State law, the Mayor and Council of the Town serve as the Chairman and members of the District Board. Additionally, the District Board has appointed James Stahle, the Town Manager, as the District Manager, A.C. Marriotti, the Town Finance Director, as the District Treasurer, Daniel J. Hochuli, the Town Attorney, as the District Counsel and Sandra Olivas, the Town Clerk, as the District Clerk.

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Developer and neither the District nor the Underwriter (as defined herein) assumes any responsibility for the accuracy or completeness thereof.

The Bond Resolution approved a feasibility report relating to financing from the proceeds of the sale of the Bonds the cost of constructing and acquiring the following public infrastructure (the "*Public Infrastructure*") within the District necessary for development of the hereinafter described Project to thereafter be transferred to the Town:

TABLE 8
PUBLIC INFRASTRUCTURE

Description	Estimated Cost (a)	Estimated Completion Date (b)
Campbell Avenue (Public Arterial)	$1,800,000	6/1/2007
Campbell Avenue Bridge	600,000	3/1/2007
South Boundary Roadway (Public Arterial)	1,750,000	6/1/2007
Landscaping Along Public Streets	400,000	9/1/2007
Drainage Improvements	1,200,000	6/1/2007
Public Sewer System	1,685,000	10/30/2008
Bridges at Wash Crossings	1,800,000	10/30/2008
Park	1,985,250	6/30/2008

(a) Costs for the Public Infrastructure are estimated and, once contracted for, subject to change orders and unforeseen events.

(b) Completion dates for the Public Infrastructure are estimated and, once contracted for, subject to change orders and unforeseen events and other potential delays.

The estimated total acquisition and construction cost of the Public Infrastructure described above is $11,220,250. The Public Infrastructure will be publicly bid in compliance with the process required by State law and the District. Upon completion of each portion of the Public Infrastructure, the completed portion will be acquired by the District and dedicated to the Town. Any cost not paid from the proceeds of the Bonds will be borne by the Developer or financed by the issuance of additional bonds.

LAND DEVELOPMENT BY THE DEVELOPER

The information contained in this section relates to and has been obtained from the Developer and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. Neither the District nor the Underwriter makes any representation regarding projected development plans within the District, the financial soundness of the Developer or other property owners and developers or the managerial ability of such persons and entities to complete development as planned. The development of the District Land may be affected by factors, such as governmental policies with respect to land development, the availability of utilities, the availability of energy, construction costs, interest rates, competition from other developments and other political, legal and economic conditions beyond the control of the District, property owners and developers. Further, the District Land may be subject to encumbrances as security for obligations payable to various parties, the default of which could adversely affect construction activity. See "RISK FACTORS."

Land Development

General. The District Land, which consists of approximately 1,248 acres, is being developed by the Developer as part of an approximately 2,113-acre master-planned residential development known as "Quail Creek" (the "*Project*"). The Project is anticipated to include, and applicable zoning would permit, approximately 2,600 units consisting of single family dwellings, as well as related golf courses and amenities, within the District.

The District Land includes approximately 28 acres designated for public parks and open spaces, which, as part of subsequent phases of development of the Project, will include both passive and active recreational amenities, including a softball field, small water features, shade armadas and youth playground facilities. The park also will feature public restrooms. Later phases may include public meeting space.

Although the number of acres devoted to each particular land use may ultimately vary, the District is currently expected to include the following land uses:

TABLE 9
EXPECTED LAND USES WITHIN THE DISTRICT

Type of Development	Approximate Acres of District Land
Residential	1,178
Public Roadways/Rights-of-Way	42
Open Space/Parks	28
Total	1,248

Ownership of District Land. Title to the District Land is held in a trust created pursuant to the Trust Agreement, and controlled by the Developer. Pursuant to the Trust Agreement, the Developer is responsible to pay all taxes and assessments levied and assessed upon and against the District Land held in the Trust.

Development of Quail Creek. The initial phases of development of the Project began prior to the purchase of the Project by the Developer in June 1999. At the time of the Developer's acquisition, there were approximately 110 existing homes, a golf course and some amenities. Shortly after assuming

ownership of the Project, the Developer modified the product offerings with new floor plans and model homes. Since 1999, the Developer has made numerous improvements to the Project, including construction of an additional golf course, a new sales office, a new clubhouse and a new grille and improvements to existing amenities, including the pro shop, fitness center, aquatic facility and meeting space.

The following table sets forth the sales and closings of new homes (net of cancellations) for the years 2000 through 2005.

TABLE 10
QUAIL CREEK HOME SALES AND CLOSINGS

Calendar Year	Sales	Closings
2000	73	41
2001	144	84
2002	189	128
2003	236	195
2004	427	215
2005	234	239

Source: The Developer.

Single family homes constructed by the Developer are anticipated to have an average price of $300,000. The Developer's absorption projections for the portion of the Project included in the District are set forth below in Table 11. **Such projections are "forward looking" statements and should be considered with an abundance of caution.**

TABLE 11
QUAIL CREEK ESTIMATED ABSORPTION SCHEDULE

Year	Not in District	In District	Annual Total	District Total
2006	225	25	250	25
2007	100	150	250	175
2008	50	200	250	375
2009	25	225	250	600
2010	10	240	250	840
2011	10	240	250	1,080
2012	5	245	250	1,325
2013	0	250	250	1,575
2014	0	250	250	1,825
2015	0	250	250	2,075
2016	0	250	250	2,325
2017	0	250	250	2,575
2018	0	25	25	2,600

Source: The Developer.

As stated above, there is no guarantee that the foregoing projections will occur. Additionally, the Developer anticipates that it will, and there are no restrictions on the ability of the Developer to, sell a portion of the District Land to individuals and other homebuilders, and there can be no assurance now or at the time the Bonds are issued that any subsequent owners will have the financial capability to, or will, commence or complete development on any portion of the District Land so acquired. **See "RISK FACTORS – Concentration of Ownership; Subsequent Transfer" and "—Failure or Inability to Complete Proposed Project."**

Other Project Infrastructure. In addition to the Public Infrastructure, the portion of the Project within the District will include construction of certain other infrastructure (the "*Project Infrastructure*"). None of the Project Infrastructure will be financed with proceeds from the sale of the Bonds, but instead will be financed by the Developer through a combination of equity and new debt.

Environmental, Cultural, and Biological. As part of the due diligence process associated with the acquisition of the Project site, outside consultants were employed to evaluate environmental, cultural, and biological impediments to the development of the site. See "RISK FACTORS – Environmental" herein.

Existing Indebtedness. There is no existing debt with respect to the Project site and the District Land.

The Developer

The Developer is a Delaware limited liability company organized on June 23, 1999 to develop the Project. The Developer sells residences on improved lots and provides amenities for the homeowners, such as golf courses, country clubs, tennis courts and other recreational facilities within the adult community. In July 1999, the Developer purchased the Project from the original developer.

The Developer, as the sole beneficiary of the Subdivision Trust, currently owns 100 percent of the District Land.

The Developer's audited financial statements for the fiscal years ended December 31, 2005 and December 31, 2004 are included as Appendix G to this Limited Offering Memorandum.

SOURCES AND APPLICATIONS OF FUNDS

Shown below is the sources and applications of funds related to the Bonds.

Sources	
Par Amount of Bonds	$_____
Total	$_____
Applications	
Costs of Acquisition and Construction	$_____
Funded Interest	
Costs of Issuance (including Underwriter's Compensation)	_____
Total	$_____

RISK FACTORS

The Bonds will be secured solely by *ad valorem* property taxes generated within the District, amounts available pursuant to the Standby Contribution Agreement and the Depository Agreement. Anyone considering investing in the Bonds should carefully examine this Limited Offering Memorandum, including the Appendices hereto.

Assessed Valuation of Property

Information is provided herein with respect to the assessed valuation of the District Land. The current assessed valuation is extremely low because of its classification as vacant and grazing land. See Table 3 – "Estimate of Value by Property Classifications." It is anticipated that the assessed valuation of the District Land will increase upon development of the Project. However, the current low assessed valuation, less than expected increases in future assessed valuation or decreases in the future assessed valuation of the District Land may reduce the willingness of landowners to pay the *ad valorem* property taxes securing the bonds or adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – *Ad Valorem* Property Taxation in the District."

Concentration of Ownership; Subsequent Transfer

The Developer controls the development of the District Land, which represents all of the total secondary assessed valuation in the District, and the Developer is responsible for paying the *ad valorem* property taxes on the District Land. There can be no assurance that the Developer has the financial capability to continue and complete development of the Project. See "LAND DEVELOPMENT BY THE DEVELOPER – Land Development – *Development of Quail Creek*." Also, there can be no assurance that the Developer will continue to pay the *ad valorem* property taxes with respect to the District Land, including the amounts to be used to pay principal of and interest on the Bonds. See "SECURITY FOR

AND SOURCES OF PAYMENT OF THE BONDS - *Ad Valorem* Property Taxation in the District -- *Collection*."

In addition, it is the intention of the Developer, during development of the Project to transfer ownership of certain parcels (or portions thereof) within the District to homebuilders and others who will then sell to, among others, the ultimate homeowners in the Project. There can be no assurance that any subsequent owners will have the financial capabilities to complete development on any land so acquired or to pay *ad valorem* property taxes with respect to such land, including the amounts to be used to pay principal of and interest on the Bonds.

Failure or Inability to Complete Proposed Project

The continuing development and successful completion of the Project by the Developer is contingent upon construction or acquisition of major public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage facilities, telephone and electrical facilities, recreational facilities and street lighting, as well as local in-tract improvements. If the Developer is unable to complete these additional improvements, the ability of the Developer to sell land would be affected adversely.

There are no assurances the Developer can obtain the necessary financing to pay for the required development costs. Cash generated from the sale of land within the District by the Developer is expected to fund a substantial portion of the costs of the development. The cost of these additional improvements plus the public and private in-tract, on-site and off-site improvements may increase the public and private debt for which the land within the District is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See "-- Direct and Overlapping Indebtedness" below.

The proposed Project may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development of environmental problems with such land. See "-- Availability of Water" below. While the Developer has entered into the Development Agreement with the Town, addressing, among other things, the vesting of zoning approvals necessary to develop the Project, land development within the District could nevertheless be affected by changes in governmental policies and laws, including, but not limited to, governmental policies and laws to restrict or control development. (Any approvals needed in the future for the development of the Project must come from the Town, over which the District has no control.) Land development within the District also could be affected by competition from other residential developments in surrounding areas. See "Availability of Standby Contribution Agreement Amounts" below. A slowdown of the development process and the related absorption rate within the Project because of any or all of the foregoing could affect adversely land values and impair the Developer's ability to finance the costs of development. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF THE DEVELOPER TO PAY *AD VALOREM* PROPERTY TAXES AND COULD GREATLY REDUCE THE VALUE OF SUCH PROPERTY IN THE EVENT IT HAS TO BE FORECLOSED UPON.

The land in the District (but not in the Project) is undeveloped and, if any or all of the foregoing occurs, would continue as such. Vacant land provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to non-payment of *ad valorem* property taxes. An inability to develop the remaining land within the District will likely reduce the diversity of ownership on land within the District, making the owners of the Bonds more dependent upon timely payment of the *ad valorem* property taxes levied on the vacant property.

Growing Smarter

During 1998, the Arizona Legislature promulgated the Growing Smarter Act of 1998 ("*Growing Smarter*"), which created new planning requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Growing Smarter also created the "Growing Smarter Commission," which conducted hearings throughout the State on ways to enhance the law and to address certain other issues. During 2000, the Arizona Legislature adopted additional legislation known as "Growing Smarter Plus," which significantly expands Growing Smarter particularly the planning requirements passed in 1998. Fast-growing communities must now plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is now required. Growing Smarter Plus requires fast growing cities, large cities and Pima and Maricopa Counties to submit their general plans to the voters for ratification. (A general plan for such purpose was approved by the voters of the Town on May 20, 2003.) Every ten years, voters will have the final say over general planning in their communities. It is unclear at this time how Growing Smarter and Growing Smarter Plus will affect development activity in the State and particularly the Town in the future.

Availability of Standby Contribution Agreement Amounts

If amounts to be available pursuant to the Standby Contribution Agreement are not available for any reason (including financial difficulties or bankruptcy of the Developer), the Bonds will be payable only from District *ad valorem* property taxes, resulting in increased District tax rates and increased reliance upon District tax revenues collected within the District to pay debt service on the Bonds. Additionally, the Depository Agreement and Letter of Credit will provide only limited amounts that will not be replenished as drawn upon and will not be reinstated.

The District's ability to retire the indebtedness evidenced by the Bonds solely from *ad valorem* property taxes is dependent upon the development and maintenance of an adequate tax base from which the District may collect revenues. The District's ability to achieve a tax base adequate to generate *ad valorem* property tax revenues for timely payment of the Bonds will depend upon the continued and successful development of the Project. The District faces some competition from other residential developments in surrounding areas, including but not limited to, Rancho Sahuarita, which is located within the Town. Such competition may adversely affect the rate of development within the District. Many unpredictable factors could influence the actual rate of construction within the District, including the prevailing interest rates, availability of funds, market and economic conditions generally, supply of housing in the greater Tucson metropolitan area, construction costs, labor conditions, access to building supplies, availability of water and water taps, availability and costs of fuel and transportation costs, among other things.

Availability of Water

The Developer's ability to develop the Project and to subdivide the real property constituting the District Land is dependent upon the Project having a 100-year assured water supply, as determined by the Arizona Department of Water Resources ("ADWR") and applicable law. The Developer has a certificate of assured water supply ("CAWS") from ADWR for the Project demonstrating that the Project has a 100-year water supply based on available ground water. ADWR may review a CAWS at any time and may modify it for good cause or revoke it if ADWR determines, after notice and opportunity for hearing, that an assured water supply no longer exists. In addition, it is the current policy of ADWR that a CAWS is valid for the project as initially certificated and that a CAWS is not valid for a project if there have been material changes to the project. By rule, a CAWS becomes irrevocable upon the sale of one lot within the

subdivision for which the CAWS was issued. Ariz. Admin. Code R12-15-709. A number of lots within the area subject to the CAWS have been sold previously. The Developer does not believe that a revocation of the Project's CAWS is likely. If the CAWS for the Project were revoked, the sale of subdivided land within the Project would be halted until the situation could be resolved and a new CAWS issued for the Project.

Environmental

The Project is subject to environmental requirements including but not limited to the potential obligation to take remedial action to address soil or water contamination under federal or state laws and the need to obtain environmental permits under various federal and state laws. Prior to acquiring the Project, The Developer conducted environmental due diligence and identified areas of soil contamination, which were addressed and do not, in the opinion of the Developer's consultants, require additional remedial action. In addition, portions of the Project were previously used for agricultural purposes and, as with any such areas, may contain residual levels of pesticides or herbicides.

Surveys have been conducted for the presence of the cactus ferruginous pygmy-owl, a species currently protected under the federal Endangered Species Act ("ESA"). No pygmy-owls have been detected. In addition, the U.S. Fish & Wildlife Service, in response to litigation over its decision to list the pygmy-owl as endangered under the ESA, has proposed removing pygmy-owl from the list. 70 Fed. Reg. 44547 (Aug. 3, 2005). It is possible that, if the pygmy-owl is not delisted, and a pygmy-owl is discovered on the Project in the future, that development of the Project could be materially affected by requiring either avoidance of pygmy-owl habitat on the Project or mitigation through purchase of offsite habitat. Permitting requirements could result in a delay of housing sales or reduction in density or area of development that could materially affect the Project.

Surveys have been conducted for the Pima pineapple cactus ("PPC") and have discovered PPC present on the Project. PPC is listed as endangered under the ESA, 58 Fed. Reg. 49875, 49880 (Sept. 23, 1993), and is also protected under the Arizona Native Plant Act, A.R.S. 3-901 et seq. Known plants have been replanted away from development areas in accordance with the requirements of the Arizona Native Plant Act, A.R.S. 3-901 et seq. In the absence of federal permits, there are no additional ESA requirements applicable. If federal permits are required in the future for development of the Project, development of the Project could be materially affected by requiring either avoidance of known PPC plants or mitigation through replanting or purchase of offsite PPC habitat. Permitting requirements could also result in delay of housing sales that could materially affect the Project.

The Project has been surveyed for the presence of sites listed on or eligible for listing on the National Register of Historic Places pursuant to the requirements of the National Historic Preservation Act ("NHPA"). Surveys have identified no sites listed on the Register, but archaeological sites have been identified that, in the opinion of the Developer's consultants, may be Register-eligible. Developer believes these sites have been managed in accordance with the State laws governing human remains, A.R.S. 41-865. In the absence of federal permits, there are no additional requirements applicable to Register-eligible sites under the NHPA. If federal permits are required in the future for development of the Project, development of the Project could be materially affected by requiring either avoidance of known Register-eligible sites or mitigation of such sites through archaeological excavations and studies. Permitting requirements could also result in delay of housing sales that could materially affect the Project.

The Project is currently operating under stormwater permits issued by the Arizona Department of Environmental Quality ("ADEQ"). Previously, the Project operated under stormwater permit(s) issued by the U.S. Environmental Protection Agency ("EPA"). ADEQ's stormwater permitting program was subsequently approved to operate in lieu of the federal program and now Developer obtains stormwater

permits from ADEQ. There is pending litigation in the federal 9th Circuit Court of Appeals by Defenders of Wildlife over EPA's decision to approve the ADEQ program and it is possible that the program will revert to EPA, in which case Developer will need to seek stormwater permits from EPA. See Defenders of Wildlife v. EPA, 420 F.3d 946 (9th Cir. 2005) (motions for rehearing pending).

In addition, at some point in the future, a permit may be required under Section 404 of the Clean Water Act for filling of drainage areas considered waters of the United States. The timing and substantive requirements of the permit could materially affect the Project.

As discussed above, if a stormwater permit is required from EPA, or if a Section 404 permit is required from the U.S. Army Corps of Engineers, additional requirements under the ESA and NHPA could be triggered that may materially affect the Project.

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay its *ad valorem* taxes could be affected by the existence of other taxes and assessments imposed upon the property. The District and other political subdivisions whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional *ad valorem* taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS.") The lien created on the property within the District through the levy of *ad valorem* taxes would be on a parity with that for the *ad valorem* taxes securing the Bonds. The imposition of additional parity liens, junior liens, in the case of special assessments, or even private financing, may reduce the ability or willingness of the owners of land within the District to pay the *ad valorem* property taxes securing the Bonds. In that event, there could be a default in the payment of the Bonds.

From time to time there are legislative proposals in the Arizona Legislature that, if enacted, could alter the basis on which *ad valorem* taxes (including those that secure the Bonds) are assessed, levied and collected and which could affect, among other things, the distribution of the amount of taxes various classifications of property may be obligated to pay. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would affect the Bonds or other obligations issued prior to enactment.

Bankruptcy and Foreclosure Delays

The payment of the *ad valorem* property taxes securing the Bonds and the ability of the District to foreclose the lien of delinquent, unpaid, *ad valorem* property taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the *ad valorem* taxes securing the Bonds to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS- *Ad Valorem* Property Taxation in the District -- Collection."

Bankruptcy or similar occurrence of or to the Developer could result in a temporary or permanent cessation of amounts payable pursuant to the Standby Contribution Agreement. Payment of principal of and interest on the Bonds would then be payable exclusively from the District's collection of *ad valorem* property taxes securing the Bonds.

In addition, the various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) and relating to the Standby Contribution Agreement, the Depository Agreement and the Indenture will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Cancellation of Contracts

The State, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, including the District or any of the departments or agencies of either is, while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. Cancellation of contracts entered into by the District may adversely affect the Bonds.

LITIGATION

The District

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture and the Bond Resolution, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

The Developer

At the time of delivery and payment for the Bonds, an authorized representative of the Developer will certify that no litigation or administrative action or proceeding is pending or, to the knowledge of such authorized representative, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness of the resolution authorizing the Developer to execute and deliver the documents executed by it in connection with issuance of the Bonds, or contesting or questioning the proceedings and authority under which such resolution or such documents have been authorized and are delivered and executed.

TAX MATTERS

General

The Code includes requirements that the District must continue to meet with respect to the Bonds after the issuance thereof in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure by the District to meet those requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance.

The District will covenant in the Indenture to take the actions required by the Code in order to maintain the exclusion from federal gross income of interest on the Bonds.

In the opinion of Bond Counsel, to be rendered with respect to the Bonds on the date of issuance of the Bonds, assuming continuing compliance by the District with the tax covenants referred to above and relying upon certain representations of the Developer with respect to development of the District Land, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excluded from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. Bond Counsel is further of the opinion upon the date of issuance of the Bonds that, if the foregoing is the case, the interest thereon will be exempt from income taxation under the laws of the State.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of an owner's interest expense allocable to interest on a Bond; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15 percent of certain items, including the interest on the Bonds; (iii) the inclusion of interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Bonds in passive investment income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion in gross income of interest on the Bonds by recipients of certain Social Security and Railroad Retirement benefits.

Bond Premium

The difference between the principal amount of the Bonds maturing on July 15, 20__ and July 15, 20__ (the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Premium Bonds of the same maturity will be sold constitutes to an initial purchaser "amortizable bond premium" that will not be deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year will be determined actuarially on a constant interest rate basis over the term of each Premium Bond. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price will be required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Premium Bonds. Prospective purchasers of the Premium Bonds should consult with their own tax advisors with respect to other tax consequences of owning and disposing of the Premium Bonds.

BONDOWNERS' RISKS REGARDING LACK OF RATING

No credit rating for the Bonds has been sought nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a

particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Greenberg Traurig LLP, Phoenix, Arizona, Bond Counsel, a form of which is included herein as Appendix C. See "TAX MATTERS." Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds. Certain legal matters will be passed upon with respect to the District by Greenberg Traurig, LLP, Phoenix, Arizona; for the Underwriter by its counsel, Squire, Sanders & Dempsey L.L.P.; and for the Developer by Greenberg Traurig, LLP, Phoenix, Arizona. It is currently anticipated that District Counsel will not issue an opinion with respect to this or any issuance of bonds by the District.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer of guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The underwriter of the Bonds is RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets (the "*Underwriter*"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $_____ (reflecting the aggregate principal amount of the Bonds, plus original issue premium of $_____, less Underwriter's compensation of $_____). The Underwriter will offer and sell the Bonds in a limited distribution only to Qualified Investors who have agreed to the transfer restrictions described herein. See "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS." The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The offering prices set forth on the cover page hereof may be changed after the initial offering by the Underwriter.

CONTINUING DISCLOSURE

The District and the Developer have each separately covenanted for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the District and development therein, as applicable, by not later than seven months after the end of their respective fiscal years (the "*Annual Reports*") and to provide notices of the occurrence of certain enumerated events, if material (the "*Notices of Material Events*"). The Annual Reports will be filed by the District and the Developer with each Nationally Recognized Municipal Securities Information Repository and the appropriate State Information Depository, if any, or a Central Post Office ("*CPO*") described in the forms of continuing disclosure undertakings included in Appendix E. The Notices of Material Events will be filed by the District and the Developer with each Nationally Recognized Municipal Securities Information Repository and the State Information Depository, if any, or a CPO, and with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports or in the Notices of Material Events are set forth in Appendix E – "FORMS OF

CONTINUING DISCLOSURE UNDERTAKINGS," which includes forms of undertakings that will be executed by the District and the Developer with respect to the Bonds. The District has no obligation to enforce the obligations of the Developer under its Continuing Disclosure Undertaking.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "*Rule*"). Should the District or the Developer not comply with such covenants as they relate to the filing of the Annual Reports they have covenanted to provide notice of such fact to each Nationally Recognized Securities Information Repository and the State Information Depository, if any, or a CPO and with the Municipal Securities Rulemaking Board. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

Pursuant to State law, the ability of the District to comply with such covenants is subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants. Should the District not comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to each Nationally Recognized Municipal Securities Information Repository and the State Information Depository, if any, or a CPO as well as with the Municipal Securities Rulemaking Board.

The District and the Developer have not previously entered into any undertaking for purposes of the Rule.

RELATIONSHIPS AMONG PARTIES

Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, and Squire, Sanders & Dempsey L.L.P., Counsel to the Underwriter, have acted as bond counsel in other transactions underwritten by RBC Capital Markets, the Underwriter of the Bonds, and have acted as underwriter's counsel to the Underwriter in other transactions. Greenberg Traurig, LLP, and Squire, Sanders & Dempsey L.L.P. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions.

As noted above, Greenberg Traurig, LLP is acting as Bond Counsel. Greenberg Traurig, LLP also represents the Developer with regard to certain matters, including matters relating to the issuance of the Bonds. The District and the Developer will agree that Greenberg Traurig, LLP may represent each of them simultaneously in connection with the issuance of the Bonds and will consent to and approve such representation.

The Underwriter has underwritten or acted as financial advisor with respect to bonds issued by overlapping political subdivisions.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By_____
Chairperson, District Board

APPENDIX A

INFORMATION REGARDING THE TOWN OF SAHUARITA, ARIZONA

The following information regarding the Town is provided for reference only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District, and consequently no representation is made as to the relevance of the data to the District or to the repayment of the Bonds. THE BONDS ARE NOT OBLIGATIONS OF THE TOWN. The Bonds are direct obligations of the District, payable solely from ad valorem taxes levied against all taxable property in the District, limited as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" in this Limited Offering Memorandum.

General Information

The Town incorporated in 1994 and is located in southeastern Pima County, Arizona (the "County"). The Town is approximately fifteen miles south of the city limits of the City of Tucson, Arizona ("Tucson"), and is part of the Tucson metropolitan area. The Town covers an area of approximately 30 square miles and is located at an elevation of 2,844 feet. The following table illustrates population statistics for the State, the County and the Town.

POPULATION STATISTICS

	State of Arizona	Pima County	Town of Sahuarita
2005 Estimate*	6,044,985	957,635	13,990
2000 Census	5,130,632	843,746	3,242
1990 Census	3,665,339	666,957	1,622
1980 Census	2,716,546	531,443	**
1970 Census	1,775,399	351,667	**
1960 Census	1,302,161	265,660	**

* *Estimate as of July 1, 2005.*

** *The Town incorporated in 1994.*

Source: Arizona Department of Economic Security, Population Statistical Unit.

Municipal Government and Organization

The Town government operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the Town Council, which consists of a Mayor and six council members. Council members are elected to four-year staggered terms. Both of the Mayor and the Vice-Mayor are selected by the Council from among its members.

Employment and Employers

The Town's economy is linked closely with that of metropolitan Tucson. Due to the Town's proximity to Tucson, the majority of the residents of the Town commute to the Tucson metropolitan area for employment.

The tables hereafter illustrate several of the major employers within the Town, followed by tables of the major manufacturing employers and non-manufacturing employers of Tucson.

MAJOR EMPLOYERS
Town of Sahuarita, Arizona

Employer	Approximate Number of Employees
Sahuarita School District	325
ASARCO	300
Farmers Investment Co.	180
Town of Sahuarita	115
Bashas	110
Safeway	100

Source: The Town; the 2005 Arizona Services Directory, by the Greater Phoenix Chamber of Commerce and an individual employer survey.

MAJOR MANUFACTURING EMPLOYERS
City of Tucson, Arizona

Employer	Product/Service	Approximate Number of Employees
Raytheon Missile Systems Corporation	Missiles	10,300
IBM Storage Subsystems Division	Computer Processing Products	1,700
Intuit Inc.	Financial and Business Software	1,294
Texas Instruments Tucson Corporation	Integrated Circuits	950
Bombardier Aviation Systems	Lear Jets	890
Honeywell International Inc.	Technology/Aerospace	800
Tucson Newspapers Inc.	Daily Newspapers	600
Air System Components	HVAC Metal Products	400
Larson Company	Scenic Products and Displays	340
Kalil Bottling Company	Soft Drinks and Carbonated Water	320
Precision Shooting Equipment	Archery Equipment	300
Walbro Engine Management	Automotive Carburetors	130
Rain Bird Corporation	Irrigation and Sprinkler Equipment	50

Source: *The 2005 Arizona Industrial Directory* by the Greater Phoenix Chamber of Commerce and an individual employer survey.

MAJOR NON-MANUFACTURING EMPLOYERS
City of Tucson, Arizona

Employer	Product/Service	Approximate Number of Employees
University of Arizona	Education	10,385
Davis-Monthan Air Force Base	Military	8,730
State of Arizona	Government	9,750
Tucson Unified School District No. 1	Education	7,685
Pima County	Government	6,770
City of Tucson	Government	6,760
Wal-Mart Stores Inc.	Retail Store	4,595
Carondelet Health Network	Healthcare	3,745
University Medical Center	Healthcare	2,920
TMC Healthcare	Healthcare	3,135
Pima Community College	Education	2,225
Sunnyside Unified School District No. 12	Education	2,225

Source: *The 2005 Arizona Services Directory* by the Greater Phoenix Chamber of Commerce and an individual employer survey.

As indicated in the above table, Davis-Monthan Air Force Base (the "Base") is a major employer in Tucson. According to the Public Affairs Department of the 355th Wing (the "Department"), the military and civilian personnel employed both on and off the Base constituted an annual gross payroll of over $331.7 million. The Department further indicates that 7,146 employees are currently employed in a military capability by the Base in addition to 1,188 civilian employees.

From 1982 through 1985 the Base was included on lists of bases considered for closure or realignment by the Defense Base Closure and Realignment Commission. As of the date of this Official Statement, the Base is not under consideration for closure or realignment. Although measures were undertaken in late 1996 to ensure omission from Federal Closure List, such measures have been deemed no longer necessary by the Base due to the improbability of being included in the near future. However, there can be no assurances that the Base will not be included on future lists of entities such as the aforementioned Commission. Any such closure or realignment would probably be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on Tucson and the Town.

The following table illustrates annual unemployment averages for the Town, Tucson, the County, the State and the United States.

UNEMPLOYMENT AVERAGES

Year	Town of Sahuarita	City of Tucson	Pima County	State of Arizona	United States
2006*	(1)	5.0%	4.6%	4.4%	4.7%
2005		5.1	4.6	4.7	5.1
2004		4.1	3.7	4.8	5.5
2003		4.8	4.3	5.6	6.0
2002		5.0	4.5	5.8	5.8
2001		3.8	3.5	4.7	4.8

(1) Not available.

* *Data through March 2006.*

Source: Arizona Department of Economic Security, Bureau of Information and Research Analysis, Labor Force Statistical Unit and the U.S. Department of Labor, Bureau of Labor Statistics.

Construction

The following charts illustrate a building permit summary for residential and non-residential construction and new housing starts for the Town.

VALUE OF BUILDING PERMITS
Town of Sahuarita, Arizona
($000's omitted)

Year	Residential	Commercial and Industrial	Other	Total
2005	$229,026	$1,666	$3,953	$234,645
2004	238,779	4,177	3,879	246,835
2003	127,042	1,191	2,768	131,001
2002	100,386	3,087	1,095	104,568
2001	27,270	1,685	5,190	134,118
2000	6,672	93	806	7,571

Source: *Arizona Business*, Arizona State University Bureau of Business and Economic Research. Note that the Bureau obtains its data from county and municipal divisions which issue such permits. Construction is valued on the basis of estimated costs, not on market price or value of construction at the time the permit is issued. The date on which the permit is issued is not to be construed as the date of construction.

NEW HOUSING STARTS
Town of Sahuarita, Arizona

Year	Total New Housing Units
2005	1,521
2004	1,709
2003	906
2002	726
2001	218
2000	87

Source: The Town.

Education

The University of Arizona (the "University") was established in 1885 and is the oldest institution of higher education in the State. The University is the largest employer in Tucson. The University has 15 colleges offering bachelor degree programs, masters programs, doctoral programs and professional programs. The University's full-time enrollment for the 2004 fall semester was 36,932 students. This enrollment figure includes students in all undergraduate-level and graduate-level degree programs.

Also located within the Tucson metropolitan area is Pima County Community College District. Pima County Community College offers two-year academic, vocational and technical programs. The school's estimated enrollment for the 2005 spring semester was approximately 8,346 full-time students and 21,082 part-time students.

Tourism

The Tucson metropolitan area attracts a significant number of vacationers and conventioneers. The Town reports that tourism comprises 12% of the County's wage and salary economy, with overnight visitors to Tucson contributing $1.15 billion per year. The hotel/motel lodging industry makes up approximately 19% of the Town's sales tax base. Some recreational and sightseeing attractions within driving distance of the Town include Catalina State Park, the Arizona Sonora Desert Museum, Mission San Xavier del Bac, Old Tucson Movie Studios Kitt Peak National Observatory, Mount Lemmon, Organ Pipe Cactus National Monument, Saguaro National Park and Sabino Canyon. The following table illustrates the approximate number of visitors to Organ Pipe Cactus National Monument and Saguaro National Park in the years indicated.

NUMBER OF VISITORS

Calendar Year	Organ Pipe Cactus National Monument	Saguaro National Park
2005	280,068	727,208
2004	229,584	651,464
2003	277,566	643,697
2002	294,434	615,045
2001	329,028	725,874

Source: The United States Department of the Interior, National Park Service.

Below is a partial list of the larger hotel and resorts in the Tucson metropolitan area, based on number of units.

HOTELS AND RESORTS
Tucson Metropolitan Area

Hotel/Motel Name	Number Of Units	Approximate Number of Employees*
J.W. Marriott Starr Pass Resort & Spa	575	500
The Westin La Paloma	487	493
Hilton El Conquistador Resort and Country Club	428	629
Loews Ventana Canyon Resort	398	429
Radisson Inn City Center	307	120
Holiday Inn Palo Verde	301	100
Doubletree Hotel at Reid Park	295	185
Marriott University Park	250	220
Westward Look Resort	244	260
Tucson East Hilton	233	146
Inn Suites Hotel & Resort	216	85

* *Number of full-time equivalent employees.*

Source: *Inside Tucson Business – 2005 Book of Lists*, Tucson Chamber of Commerce, Starr Pass Resort and Spa and an individual employer survey.

Transportation

Industry, business and residents benefit from the transportation network available to the Tucson metropolitan area. Rail, air and highway facilities are developed throughout the area.

The Town is near Interstates 10 and 19. Interstate 10 connects Tucson with Phoenix, Arizona, to the north and Los Angeles, California, to the west. Interstate 19 provides access to Nogales, Arizona, and Mexico to the south and U.S. Highway 86 connects with the direct route to the Gulf of California vacation areas. The Union Pacific Railroad, as well as interstate motor freight services supplied by 45 carriers, facilitates the transportation of area products and supplies. Inter-city transportation service is provided by Greyhound-Trailways.

Tucson International Airport, located approximately 18 miles from the Town, provides local, regional and transcontinental air service through a number of major airlines.

AIRLINES SERVING TUCSON INTERNATIONAL AIRPORT

Aerolitoral
Alaska Airlines
American Airlines
Continental Airlines
Delta/SkyWest Airlines
Frontier Airlines
Northwest/KLM Airlines
Southwest Airlines
United/Lufthansa Airlines
US Airways (formerly America West Airlines)

Source: Tucson Airport Authority.

NUMBER OF PASSENGERS
ARRIVING AND DEPARTING
TUCSON INTERNATIONAL AIRPORT

Year	Arrivals	Departures	Total
2006*	557,335	551,241	1,108,576
2005	2,062,502	2,067,819	4,130,321
2004	1,880,250	1,890,195	3,770,445
2003	1,747,754	1,761,114	3,508,868
2002	1,746,825	1,761,058	3,507,883
2001	1,809,491	1,818,307	3,627,798

* *Data through March 2006.*

Source: Tucson Airport Authority.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture to which reference is hereby made for a more complete description of its terms.

Definitions of Certain Terms

The following are certain terms defined in the Indenture and used in this Limited Offering Memorandum.

"*Acquisition and Construction Fund*" means the fund with that name established pursuant to the Indenture.

"*Alternate Letter of Credit*" means an irrevocable, single-draw standby letter of credit authorizing a draw thereunder by the Depository issued by a bank, a trust company or other financial institution rated by a Rating Agency in one of the three highest rating categories of a Rating Agency and which has a term of not less than one year from the date of its issuance, which Alternate Letter of Credit shall be the same in all other material respects (except as to expiration date) as the Letter of Credit and shall have the remaining face amount of the Letter of Credit.

"*Bond Fund*" means the fund with that name established pursuant to the Indenture.

"*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 or the office of the account bank of the Letter of Credit Bank is located. (If the specified date for any payment, submission, certification, determination or other action pursuant to the Indenture shall be other than a Business Day, then such payment, submission, certification, determination or other action may be made or done on the next succeeding day which is a Business Day without, in the case of any payment, additional interest (except in the event of a moratorium) and with the same force and effect as if made or done on the specified date.)

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

"*Costs of Acquisition and Construction*" means all items of expense directly or indirectly relating to the cost of the "infrastructure" described in, as limited by and to be paid pursuant to the terms of, the Development Agreement.

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

"*Debt Service*" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds, (ii) expenses and costs of the District arising from the activities of the District (such activities

being the financing of "infrastructure" described in the Development Agreement including the issuance of the Bonds) including particularly, but not by way of limitation, expenses and costs for agents or third parties required to administer the Bonds, levy and collect taxes for payment of the Bonds, prepare annual audits, budgets and materials with respect to continuing disclosure and provide for any purposes otherwise related to such activities of the District and (iii) amounts due with regard to Rebate.

"Discounted Tax Revenues" means the amount of secondary ad valorem property tax revenues of the District that would be collected for the then current Fiscal Year of the District using the total secondary assessed valuation of property within the boundaries of the District for purposes of the tax roll used to levy taxes during the preceding August and applying a tax rate of $3.00 per $100 of secondary assessed valuation and assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the District as of such Fiscal Year and no credit for any fund balances or investment income accruing during such Fiscal Year.

"*Fiscal Year*" means a period of twelve (12) consecutive months commencing on July 1 and ending on June 30 or any other consecutive 12-month period which may be established hereinafter as the fiscal year of the District for budgeting and appropriate purposes.

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

"*Holder*" when used with respect to any Bond means the person in whose name such Bond is registered in the bond register maintained by the Trustee.

"*Initial Letter of Credit*" means the irrevocable, single-draw, stand-by letter of credit issued by the Letter of Credit Bank and delivered to the Depository on the same date as the initial delivery of the Bonds, being an irrevocable obligation to make payment to the Depository of $5,500,000* which expires when the face amount thereof has been reduced to $_____ or less, provided that after the Developer has provided evidence satisfactory to the District Manager that 400 building permits have been issued within

* Preliminary, subject to change.

the boundaries of the District and that the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to the retail purchasers thereof, then on February 15 of each year thereafter, if the secondary assessed valuation of property within the boundaries of the District used to levy taxes during the preceding August exceeded that used in the prior August, the difference between the maximum annual debt service for the Bonds and the Discounted Tax Revenues shall be calculated by the District Manager and the face amount of the Letter of Credit shall be subject to automatic reduction in face amount to an amount equal to three (3) times such difference.

"*Letter of Credit*" means (a) the Initial Letter of Credit and (b) upon the issuance and effectiveness thereof, any Alternate Letter of Credit.

"*Letter of Credit Bank*" means _____, a national banking association in its capacity as issuer of the Initial Letter of Credit and not as the Trustee or as the Depository, and its successors and assigns. Upon issuance and effectiveness of any Alternate Letter of Credit, "*Letter of Credit Bank*" shall mean the issuer thereof and its successors and assigns.

"*Letter of Credit Termination Date*" means the earlier of sixty (60) days after the Letter of Credit then in effect is no longer rated in one of the three highest rating categories of a Rating Agency and the stated expiration date of the Letter of Credit, as extended by any applicable provisions thereof.

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

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

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

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

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

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

3. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture;

4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in the Indenture; and

5. Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or an escrow agent with the effect specified in under the heading "Defeasance" below.

"*Permitted Investments*" means:

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

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

a. Small Business Administration – guaranteed participation certificates

b. Farmers Home Administration - certificates of beneficial ownership

c. Federal Housing Administration Debentures

d. General Services Administration - participation certificates

e. Government National Mortgage Association ("GNMA") - guaranteed mortgage-backed bonds; guaranteed pass-through obligations

f. U.S. Maritime Administration - guaranteed Title XI financing

g. Washington Metropolitan Transit Authority – guaranteed transit bonds

h. Veteran Administration – guaranteed REMIC pass-through certificates

i. U.S. Department of Housing and Urban Development - local authority bonds

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

a. Federal Home Loan Bank System – consolidated debt obligations

b. Federal Home Loan Mortgage Corporation - debt obligations

c. Federal National Mortgage Association ("FNMA") - debt obligations

d. Student Loan Marketing Association - debt obligations

e. Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) – debt obligations

f. Financing Corp. – debt obligations

g. Resolution Funding Corp. – debt obligations

h. U.S. Agency for International Development – guaranteed notes which mature at least four Business Days before the appropriate payment date

4. Money market funds registered with the Securities and Exchange Commission, meeting the requirements of Rule 2a(7) under the Investment Company Act of 1940, and having a rating by S&P of "AAAm-G", "AAAm" or "AAm" or better and a rating by Moody's of "VMIG-1" or better including, if the foregoing are met, funds for which the Trustee acts as an investment advisor or custodian.

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

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

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

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

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

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

Repos must satisfy the following criteria.

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

(1) Primary dealers on the Federal Reserve reporting dealer list, or

(2) Banks rated "A" or above by S&P and "A" or above by Moody's.

b. The written repo contract must include the following:

(1) Securities which are acceptable for transfer are:

(a) Direct U.S. government, or

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

(2) The term of the repo may be up to 30 days

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

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

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

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

(1) Repo meets guidelines under State law for legal investment of public funds.

11. Governmental Obligations.

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

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

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

"*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 the 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 the Indenture, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"*S&P*" means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, or any successor thereto.

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

Trust Estate Under the Indenture

The District has granted a security interest to the Trustee in all money and investments held for the credit of the "Tax Account" of the Bond Fund and the District's interest in the Standby Contribution Agreement and the Depository Agreement. The Trustee is required to hold all such property in trust for the benefit of all of the Holders of the Bonds.

Funds

Bond Fund. The money deposited to the Bond Fund is required to be held by the Trustee in trust and applied solely as provided in the Indenture. The District is required to deposit to the Tax Account of the Bond Fund in addition to capitalized interest from the proceeds of the sale of the Bonds, among other amounts, (i) amounts collected by or remitted to the District as *ad valorem* property taxes to the extent provided in the Indenture, (ii) amounts paid for deposit therein pursuant to the Standby Contribution Agreement and the Depository Agreement and (iii) amounts transferred from the Acquisition and Construction Fund. The Tax Account of the Bond Fund is required to be applied by the Trustee solely to pay Debt Service in any form and in the order described below under "Application of Moneys Collected: Second."

Acquisition and Construction Fund. The District is required to deposit to the Acquisition and Construction Fund the balance of the proceeds of the sale of the Bonds remaining after the deposit of the amounts described above to the Bond Fund. The money deposited to the Acquisition and Construction Fund is required to be applied to pay the Costs of Issuance and the Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the District to transfer such unexpended proceeds or income to the Bond Fund; provided, however, that, unless instructed to the contrary pursuant to an Issuer Request, if any such amounts remain on deposit in the Acquisition and Construction Fund on _____, such amounts shall be transferred by the Trustee to the Tax Account of the Bond Fund. It is anticipated that the Costs of Acquisition and Construction will begin to be paid immediately after delivery of the Bonds.

Investment of and Security for Funds. The Indenture provides that money held for the credit of (i) the Bond Fund will be invested by the Trustee in Governmental Obligations and (ii) the Acquisition and Construction Fund will be invested by the Trustee in Permitted Investments, and on each September 14 and March 10 of each Fiscal Year the resulting investment income will be transferred by the Trustee to the Tax Account of the Bond Fund. The Trustee will sell or present for redemption any obligations so purchased as an investment pursuant to the Indenture whenever it is necessary to do so in order to provide money to make any payment or transfer of money required thereby. Investments will mature, or will be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established pursuant to the Indenture will be deemed at all times to be a part of such fund. The investment income on obligations so purchased and any profit realized from such investment will be credited to such fund and any loss resulting from such investment will be charged to such fund. All money held by the Trustee pursuant to the Indenture will be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee will not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from disregard or negligent implementation of any permitted direction by the District.

Remedies under the Trust Indenture

The Trustee in its discretion, subject to the other provisions of the Indenture, may proceed to protect and enforce its rights and the rights of the Holders of the Bonds under the Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted in the Indenture or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce any of the rights of the Trustee or the Holders of the Bonds. The Indenture provides that, in addition to all rights and remedies of any Holder of a Bond provided therein, in the event the District 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 or the causing of the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution, the Indenture, the Standby Contribution Agreement or the Depository Agreement, the Trustee will be entitled, to the extent available pursuant to applicable law, to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the members of the Board and other officers of the District to make such payment or to observe and perform or cause the observation or performance of any covenant, obligation, or condition prescribed in the Bond Resolution, the Indenture, the Standby Contribution Agreement or the Depository Agreement. The Indenture contains no provision for acceleration of maturity of principal of the Bonds in the event of default. The remedy of mandamus described above would have to be exercised upon each separate default and may, therefore, prove costly, time consuming, and difficult to enforce. The rights and remedies of Holders of the Bonds and the enforceability of the Bonds may also be limited by bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally. See "RISK FACTORS."

If

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

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

then upon demand of the Trustee, the District will pay or cause to be paid to the Trustee for the benefit on the Holders of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any), but not any such amounts due in the future, and interest and, in addition thereto, such further amount as will be sufficient to cover the costs and expenses of administration and collection, including the reason-able compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the District fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, will be entitled to sue for and recover judgment against the District for the amount then so due and unpaid.

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

Application of Money Collected

Any money collected by the Trustee pursuant to the "Remedies under the Trust Indenture" above, together with any other sums then held by the Trustee as part of the trust estate established pursuant to the Indenture, will be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

A. First: To the payment of all unpaid amounts due the Trustee under the applicable provisions of the Indenture;

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

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

Control by Holders of the Bonds

The Holders of a majority in principal amount of the Outstanding Bonds affected thereby will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, the sale of the trust estate established pursuant to the Indenture, or otherwise; and

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

    a. such direction will not be in conflict with any rule of law or the Indenture,
    b. the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,
    c. the Trustee has not determined that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction, and
    d. if the remedy requires the consent of a certain number of the Holders, such consent has been provided.

Before taking action pursuant to the Indenture, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect

it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the District will reimburse the Trustee for all of the expenses of the Trustee pursuant to the Indenture.

Each Holder of any Bond by his acceptance thereof will be deemed to have agreed that any court may in its discretion require, in any suit for the enforcement of any right or remedy under the Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. However, the provisions of the Indenture will not apply to any suit instituted by or against the Trustee, to any suit instituted by any Holder of a Bond or group of Holders of the Bonds affected thereby, holding in aggregate more than ten percent in principal amount of the Outstanding Bonds, or to any suit instituted by any Holder of a Bond 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).

Supplemental Indentures and Amendments to Certain Documents

Without the consent of the Holders of any Bonds and, under certain circumstances described in the Indenture, the District and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution or amend the Standby Contribution Agreement or the Depository Agreement (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of Bonds any additional conditions, limitations and restrictions thereafter to be observed; (iii) to evidence the succession of another entity to the District and the assumption by any such successor of the covenants of the District in the Bonds, the Indenture, the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement; (iv) to add to the covenants of the District for the benefit of the Holders of all the Bonds; or (v) to cure any ambiguity, to correct or supplement any provision in the Indenture, the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement which may be inconsistent with any other provisions thereof, or to make any other provisions with respect to matters or questions arising thereunder which will not be inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Holders of the Bonds.

With the consent of the Holders of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture or amendment to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or amendments to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement for the purpose of adding any other provisions to or changing in any other manner or eliminating any of the provisions of the Indenture, the Standby Contribution Agreement or the Depository Agreement or of modifying in another manner the rights of the Holders of the Bonds under the Indenture, the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement. However, no supplemental indenture or amendment, without the consent of the Holder of each Outstanding Bond affected thereby, is permitted by the Indenture to (i) change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of or the interest on, any Bond, or change any place of payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or,

in the case of redemption, on or after the Redemption Date); (ii) reduce the percentage in principal amount of the Outstanding Bonds the consent of the Holders of which is required for any supplemental indenture or amendment to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement, or the consent of Holders of which is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the proviso to the definition of the term "Outstanding" in the Indenture; or (iv) modify any of the provisions of the Indenture concerning approval of supplemental indentures or amendments to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement except to increase any percentage of the Holders of Bonds necessary for approval or to provide that certain provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement and any such determination will be conclusive upon each Holder of the Bonds, whether theretofore or thereafter authenticated and delivered under the Trust Indenture. The Trustee will not be liable for any such determination made in good faith.

Concerning the Trustee

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

No provision of the Indenture will be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

1. this paragraph will not be construed to limit the effect of the preceding paragraph;

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

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

4. no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in the Indenture.

Except as otherwise provided in the Indenture:

1. the Trustee may rely and will be protected in acting or refraining from acting upon:

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

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

2. any request or direction of the District mentioned in the Indenture will be sufficiently evidenced by a request of the District, and any order or resolution of the District may be sufficiently evidenced by a resolution of the board of the District;

3. whenever in the administration of the Indenture the Trustee will deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action described hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an officer of the District;

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

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

6. the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry or investigation, it will be entitled to examine the books, records, and premises of the District, personally or by agent or attorney; and

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

There will at all times be a Trustee under the Indenture which will be a bank or trust company organized and doing business under the laws of the United States or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to, the requirements of such supervising or examining authority, then for the purposes of the Indenture the combined capital and surplus of such corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee ceases to be eligible in accordance with the provisions of the Indenture, it will resign immediately in the manner and with the effect specified in the Indenture.

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

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

If at any time:

1. the Trustee ceases to be eligible under the Indenture and fails to resign after written request therefor by the District or any such Holder of a Bond, or

2. the Trustee becomes incapable of acting or adjudged insolvent or a receiver of the Trustee or of its property is appointed or any public officer takes charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in either such case, the District may remove the Trustee or subject to the provisions of the Indenture, any Holder of a Bond who has been a *bona fide* Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

If the Trustee resigns, is removed, or becomes incapable of acting, the District will promptly appoint a successor Trustee. In case all or substantially all of the trust estate held pursuant to the Indenture will be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee is appointed by the Holders of the Bonds. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee is appointed by act of the Holders of a majority in principal amount of the Outstanding Bonds and delivered to the District and the retiring Trustee, then the successor Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the District or by such receiver or trustee. If no successor Trustee is so appointed by the District or the Holders of the Bonds and has accepted appointment in the manner hereinafter provided, any Holder of a Bond who has been a *bona fide* Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

Defeasance

The Indenture, and the lien, rights, and interests created thereby, will terminate, at the request of the District, when the following conditions exist:

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

    a. Bonds for the payment of which money has been deposited with the Trustee or a paying agent, as provided by the provisions of the Indenture relating to redemption of the Bonds;

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

c. Bonds, other than those referred to in the foregoing clauses, for the payment or redemption of which there has been deposited with the Trustee in accordance with the provisions of the Indenture in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on such Bonds for principal and interest to the Stated Maturity or Redemption Date of such Bonds, as the case may be; and

d. Bonds deemed no longer outstanding as a result of the deposit or escrow or money or Governmental Obligations as described below; and

2. the District has paid or caused to be paid all other sums payable by the District under the Indenture.

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

No such deposit will have the effect specified above, however, (i) if made during the existence of a default under the Trust Indenture, unless made with respect to all of the Bonds then Outstanding, and (ii) unless there is delivered to the Trustee an opinion of counsel to the effect that such deposit will not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose is required to be held by the Trustee in a segregated account in trust for the Holders of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, is required to be disbursed solely to pay the principal of and interest on such Bonds when due. No money or Governmental Obligations so deposited pursuant to this Section will 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 so paid, it will no longer be secured by or entitled to the benefits of the Indenture, except for purposes of any such payment from such money or Governmental Obligations.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

[Letterhead of Greenberg Traurig LLP]

_____, 2006

District Board
Quail Creek Community Facilities District
c/o Town of Sahuarita, Arizona
725 West Via Rancho Sahuarita
Box 879
Sahuarita, Arizona 85629

Re: Quail Creek Community Facilities District (Sahuarita, Arizona)
General Obligation Bonds, Series 2006

We have acted as Bond Counsel in connection with the issuance by Quail Creek Community Facilities District (hereinafter referred to as the "Issuer") of bonds designated "General Obligation Bonds, Series 2006" (hereinafter referred to as the "Bonds"). The Bonds are dated the date hereof, mature on July 15 of the following years in the following respective principal amounts, bear interest from the date hereof, or from the most recent interest payment date to which interest has been paid or duly provided for, until maturity or prior redemption, at the following respective interest rates, payable on January 15, 2007, and each July 15 and January 15 thereafter and are subject to redemption as described therein:

Year of Maturity	Principal Amount Due	Interest Rate
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		

2028
2029
2030
2031

We have examined, and in rendering the opinions herein have relied upon, original or certified copies of the proceedings had in connection with issuance of the Bonds; certifications made by officers of the Issuer relating to, among other things, the expected use of proceeds of the sale of the Bonds and certain other funds of the Issuer and to certain other facts within the knowledge and control of such officers; representations made by officers of Robson Ranch Quail Creek, LLC (hereinafter referred to as "Robson Ranch") as to plans to develop and sell land owned within the boundaries of the Issuer and such other material and matters of law as we deem relevant to the matters discussed hereinbelow. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies and the accuracy of the statements contained in such certifications and representations. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings, certifications, representations, material and matters.

We are of the opinion, based upon such examination and subject to the reliances, assumptions and exceptions hereinabove and hereinafter set forth, that, under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Bonds are valid and legally binding obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein and are secured by a Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (hereinafter referred to as the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee"), except to the extent that the enforceability thereof and such provision of the security therefor may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The Issuer is to annually levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer, sufficient, together with any monies from the sources described in Section 48-717, Arizona Revised Statutes, as amended, including amounts from a Series 2006 Standby Contribution Agreement, dated as of June 1, 2006, by and among the Issuer, the Trustee and Robson Ranch, and a Series 2006 Depository Agreement, dated as of June 1, 2006, by and among the Issuer and Wells Fargo Bank, N.A., as depository, to pay debt service on the Bonds when due.

3. Subject to the reliance and assumption stated in the last sentence of this paragraph, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. (We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on or disposition of, the Bonds.) The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the Issuer and Robson Ranch must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the Issuer or Robson Ranch to meet these

requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. Officers of the Issuer and Robson Ranch have either indicated their compliance with, or covenanted to take the actions required by, applicable provisions of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In rendering the opinion expressed hereinabove, we have relied on certifications of officers of the Issuer and Robson Ranch with respect to certain matters necessary for, and have assumed continuing compliance with certain covenants by the Issuer and Robson Ranch included in, respectively, the Indenture and a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005, by and among the Issuer, the Town of Sahuarita, Arizona, and Robson Ranch (which are, as to their enforceability, subject to the same exceptions described in paragraph 1 hereinabove) that must be met after the issuance of the Bonds in order that, interest on the Bonds not be included in gross income for federal tax purposes.

4. Assuming such interest is excludible for the purposes described in paragraph 3 hereinabove, the interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other State tax consequences resulting from the ownership, receipt or accrual of interest on or disposition of, the Bonds.)

Respectfully submitted,

APPENDIX D-1

FORM OF INVESTOR LETTER (NON-SMMP)

. . . . . .

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

. . . . . , as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona)
General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $. . . . . 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 undersigned 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, in that regard, **agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer**. The undersigned agrees that a "Qualified Investor Letter" in the identical form hereof will be provided if as a result of such offer and sale of such interest in the Bonds (i) an amount less than $100,000 of principal amount will be transferred or (ii) the broker, dealer or broker/dealer involved therein indicates to the undersigned that the proposed transferee is not a "sophisticated municipal market participant" (as such term is used in the context of the rules of the Municipal Securities Rulemaking Board).

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

(1) The undersigned is one of the following:

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

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

(iii) a director or executive officer of Robson Ranch Quail Creek, LLC;

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

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

(2) Such purchase of such Bond is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned has obtained all information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds, the concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the District and the possible transfer of such land by such tax payer, failure or inability of such owner as developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds, bankruptcy and foreclosure delays and the probable lack of any secondary market for the Bonds.

(4) Neither the Issuer nor the Town of Sahuarita, Arizona (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 the investment in the bonds.

(5) The undersigned 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, or any official, officer, director, council member, advisor, employee or agent thereof in making its decision to invest in one of the Bonds.

.....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

APPENDIX D-2

FORM OF INVESTOR LETTER (SMMP)

. . . . . .

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

. . . . . , as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona)
General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest, or is the authorized investment advisor to the purchaser of a beneficial ownership interest, in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $. . . . . **The undersigned hereby agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer in an amount of not less than $100,000 of principal amount.**

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

(1) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, is one of the following:

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

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

with total assets of at least $100,000,000 invested in municipal securities in the aggregate in its portfolio and/or under management.

(2) Such purchase of such interest in the Bonds is for the account of the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, has obtained all information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, 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 concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the addressee District and the possible transfer of such land by such taxpayer, failure or inability of such owner as developer to complete proposed development of such land,

investment risk related to sources of payment of the Bonds and bankruptcy and foreclosure delays.

(4) Neither the addressee District nor the Town of Sahuarita, Arizona (the "Town"), nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, requested, information that may have been furnished to the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, by any third party in connection with investment in the Bonds.

(5) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, 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, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

.....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

APPENDIX E

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

DRAFT

$12,820,000*
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2006

SERIES 2006 CONTINUING DISCLOSURE UNDERTAKING

This Undertaking is executed and delivered by Quail Creek Community Facilities District (hereinafter referred to as the "*Issuer*"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "*Securities*") for the benefit of the owners of the Securities, being the registered owners thereof or any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"*Annual Report*" shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

"*Dissemination Agent*" shall mean any agent that has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

"*Central Post Office*" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

Disclosure USA
P.O. Box 684667
Austin, Texas 78768-4667
Fax: (512) 476-6403
http://www.disclosureUSA.org

"*Listed Events*" shall mean any of the events listed in Section 3(a).

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.) Currently, the following are National Repositories:

* Preliminary, subject to change.

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Telephone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/rates/municontacts.html
E-mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Telephone: (212) 771-6999;
(800) 689-8466
Fax: (212) 771-7390
http://www.ftid.com
E-mail: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
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

One Executive Drive
Fort Lee, New Jersey 07024
Telephone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
E-mail: nrmsir@dpcdata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking.

"*Notice of Material Event*" shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

"*Repository*" shall mean each National Repository and each State Repository.

"*Resolution*" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Series 2006 Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A., as trustee, with respect to the Securities.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State Repository*" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as such as a state repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.) Currently, no State Repositories exist for the State of Arizona. The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.

"*Tax-exempt*" shall mean that interest on the Securities is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 2. Contents and Provision of Annual Reports.

(a) (i) SUBJECT TO ANNUAL APPROPRIATION WITH RESPECT TO THE PURPOSES HEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2007, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT THAT IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.

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

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

(A) Information of the type in [TABLES 2, 3, 4 and 6] (but as to any valuations required, only the actual amount of the current valuation) of the Limited Offering Memorandum, dated _____, 2006, with respect to the Securities.

(B) Audited financial statements of the Issuer for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles as applied to governmental units. (The Issuer does not currently prepare audited financial statements, and execution of this Undertaking shall not obligate the Issuer to prepare audited financial statements for any fiscal year.) IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN AN ANNUAL REPORT AND THEREAFTER THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.

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

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

Section 3. Reporting of Material Events.

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

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

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

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

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

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

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

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

(I) Any audit, investigation or other challenge of the Tax-exempt status of the Securities by the Internal Revenue Service or in any administrative or judicial proceeding or

(II) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the Tax-exempt status of the Securities or securities of the same type as the Securities or financing structures of the same type as financed by the Securities.)

(vii) Modifications to rights of holders (i.e. owners).

(viii) Bond calls (which are other than mandatory or scheduled redemptions, not otherwise contingent upon the occurrence of an event).

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Securities (including property leased, mortgaged or pledged as such security).

(xi) Rating changes.

(b) IF KNOWLEDGE OF THE OCCURRENCE OF A LISTED EVENT WOULD BE MATERIAL AS INTERPRETED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (PROVIDED, HOWEVER, THAT ANY EVENT UNDER SUBSECTION (a)(viii), (ix) OR (xi) OF THIS SECTION SHALL ALWAYS BE DEEMED TO BE MATERIAL) AND SUBJECT TO ANNUAL APPROPRIATION WITH RESPECT TO THE PURPOSES HEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE, A NOTICE OF MATERIAL EVENT OF SUCH OCCURRENCE WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY.

Section 4. Termination of Reporting Obligation.

(a) The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.

(b) To the extent applicable by provision of law, this Undertaking is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provision of which are incorporated herein.

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Resolution at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN AN ANNUAL REPORT AND THEREAFTER THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Resolution, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 8. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the notices of any Listed Event and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 9. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities that the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: June ___, 2006

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By.....
District Manager

ATTEST:

.....
Clerk

APPROVED AS TO FORM:

.....
District Counsel

DRAFT

$12,820,000*
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2006

SERIES 2006 CONTINUING DISCLOSURE UNDERTAKING

This Undertaking is executed and delivered by Robson Ranch Quail Creek, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as the "*Developer*"), acting in its own capacity, 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 that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"*Annual Report*" shall mean any annual report provided by the Developer pursuant to, and as described in, Section 2.

"*Central Post Office*" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

Disclosure USA
P.O. Box 684667
Austin, Texas 78768-4667
Fax: (512) 476-6403
http://www.disclosureUSA.org

"*Dissemination Agent*" shall mean any agent that has executed a dissemination agency agreement with the Developer and the successors and assigns of such agent.

"*Issuer*" shall mean Quail Creek Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona.

"*Material Events*" shall mean any of the events listed in Section 3(a).

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Developer shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.) Currently, the following are National Repositories:

* Preliminary, subject to change.

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Telephone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/ratesmunicontacts.html
E-mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Telephone: (212) 771-6999;
(800) 689-8466
Fax: (212) 771-7390
http://www.ftid.com
E-mail: NRMSIR@interactivedata.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

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Telephone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
E-mail: nrmsir@dpcdata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking.

"*Notice of Material Event*" shall mean any notice provided by the Developer pursuant to, and as described in, Section 3.

"*Repository*" shall mean each National Repository and each State Repository.

"*Resolution*" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Series 2006 Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A., as trustee, with respect to the Securities.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State Repository*" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as such as a state repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Developer shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.) Currently, no State Repositories exist for the State of Arizona. The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.

Section 2. Contents and Provision of Annual Reports.

(a) (i) THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN [MAY 1] OF EACH YEAR, COMMENCING [MAY 1, 2007], PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT FOR THE DEVELOPER THAT IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH ANNUAL REPORT TO THE ISSUER.

(ii) IF THE DEVELOPER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE

REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.

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

(A) Information with respect to any conveyance from the Trust (described in the Limited Offering Memorandum, dated _____, 2006, with respect to the Securities) of five percent or more of the net developable acreage within the boundaries of the Issuer to any single entity other than the Developer and of the type in [TABLE 11] of the Limited Offering Memorandum, dated _____, 2006.

(B) Audited financial statements of the Developer for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles; provided, however, execution of this Undertaking shall not obligate the Developer to prepare audited financial statements for any fiscal year. IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN A REPORT REQUIRED TO BE PROVIDED PURSUANT TO SUBSECTION (a)(i) OF THIS SECTION AND THEREAFTER THE FISCAL YEAR OF THE DEVELOPER CHANGES, THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.

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

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

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of the following Material Events with respect to the Securities: (i) any change of ownership or control of the Developer; (ii) any conveyance from the Trust (described in the Limited Offering Memorandum, dated _____, 2006, with respect to the Securities) of 20 percent or more of the net developable acreage within the boundaries of the Issuer to any single entity other than the Developer; or (iii) any failure by the Developer

to pay, prior to delinquency, general property taxes, special taxes or assessments with respect to property of the Developer or the Trust (described in the Limited Offering Memorandum, dated _____, 2006, with respect to the Securities) within the boundaries of the Issuer or any amount due pursuant to the Standby Contribution Agreement (described in the Limited Offering Memorandum, dated _____, 2006, with respect to the Securities).

(b) THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF THE OCCURRENCE OF A MATERIAL EVENT WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE OF MATERIAL EVENT TO THE ISSUER.

Section 4. Termination of Reporting Obligation. The obligations of the Developer pursuant to this Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of all of the Securities, (ii) after the end of the first fiscal year of the Issuer in which the Developer no longer is responsible to pay taxes on land within the boundaries of the Issuer, the secondary assessed valuation of which equals or exceeds 20 percent of the secondary assessed valuation of all land within the boundaries of the Issuer, or (iii) the release of the Standby Contribution Agreement (described in the Limited Offering Memorandum, dated _____, 2006, with respect to the Securities). THE DEVELOPER, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Developer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Developer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Developer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Resolution at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Developer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. IF AUDITED

FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN AN ANNUAL REPORT AND THEREAFTER THE ACCOUNTING PRINCIPLES OF THE DEVELOPER CHANGE, THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Developer chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Developer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 7. Default. In the event of a failure of the Developer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Developer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Resolution, and the sole remedy under this Undertaking in the event of any failure of the Developer to comply with this Undertaking shall be an action to compel performance.

Section 8. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the notices of any Listed Event and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 9. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist it in satisfying the obligations of the Developer hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Recordkeeping. The Developer shall maintain copies of each Annual Report and Notice Material Event as well as the names of the entities with whom the same was filed and the date of filing thereof.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and the Developer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities that the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 12. Copies for Issuer. Any copy provided by this Undertaking to be given or furnished to the Issuer by the Developer 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 Sahuarita, Arizona, 725 West Via Rancho Sahuarita, Box 879, Sahuarita, Arizona 85629, Attention: District Clerk or at any other address furnished previously in writing to the Developer by the Issuer.

Section 13. Subsequent Transfers of Land. Upon any sale of land within the boundaries of the Issuer from the Trust (described in the Limited Offering Memorandum, dated _____, 2006, with respect to the Securities) such that the acquiring owner (hereinafter referred to as the "*Transferee*") shall become an owner of land within the boundaries of the Issuer, the secondary assessed valuation of which (as of the date on which the Transferee becomes an owner) equals or exceeds 20 percent of the secondary assessed valuation of all land within the boundaries of the Issuer, the Developer shall require the Transferee to execute an Undertaking substantially similar to this Undertaking and in compliance with the Rule prior to the conveyance of title to the Transferee.

Dated: June ___, 2006

ROBSON RANCH QUAIL CREEK, LLC,
a Delaware limited liability company

By: Arlington Property Management Company,
an Arizona corporation
Its: Member

By: .....
Its: .....

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds 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 Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of the Bonds and will be deposited with DTC.

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, 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*" and, together with Direct Participants, "*DTC Participants*"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the DTC Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the

Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by DTC 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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT OR OTHER PERSON WITH RESPECT TO: THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; THE GIVING OF ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS OF THE BONDS UNDER THE INDENTURE; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS AN OWNER.

APPENDIX G

AUDITED FINANCIAL STATEMENTS OF ROBSON RANCH QUAIL CREEK LLC

ROBSON RANCH QUAIL CREEK LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2005 and 2004

Together with Independent Auditor's Report

BARRY & MOORE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Partners
Robson Ranch Quail Creek LLC

We have audited the accompanying balance sheets of *ROBSON RANCH QUAIL CREEK LLC* as of December 31, 2005 and 2004, and the related statements of income, partners' investment, and cash flows for the years then ended. These financial statements are the responsibility of the management of Robson Ranch Quail Creek LLC. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Robson Ranch Quail Creek LLC as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

March 21, 2006

Barry & Moore, P.C.

2198 East Camelback, Suite 370 • Phoenix, Arizona 85016 • (602) 277-5463 FAX (602) 248-9074

ROBSON RANCH QUAIL CREEK LLC

BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

In thousands

	2005	2004
ASSETS		
REAL ESTATE HELD FOR SALE	$ 36,809	$ 30,988
CASH	5	5
RECEIVABLES FROM AFFILIATES	3,152	478
TRADE RECEIVABLES	426	200
MODEL VILLAGE	5,032	4,894
PROPERTY AND EQUIPMENT	148	181
ANCILLARY OPERATION ASSETS	3	0
OTHER ASSETS	8,496	7,624
	$ 54,071	$ 44,370
LIABILITIES AND PARTNERS' INVESTMENT		
NOTE PAYABLE	$ 0	$ 8,000
PAYABLES TO AFFILIATES	3,357	2,488
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	752	1,037
CUSTOMERS' DEPOSITS AND ADVANCES	17,571	12,618
Total liabilities	21,680	24,143
PARTNERS' INVESTMENT	32,391	20,227
	$ 54,071	$ 44,370

The accompanying notes are an integral part of these balance sheets.

ROBSON RANCH QUAIL CREEK LLC

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

In thousands

	2005	2004
SALES	$ 68,201	$ 58,325
COST OF SALES	(42,373)	(38,811)
Gross margin	25,828	19,514
NET INTEREST INCOME (EXPENSE)	245	(79)
OTHER INCOME, NET	1,213	57
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(7,122)	(7,880)
NET INCOME	$ 20,164	$ 11,612

The accompanying notes are an integral part of these statements.

ROBSON RANCH QUAIL CREEK LLC

STATEMENTS OF PARTNERS' INVESTMENT
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

In thousands

	2005	2004
PARTNERS' INVESTMENT , beginning of year	$ 20,227	$ 12,615
NET INCOME	20,164	11,612
DISTRIBUTIONS	(8,000)	(4,000)
PARTNERS' INVESTMENT, end of year	$ 32,391	$ 20,227

The accompanying notes are an integral part of these statements.

ROBSON RANCH QUAIL CREEK LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

In thousands

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 20,164	$ 11,612
Adjustments to reconcile net income to net cash flows from operating activities-		
Depreciation	353	394
(Gain) loss on sale of assets	(1,054)	26
(Increase) decrease in-		
Receivables	(226)	(188)
Real estate held for sale-		
Costs	(48,194)	(42,241)
Charged to cost of sales	42,373	38,811
Other assets	(872)	(2,211)
Increase in-		
Accounts payable and accrued liabilities	(285)	588
Construction payables to affiliate	(421)	(515)
Customers' deposits and advances	4,953	7,504
Total adjustments	(3,373)	2,168
Net cash flows from operating activities	16,791	13,780
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of assets	1,754	0
Model village additions	(1,159)	(422)
Property and equipment additions	0	(1)
Ancillary operation asset additions	(2)	(1)
Net cash flows from investing activities	593	(424)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net repayments with -		
Line of credit with bank	(8,000)	(7,100)
Working capital advance with affiliate	(1,384)	(2,256)
Distributions	(8,000)	(4,000)
Net cash flows from financing activities	(17,384)	(13,356)
INCREASE IN CASH	0	0
CASH, beginning of year	5	5
CASH, end of year	$ 5	$ 5

The accompanying notes are an integral part of these statements.

ROBSON RANCH QUAIL CREEK LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Business Activity-

Robson Ranch Quail Creek LLC, a Delaware limited liability company organized on June 23, 1999, is the developer of Robson Ranch Quail Creek, an "active adult" resort community near Tucson, Arizona. The Partnership sells residences on improved lots and provides amenities for the homeowners, such as golf courses, clubhouses, and other recreational facilities within the adult community.

In July 1999, the Partnership purchased the Quail Creek community from the original developer. The land includes approximately 2,500 acres, of which approximately 400 acres may not be developed. The original developer completed a golf course, a recreation building and other amenities.

Real Estate Held for Sale-

Real estate held for sale includes undeveloped land, partially improved land, amenities, and homes in various stages of completion. These assets include common costs. Common costs include, among other costs, land, land improvements, infrastructure, the costs of amenities, and development period interest. The common costs are allocated to residential lots based upon the relative value that each lot has to the aggregate sales value of all lots within each phase.

Projected sales used to allocate common costs are discounted at a 16% discount to reflect the difference in the value of a sale in the current year and a future sale. This method allocates more common costs to current sales than to future sales. This method increased the common costs charged to cost of sales by $900,000 in 2005 and $2,746,000 in 2004. As of December 31, 2005, the cumulative increase in common costs charged to cost of sales is $16,202,000. Cost of sales includes the direct construction costs of the homes and an allocation of common costs. Selling commissions, advertisement, and other marketing expenses are included in selling, general and administrative expenses. The Partnership recognizes revenue from home sales at the close of escrow when title is transferred.

Income Taxes-

Partnership income is includable in the partners' income tax returns; therefore, no provision for income taxes is included in the accompanying financial statements.

Depreciable Assets-

The following assets are stated at cost and are depreciated on the straight-line method, net of residual value, over the following useful lives-

Model furnishings	3 Years
Model homes and upgrades (90% residual)	3 to 5 Years
Model rentals (90% residual)	3 to 5 years
Sales office and design center	3 to 10 years
Property and equipment	5 to 7 Years

Expenditures for maintenance and repairs are charged to expenses as incurred.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*:

Advertising Expenses-

The Partnership expenses advertising costs as incurred. Advertising expenses were $386,000 for 2005 and $340,000 for 2004.

Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Long-Lived Assets-

The Partnership periodically evaluates the carrying value of the long-lived assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.* Under SFAS No. 144, long-lived assets and certain identifiable intangible assets to be held and used in operations are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. The Partnership does not believe impairment exists at December 31, 2005.

Statements of Cash Flows-

Interest paid totaled $669,000 in 2005 and $830,000 in 2004.

(2) REAL ESTATE HELD FOR SALE:

Real estate held for sale consists of the following-

In thousands

	2005	2004
Homes under construction	$ 10,954	$ 4,932
Land, improvements and amenities	21,147	20,181
Land held for future development	4,708	5,875
	$ 36,809	$ 30,988

Phase I consists of 2,667 lots, of which 1,336 remain unsold as of December 31, 2005, with 427 lots sold but not yet closed *(Note 9)*.

(3) RECEIVABLES FROM AFFILIATES:

Receivables from affiliates consist of the following-

In thousands

	2005	2004
Notes with affiliates	$ 0	$ 478
Receivable from homeowners	3,152	0
	$ 3,152	$ 478

The sales contract for the initial sale of each home provides that the homeowner will pay a reimbursement fee for the golf course and related amenities. The fee is $120 per year, for 40 years and is paid to the homeowners association who in turn forwards the collections to the Partnership.

During 2005 and 2004, the homeowners association collected $145,000 and $63,000 respectively from the homeowners and remitted the funds to the Partnership.

In 2005, the Partnership reclassified the amounts due from the homeowners from real estate held for sale to a receivable from the homeowners.

The future collections have been discounted to yield an 8% interest rate.

(4) MODEL VILLAGE:

Model village consists of the following-

In thousands

	2005	2004
Model homes and upgrades	$ 2,727	$ 2,323
Model furnishings	1,205	1,025
Model rentals	1,750	2,225
Sales office and design center	421	387
Land and land improvements	852	852
	6,955	6,812
Less accumulated depreciation	1,923	1,918
	$ 5,032	$ 4,894

(5) PROPERTY AND EQUIPMENT:

Property and equipment consists of the following-

In thousands

	2005	2004
Land, buildings and improvements	$ 175	$ 175
Equipment and vehicles	82	83
Office equipment and furnishings	2	2
	259	260
Less accumulated depreciation	111	79
	$ 148	$ 181

(6) OTHER ASSETS:

Other assets consist of the following-

In thousands

	2005	2004
Prepaid commissions	$ 1,458	$ 1,187
Prepaid expenses	113	35
Refundable utility deposits	861	696
Reimbursable utility costs from affiliates	6,064	5,706
	$ 8,496	$ 7,624

(7) NOTES PAYABLE:

Notes payable consist of the following-

In thousands

	2005	2004
Revolving line of credit, interest payable at prime rate, renewable in February 2008.	$ 0	$ 8,000
	$ 0	$ 8,000

(7) NOTES PAYABLE *(Continued)*:

Through February 2005, the Partnership had a revolving line of credit agreement which provides for maximum borrowings of $25,000,000, renewable annually.

In February 2005, the Company created a new revolving line of credit for $30,000,000 with a different institution . The revolving line of credit is collateralized by, among other assets, the real estate held for sale. The funds available are determined by a borrowing base calculation, the components of which are real estate held for sale and models.

(8) PAYABLES FROM AFFILIATES:

Payables from affiliates consist of the following-

In thousands

	2005	2004
Construction payables to affiliates	$ 2,067	$ 2,488
Working capital advance with affiliate, interest at prime, due upon demand.	1,290	0
	$ 3,357	$ 2,488

(9) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts payable and accrued liabilities consist of the following-

In thousands

	2005	2004
Accounts payable	$ 92	$ 129
Accrued payroll costs	100	568
Warranty reserve	231	163
Sales and property taxes	252	175
Accrued interest	77	2
	$ 752	$ 1,037

(10) CUSTOMERS' DEPOSITS AND ADVANCES:

The Partnership receives construction advances, deposits from customers for down payments on homes and earnest funds for the right to purchase a home within one year from the contract date. As of December 31, 2005, there are 427 signed house contracts, representing $148,481,000 in future sales of which 298 contracts representing $100,231,000 in future sales, were released for construction.

(11) OTHER INCOME, NET:

Other income, net consists of the following-

In thousands

	2005	2004
Gain (loss) on sale of assets	$ 1,054	$ (26)
Downpayments forfeited	151	81
Utility reimbursements	8	2
	$ 1,213	$ 57

(12) NET INTEREST INCOME (EXPENSE):

The components of net interest income (expense) were as follows-

In thousands

	2005	2004
Interest earned	$ 248	$ 0
Interest incurred	(743)	(688)
Interest capitalized	740	609
Total interest expense	(3)	(79)
	$ 245	$ (79)

(13) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

The components of selling, general and administrative expenses were as follows-

In thousands

	2005	2004
Selling and marketing	$ 4,372	$ 4,606
General and administrative	2,095	2,289
Homeowners' association subsidy	655	985
	$ 7,122	$ 7,880

(14) FAIR VALUE OF FINANCIAL INSTRUMENTS:

Long-term Debt-

At December 31, 2005, the fair value of long-term debt was equal to the carrying amount. The fair value of the Partnership's debt is estimated based on the quoted rates for similar issues.

(15) TRANSACTIONS WITH RELATED PARTIES:

Robson Ranch Quail Creek LLC is affiliated through common control with the other companies that form "Robson Communities." Separate companies have been formed for the individual developments or to consolidate similar support services within one company. The sales or services between the affiliated companies arise through the normal course of business and are provided at prices estimated by management to represent the lesser of market value or cost plus a fee determined by management.

In thousands

	2005	2004
Paid to affiliates-		
Administrative and accounting services	$ 1,619	$ 1,915
Construction costs	$ 44,971	$ 38,922
Homeowners' association subsidy	$ 655	$ 985
Related party interest	$ 76	$ 551

(16) RETIREMENT PLAN AND TRUST:

The Partnership and related entities have a multi-employer trust profit sharing plan under Section 401 and 401(K) of the Internal Revenue Code. The Plan and Trust provides for retirement, disability, and accidental benefits for eligible employees. The Partnership matches employee contributions at a rate of 25%. The Plan and Trust also provides for additional contributions by the employer, at management's discretion. As of December 31, 2005, the Partnership has no liability to the Plan and Trust for matching or additional contributions.

The Partnership contributed $34,000 and $21,000 to the Plan in 2005 and 2004, respectively.

(17) CONCENTRATIONS OF CREDIT RISK:

Statement of Financial Accounting Standards No. 105, Disclosure of Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk, requires certain disclosures relating to concentration of credit risk.

All of the Partnership's assets are within the Quail Creek community.

EXECUTION COPY

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2006

PURCHASE CONTRACT

June 1, 2006

District Board
Quail Creek Community Facilities District
c/o Town of Sahuarita, Arizona
725 West Via Rancho Sahuarita
Box 879
Sahuarita, Arizona 85629

Attention: District Manager

Ladies and Gentlemen:

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

In addition to acceptance of this Purchase Contract by the District, as provided above, the obligations of the Purchaser under this Purchase Contract shall be conditioned on receipt of a fully-executed Indemnity Letter, dated the date hereof (the "*Indemnity Letter*"), from Robson Ranch Quail Creek, LLC (the "*Developer*"), the form of which is attached hereto as Attachment I.

1. Purchase and Sale.

(a) The Purchaser shall purchase from the District, and the District shall sell to the Purchaser, all (but not less than all) of $12,660,000 aggregate principal amount of the "Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006" (the "*Bonds*").

(b) The Bonds shall be dated as of the date of the initial delivery thereof, shall be in the aggregate principal amount of $12,660,000, shall mature in the principal amounts on the dates or be redeemable, and shall bear interest at the rates with respect to each of such maturities, in each case as provided in Schedule I attached hereto. Interest on the Bonds shall be payable on January 15 and July 15 of each year, commencing January 15, 2007, and the Bonds shall have the other terms, all as provided in the Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "*Indenture*"), from the District to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"). The Bonds are being issued pursuant to a resolution adopted by the District Board of the District on May 8, 2006 (the "*Bond Resolution*").

(c) The Bonds shall be purchased by the Purchaser for an aggregate purchase price of $12,280,200.00 (consisting of the aggregate principal amount of the Bonds, less underwriting compensation of $379,800.00) (such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery of the Bonds herein sometimes called the "*Closing*" and to be on June 21, 2006, or on such other date, as well as at a time and place, as may be mutually agreeable to the Purchaser and the District). The District hereby expressly acknowledges that such purchase price if the Bonds are sold to the public at the approximate prices or yields set forth on Schedule I hereto and on the cover page of the Limited Offering Memorandum, dated the date hereof (together with all appendices thereto, and with such supplements and amendments thereto that are consented to in writing by the Purchaser, the "*Offering Memorandum*"), shall result in remuneration to the Purchaser of $379,800.00.

(d) Between the time of acceptance hereof and the Closing, the District shall not, without the prior written consent of the Purchaser, issue any bonds or securities other than the Bonds; provided, however, that the enforceability of this covenant shall be subject to the extent of permitted law.

2. Matters Relating to Offering Memorandum.

(a) The District approves, and consents to and authorizes the distribution and use by the Purchaser prior to the date hereof of, the Preliminary Limited Offering Memorandum, dated May 12, 2006 (together with all appendices thereto, the "*Preliminary Offering Memorandum*"), relating to the Bonds in connection with the limited distribution of the Bonds. The District has caused the Preliminary Offering Memorandum to be prepared and deems the Preliminary Offering Memorandum "final" as of its date for purposes of Section 240.15c2-12(b)(1), General Rules and Regulations, Securities Exchange Act of 1934, as amended (the "*Rule*"), subject to completion with certain information to be established at the time of sale of the Bonds as permitted by the Rule as if the Rule applied to the issuance of the Bonds.

(b) WHILE THE PURCHASER HAS PARTICIPATED AND WILL PARTICIPATE WITH THE DISTRICT IN THE PREPARATION OF THE PRELIMINARY OFFERING MEMORANDUM AND THE OFFERING MEMORANDUM, RESPECTIVELY, THE DISTRICT IS PRIMARILY RESPONSIBLE FOR THE CONTENT OF THE PRELIMINARY OFFERING MEMORANDUM AND THE OFFERING MEMORANDUM.

(c) The Purchaser shall provide to the District such information relating to the Bonds that is not within the scope of knowledge of the District (including, but not limited to,

the selling compensation of the Purchaser, offering price(s), interest rate(s), delivery date and other terms of the Bonds dependent upon such matters) necessary to prepare the Offering Memorandum. The Offering Memorandum shall be substantially in the form of the Preliminary Offering Memorandum with only such changes therein as shall be necessary to conform to the terms hereof and with such other changes to the date thereof as have been accepted by the Purchaser, except as otherwise provided herein. The execution and delivery of the Offering Memorandum shall evidence the determination by the District that the Offering Memorandum is "final" for all purposes of the Rule.

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

(e) If, at any time between the date of this Purchase Contract and until 90 days after the end of the underwriting period (as such term is hereinafter defined), unless the Offering Memorandum is provided to a nationally recognized municipal securities information repository and then until 25 days thereafter, any event shall occur that might or would cause the Offering Memorandum to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading, the District shall notify the Purchaser and if, in the opinion of the District or the Purchaser, such event requires the preparation and publication of a supplement or amendment to the Offering Memorandum, the District shall supplement or amend the Offering Memorandum in a form and manner approved by, and in the reasonable discretion of, the Purchaser. (Unless otherwise notified in writing by the Purchaser before the Closing, the District can assume that the "end of the underwriting period" for purposes of the Rule shall be the date of the Closing. In the event such notice is so given by the Purchaser, the Purchaser shall notify the District in writing following the occurrence of the end of the underwriting period for purposes of the Rule.) If the Offering Memorandum is so supplemented or amended, such approval by the Purchaser of a supplement or amendment to the Offering Memorandum shall not preclude the Purchaser from thereafter terminating this Purchase Contract, and, if the Offering Memorandum is so supplemented or amended, the Purchaser may terminate this Purchase Contract by written notification to the District at any time prior to the date of the Closing if, in the reasonable judgment of the Purchaser, such supplement or amendment has or will have a material adverse effect on the marketability of the Bonds.

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

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

(h) The District shall furnish such information, execute such instruments and take such other action in cooperation with the Purchaser as the Purchaser may reasonably request to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Purchaser

may reasonably designate; provided, however, that the District shall not incur any additional expense with respect to such actions and further that the District shall not be required to subject itself or any of its agents or employees to service of process outside the State of Arizona (the "*State*") through or in connection with any of the foregoing.

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

3. Public Offering.

(a) The Purchaser shall make a *bona fide* offering of the Bonds, subject to the restrictions described in the Offering Memorandum and at the offering price(s) (or yield(s)) as shown on Schedule I attached hereto and the cover page of the Offering Memorandum, but not in a public sale for purposes of Title 48, Arizona Revised Statutes.

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

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

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

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

(a) Existence and Powers. The District is a community facilities district duly organized and validly existing pursuant to the laws of the State and has full legal right, power and authority to (i) adopt the Bond Resolution; (ii) authorize, execute, deliver and issue, as applicable, (A) this Purchase Contract, (B) the Bonds, (C) the Indenture, (D) a letter of representations, dated the date of the Closing (the "*Letter of Representations*") by and among the District, the Trustee and The Depository Trust Company ("*DTC*"), (E) the Series 2006 Standby Contribution Agreement, dated as of June 1, 2006 (the "*Standby Contribution Agreement*"), by and among the District, the Developer and the Trustee, (F) a written undertaking by the District to provide ongoing disclosure about the District for the benefit of certain beneficial owners of the Bonds as required under paragraph (b)(5) of the Rule, in form and substance satisfactory to the Purchaser, which shall be in substantially the form set forth in the Offering Memorandum, with such changes as may be agreed upon in writing by the Purchaser (the "*Undertaking*"), (G) a

Dissemination Agency Agreement, dated as of June 1, 2006 (the "*Agency Agreement*"), by and between the District and the Purchaser, as dissemination agent, and (H) the Series 2006 Depository Agreement, dated as of June 1, 2006 (the "*Depository Agreement*" and, together with this Purchase Contract, the Indenture, the Letter of Representations, the Standby Contribution Agreement and the Undertaking, the "*District Documents*"), by and between the District and Wells Fargo Bank, N.A., as depository (the "*Depository*"); (iii) approve, execute and authorize the use and distribution of the Offering Memorandum (including, as applicable, the Preliminary Offering Memorandum); and (iv) carry out and consummate all other transactions contemplated by the Preliminary Offering Memorandum, the Bond Resolution, the District Documents and the Bonds. The District has complied with all applicable provisions of law and has taken all actions required to be taken by it in connection with the transactions contemplated by the aforesaid documents.

(b) Due Authorization. The District has duly authorized (i) the authorization, execution, delivery and issuance, as applicable, of and the due performance of the obligations of the District under the District Documents and the Bonds and (ii) the taking of any and all actions as may be required on the part of the District to carry out, give effect to and consummate the transactions contemplated by the Offering Memorandum, the Bond Resolution, the District Documents and the Bonds. The District shall take any and all actions necessary or appropriate to consummate the transactions described in the Offering Memorandum, the Bond Resolution, the District Documents and the Bonds.

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

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

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

(f) The Bonds. The form, terms, authorization, execution, delivery and issuance of the Bonds have been duly and validly authorized and, when authenticated by the Trustee, and delivered and paid for by the Purchaser at the Closing in accordance with the terms hereof, shall (i) have been duly authorized, executed, delivered and issued and (ii) constitute legal, valid and binding obligations of the District enforceable in accordance with their terms and

entitled to the benefits and security of the Bond Resolution and the Indenture, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief.

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

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

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

(j) Litigation. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or overtly threatened against or affecting the District, and there is no basis therefor, (i) that in any way questions the powers of the District referred hereinabove, or the validity of the proceedings taken by the District in connection with the issuance and sale of the Bonds, or (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Offering Memorandum, the Bond Resolution, the District Documents or the

Bonds or would in any way adversely affect the validity or enforceability of the Bond Resolution, the District Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby or by the Offering Memorandum), or (iii) contesting in any way the completeness or accuracy of the Preliminary Offering Memorandum or the Offering Memorandum. Further, there are no lawsuits pending or overtly threatened against the District that question the right of the District to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the District that, if decided adversely to the District, would, individually or in the aggregate, have a material adverse effect on the financial condition of the District, or impair the ability of the District to comply with all the requirements set forth in the Offering Memorandum, the Bond Resolution, the District Documents or the Bonds.

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

(l) Disclosure of Agreements, Contracts and Restrictions. Except as to be disclosed in the Offering Memorandum, the District is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which may have a material adverse effect on the financial condition, operations or prospects of the District or ability of the District to comply with all the requirements set forth in the Offering Memorandum, the Bond Resolution, the District Documents or the Bonds.

(m) Preliminary Offering Memorandum and Offering Memorandum. As of the date thereof and at the time of the acceptance by the District hereof, the Preliminary Offering Memorandum was true, correct and complete in all material respects and did not and does not, respectively, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which such statements were made, not misleading. As of the date thereof and at all times subsequent thereto up to and including the date of the Closing, the Offering Memorandum shall be true, correct and complete in all material respects and did not and shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading.

5. Closing.

(a) At the Closing, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC pursuant to the Letter of Representations, duly executed and authenticated, together with the items identified in Section 6 hereof, and delivered through the facilities of DTC or, if pursuant to a "F.A.S.T." delivery, to the Trustee. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such

numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of the Bonds in accordance with the terms of this Purchase Contract.

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

6. Closing Conditions. The Purchaser has entered into this Purchase Contract in reliance upon (i) the representations and warranties (A) of the District contained herein, (B) of the Developer contained in the Indemnity Letter, and (C) to be contained in the documents and instruments to be delivered on the date of the Closing, both as of the date hereof and as of the date of the Closing, and (ii) the performance by the District of the obligations of the District pursuant to this Purchase Contract, subject to the performance of the Developer of its obligations under the documents and instruments to be executed and delivered by the Developer at or prior to the date of the Closing. The obligations of the Purchaser under this Purchase Contract are and shall also be subject to the following conditions:

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

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

(c) On the date of the Closing, no "event of default" shall have occurred or be existing under this Purchase Contract nor shall any event have occurred that, with the passage of time or the giving of notice, or both, shall constitute an event of default under this Purchase Contract nor shall the District be in default in the payment of principal of or interest on any of its obligations for borrowed money.

(d) In recognition of the desire of the District and the Purchaser to effect a successful limited distribution of the Bonds and in view of the potential adverse impact of any of the following events on such a public offering, the Purchaser shall have the right to terminate this agreement by written notification to the District if at any time prior to or as of the Closing (i) the Offering Memorandum shall have been amended, modified or supplemented without the consent of the Purchaser, or (ii) any event shall occur that makes untrue any statement of a material fact in the Offering Memorandum or makes an omission a material omission that should be included in the Offering Memorandum in order to make the statements in the Offering Memorandum, in light of the circumstances under which they were made, not misleading, or (iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the

State shall be rendered, that materially adversely affects the market price of the Bonds, or (iv) a stop order, ruling, regulation or statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Offering Memorandum, is in violation or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Bond Resolution or the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect, or (v) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds, including all the underlying obligations, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Bond Resolution or the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect, or (vi) legislation shall have been passed by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress or the Arizona Legislature or a decision shall have been rendered by a court of the United States or of the State or by the Tax Court of the United States, or a ruling or statement (including a press release) or proposal shall have been made or a regulation shall have been proposed or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the District pursuant to the Bond Resolution, or upon interest on obligations of the general character of the Bonds, or, with respect to State taxation of the interest on the Bonds as described in the Offering Memorandum, or other action or events shall have transpired that may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated in connection herewith, or any other action or events shall have occurred that, in the judgment of the Purchaser, materially adversely affect the market for the Bonds or the market price generally of obligations of the general character of the Bonds, or (vii) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (viii) a general banking moratorium shall have been established by federal, State or New York authorities, or (ix) the United States shall have become engaged in hostilities that have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak of hostilities, escalation of existing hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Purchaser, would affect materially or adversely the ability of the Purchaser to market the Bonds (it being agreed by the Purchaser that there is no outbreak, escalation, calamity or crisis of such character as of the date hereof), or (x) any action, suit or proceeding described in Section 5(j) hereof shall have been commenced.

(e) At or prior to the Closing, the Purchaser shall receive two copies of the transcript of all proceedings of the District relating to the authorization and issuance of the

Bonds, certified, as necessary, by appropriate officials of the District, including, but not limited to, the following opinions, letters, certificates and other documents:

(1) An unqualified approving opinion of Greenberg Traurig LLP ("*Bond Counsel*"), as to the Bonds, dated the date of the Closing, addressed to the District and in substantially the form included in the Offering Memorandum;

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

(3) Opinion of Greenberg Traurig LLP, as counsel to the Developer, dated the date of the Closing, addressed to the Purchaser and the District and in substantially the form attached hereto as Exhibit B;

(4) An opinion of Squire, Sanders & Dempsey L.L.P., counsel to the Purchaser, dated the date of the Closing, addressed to the Purchaser and in substantially the form attached hereto as Exhibit C;

(5) A certificate from the Developer, dated the date of the Closing, to the effect that the representations and warranties contained in the Indemnity Letter and in the other documents executed by the Developer in connection with the issuance of the Bonds are true and correct in all material respects as of the date of the Closing

(6) A certificate or certificates of the District, dated the date of the Closing, signed by an authorized official of the District and in form and substance satisfactory to Bond Counsel and to the Purchaser, in which such official, to the best of his knowledge, information and belief, states:

(i) That the representations, warranties and covenants contained herein are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing;

(ii) That, except as described in the Offering Memorandum, no litigation is pending or threatened before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the District of the provisions of the District Documents or the levy and receipt of *ad valorem* property taxes for payment of the Bonds, (B) in any way contesting or affecting the authority for, or the validity of, this Purchase Contract or the application of the proceeds of the Bonds, or (C) in any way contesting the existence or powers of the District;

(iii) That no authority or proceedings for the issuance of the Bonds has been repealed, revoked or rescinded and no petition or

petitions to revoke or alter the authorization to issue the Bonds has been filed with or received by any of the signers;

(iv) That the District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the Closing with respect to issuance of the Bonds; and

(v) That the Offering Memorandum is true, correct and complete in all material respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading and no event affecting the District has occurred since the date of the Offering Memorandum that should be disclosed in the Offering Memorandum that it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect;

(7) A specimen of the Bonds;

(8) A certified copy of the Bond Resolution;

(9) A counterpart original of the Offering Memorandum, manually executed on behalf of the District by the Chairman of the district board of the District;

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

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

(12) An executed copy of each of the District Documents as well as an undertaking from the Developer to provide continuing disclosure as required by paragraph (b)(5) of the Rule; and

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

(All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in

compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Purchaser and its counsel; provided, however, that acceptance by the Purchaser of the Bonds shall be deemed by the Purchaser to be satisfaction of the foregoing.)

If the District shall be unable to satisfy the conditions contained in this Purchase Contract or if the obligations of the Purchaser shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract (except the warranties and representations of the District herein) shall terminate and neither the Purchaser nor the District shall be under further obligation hereunder, except as further set forth in Section 7 hereof. However, the Purchaser may, in its sole discretion, waive one or more of the conditions imposed by this Purchase Contract and proceed with the Closing.

7. Expenses.

(a) The District shall pay or cause to be paid from the proceeds of the sale of the Bonds the expenses incident to the performance of its obligations hereunder, including but not limited to:

(1) the cost of printing, engraving or typewriting and mailing or delivering the definitive Bonds and the Preliminary Offering Memorandum, the Offering Memorandum, the Bond Resolution and the District Documents in reasonable quantities and all other documents (other than as set forth in subparagraph (b) of this Section 7) prepared in connection with the transactions contemplated hereby;

(2) the fees and disbursements of the Trustee and the Depository in connection with the issuance of the Bonds;

(3) the fees and disbursements of Bond Counsel, counsel to the Purchaser and counsel to the District;

(4) the fees and disbursements of any other experts or consultants retained by the District in connection with the transactions contemplated hereby, including but not limited to, the financial consultant to the District; and

(5) reasonable miscellaneous, normally occurring, "out-of-pocket" expenses incurred by the Purchaser in connection with the issuance and sale of the Bonds.

(b) The Purchaser shall pay:

(1) all advertising expenses in connection with the public offering of the Bonds; and

(2) all other expenses incurred by it in connection with its public offering and distribution of the Bonds, except the fees and disbursements of

counsel to the Purchaser and the other expenses provided for in the immediately preceding paragraph.

8. Notice. Any notice or other communication to be given to the District pursuant to this Purchase Contract may be given by delivering the same in writing to the address set forth on the first page of this Purchase Contract, and any notice or other communication to be given to the Purchaser pursuant to this Purchase Contract may be given by delivering the same in writing to RBC Capital Markets, Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016, Attention: Ms. Shawn Dralle, Managing Director.

9. Notice Concerning Cancellation of Contracts. As required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the State, its political subdivisions (including the District) or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This section is not intended to expand or enlarge the rights of the District hereunder except as required by such Section. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section that would adversely affect the enforceability of this Purchase Contract and covenants that it shall take no action that would result in a violation of such Section.

10. Miscellaneous.

(a) Entire Agreement. When executed by the District, this Purchase Contract shall constitute the entire agreement between the District and the Purchaser and is made solely for the benefit of the District and the Purchaser (including the successors or assigns of the Purchaser). No other person shall acquire or have any right hereunder by virtue hereof. All the representations, warranties and agreements by the District in this Purchase Contract shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Purchaser, (ii) delivery of any payment for the Bonds hereunder, and (iii) any termination of this Purchase Contract.

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

(c) Execution in Counterparts. This Purchase Contract may be executed in any number of counterparts, all of which, taken together, shall be one and the same instrument, and any parties hereto may execute this Purchase Contract by signing any such counterpart.

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

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

[Remainder of page intentionally left blank.]

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

RBC CAPITAL MARKETS

By _____
Shawn Dralle, Managing Director

Accepted on June 1, 2006
at 2:45 p.m., M.S.T.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By _____
District Manager

ATTEST:

_____
District Clerk

APPROVED AS TO FORM:

_____
District Counsel

SCHEDULE I

Maturity (July 15)	Principal Amount	Interest Rate	Yield
2012*	$1,375,000	4.85%	4.85%
2016*	1,665,000	5.15	5.15
2030*	9,620,000	5.55	5.55

*Term bonds.

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the District, on or after July 15, 2016, in whole or in part on any date, at a redemption price equal to the principal amount of the Bonds or portion thereof being redeemed, but without premium.

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

Term Bond Maturing July 15, 2012

Year Redeemed	Principal Amount Redeemed
2009	$320,000
2010	335,000
2011	350,000
2012*	370,000

*maturity

Term Bond Maturing July 15, 2016

Year Redeemed	Principal Amount Redeemed
2013	$385,000
2014	405,000
2015	425,000
2016*	450,000

*maturity

Term Bond Maturing July 15, 2030

Year Redeemed	Principal Amount Redeemed
2017	$470,000
2018	500,000
2019	525,000
2020	555,000
2021	585,000
2022	620,000
2023	655,000
2024	690,000
2025	725,000
2026	770,000
2027	810,000
2028	855,000
2029	905,000
2030*	955,000

*maturity

ATTACHMENT I

DEVELOPER INDEMNITY LETTER

June 1, 2006

RBC Capital Markets
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Quail Creek Community Facilities District
c/o Town of Sahuarita, Arizona
725 West Via Rancho Sahuarita
Box 879
Sahuarita, Arizona 85629

Re: $12,660,000 Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

This Indemnity Letter is delivered by Robson Ranch Quail Creek, LLC, a Delaware limited liability company (the "*Developer*"), in order to induce RBC Dain Rauscher Inc., doing business as RBC Capital Markets (the "*Purchaser*") and Quail Creek Community Facilities District (the "*District*") to enter into the Purchase Contract, dated June 1, 2006 (the "*Purchase Contract*"), related to the purchase by the Purchaser of the captioned bonds (the "*Bonds*"). Terms that are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Developer represents and warrants to the Purchaser and the District that:

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

(b) The information in the Offering Memorandum with respect to the Bonds in Table 2, Table 3 and Table 4 under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - *Ad Valorem* Property Taxation in the District" and under the headings "THE PUBLIC INFRASTRUCTURE," "LAND DEVELOPMENT BY THE DEVELOPER," "RISK FACTORS" (except the information under the subheadings "Growing Smarter," "Availability of Water" (to the extent it does not relate to the Developer), "Direct and Overlapping Indebtedness" and "Cancellation of Contracts") and "LITIGATION – The Developer" is true and correct in all material respects for the purposes for which its use is or was

authorized, and such information does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein in light of the circumstances under which they are or were made, not misleading.

(c) Neither the execution or delivery of this Indemnity Letter, the Series 2006 Standby Contribution Agreement, to be dated as of June 1, 2006, by and among the Developer, the District and Wells Fargo Bank, N.A., as trustee, the Series 2006 Continuing Disclosure Undertaking, to be dated the date of issuance of the Bonds, the District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005, by and among the District, the Developer and the Town of Sahuarita, Arizona (collectively, hereinafter referred to as the "*Documents*") nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of, or compliance with, the terms hereof or thereof, shall contravene the organizational documents of the Developer or conflict with or result in a breach by the Developer of any of the terms, conditions or provisions of, or constitute a default by the Developer under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Developer is a party or by which it is or may be bound or to which any of the property or assets of the Developer is or may be subject, or any law or any order, rule or regulation applicable to the Developer of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Developer or any of its properties or operations, or (except as contemplated by the Documents) 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 Developer under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best knowledge of the Developer, threatened against the Developer 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 Developer, or materially and adversely affect the properties (taken as a whole) of the Developer, and that has not been disclosed in the Offering Memorandum, (ii) materially adversely affect the transactions contemplated by the Purchase Contract or the Documents or (iii) adversely affect the validity or enforceability of the Documents.

(e) The Developer has the full power and authority to execute and deliver the Documents and perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Purchase Contract and the Documents, and the Documents have been duly authorized by the Developer and, when executed by all applicable parties thereto will constitute valid, binding and enforceable obligations of the Developer except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and/or by 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 of the transactions contemplated by the Purchase Contract and the Documents,

other than the permits and licenses for construction of the Project (as defined in the Offering Memorandum) contemplated by the Development Agreement referred to in paragraph (c) above, which have not yet been issued.

2. To the extent permitted by law, the Developer shall indemnify and hold harmless the Purchaser and the District 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 "*Securities Act*") (any such person being herein sometimes called an "*Indemnified Party*"), for, from and against any and all losses, claims, damages or liabilities, joint or several, (i) to which 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 sections identified in Section 1(b) above in the Offering Memorandum or any amendment or supplement thereto approved by the Developer, 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 that is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, except such indemnification shall not extend to any other statements in the Offering Memorandum and (ii) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of the Developer (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 Developer, notify the Developer in writing of the commencement thereof. Failure of the Indemnified Party to give such notice will reduce the liability of the Developer by the amount of damages attributable to the failure of the Indemnified Party to give such notice to the Developer but the omission to notify the Developer of any such action shall not relieve the Developer 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 Developer of the commencement thereof, the Developer may, or if so requested by such Indemnified Party shall, participate therein or assume the defenses thereof, with counsel satisfactory to such Indemnified Party and the Developer (it being understood that, except as hereinafter provided, the Developer shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the Developer to such Indemnified Party of an election so to assume the defenses thereof, the Developer 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 Developer assumes the defense of any such action at the request of such Indemnified Party, the Developer shall have the right to participate at its own expense in the defense of any such action. If within a reasonable time after receipt of notice of any such action the Developer shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded (and shall have notified the Developer) that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those

available to the Developer (in which case the Developer 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 Developer.

3. All of the representations, warranties, and agreements of the Developer contained in the 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 Developer or (ii) delivery of and payment for the Bonds.

4. This letter is solely for the benefit of the Purchaser, the District and their successors or assigns, and, to the extent provided in paragraph 2 hereof, each Indemnified Party, and no other person shall acquire or have any right under or by virtue hereof. The terms "successors" and "assigns" as used in this letter shall not include any purchaser, as such purchaser, from the Purchaser of the Bonds.

5. The Developer shall pay all costs and expenses of its counsel with respect to the issuance and delivery of the Bonds.

[Remainder of page intentionally left blank.]

6. The Developer consents to the references to the Developer in the Offering Memorandum.

Respectfully submitted,

ROBSON RANCH QUAIL CREEK, LLC,
a Delaware limited liability company

By: Arlington Property Management Company,
an Arizona corporation
Its: Manager

By: _____

Its: VP

EXHIBIT A

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[LETTERHEAD OF GREENBERG TRAURIG LLP]

[Closing Date]

RBC Capital Markets
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: $12,660,000 Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

WE HAVE ACTED as Bond Counsel to Quail Creek Community Facilities District (hereinafter referred to as the "*Issuer*"), in connection with the issuance this date by the Issuer of bonds designated its General Obligation Bonds, Series 2006, in the aggregate principal amount of $12,660,000 (hereinafter referred to as the "*Bonds*"). The Bonds are issued under and secured by a Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (hereinafter referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "*Trustee*"), are the subject of a Limited Offering Memorandum, dated June 1, 2006 (hereinafter referred to as the "*Offering Memorandum*"), and are being sold pursuant to a Purchase Contract, dated June 1, 2006 (hereinafter referred to as the "*Purchase Contract*"), by and between the Issuer and RBC Dain Rauscher Inc., doing business as RBC Capital Markets (hereinafter referred to as the "*Purchaser*"), in each case in accordance with a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on May 8, 2006 (hereinafter referred to as the "*Resolution*"), including a Series 2006 Standby Contribution Agreement, dated as of June 1, 2006 (hereinafter referred to as the "*Standby Contribution Agreement*"), by and among the Issuer, the Trustee and Robson Ranch Quail Creek, LLC (hereinafter referred to as the "*Developer*"), a Series 2006 Depository Agreement, dated as of June 1, 2006 (hereinafter referred to as the "*Depository Agreement*"), by and between the Issuer and Wells Fargo Bank, N.A., as depository (hereinafter referred to as the "*Depository*") (hereinafter referred to collectively with the Indenture, the Purchase Contract, the Standby Contribution Agreement and the Depository Agreement, as the "*District Documents*").

You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.

IN OUR CAPACITY as Bond Counsel to the Issuer, we have examined and relied upon:

(i) An executed copy of the Indenture;

(ii) An executed copy of the Offering Memorandum;

(iii) An executed copy of the Purchase Contract;

(iv) An executed copy of the Standby Contribution Agreement;

(v) An executed copy of the Depository Agreement;

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

(vii) An executed copy of a Series 2006 Continuing Disclosure Undertaking, dated of even date herewith (hereinafter referred to as the "*Undertaking*") from the Issuer;

(viii) Such other agreements, certificates (including particularly, but not by way of limitation, a certificate of the Developer, dated of even date herewith), opinions, letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein; and

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

In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. In connection with our representation of the Issuer, we have also participated in conferences from time to time with representatives of and counsel to the Issuer, the Purchaser, the Developer, the Trustee and the Depository relating to the District Documents.

We are of the opinion, based upon the foregoing and subject to the reliance hereinabove indicated and the qualifications hereinafter set forth, that under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Issuer is a duly organized and validly existing special purpose district, a tax levying public improvement district and a municipal corporation for purposes set forth in Section 48-708(B), Arizona Revised Statutes, as amended, pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the District Documents and the Bonds, (c) to approve, execute and authorize the use and distribution of the Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum, dated May 12, 2006 (hereinafter referred to as the "*Preliminary Offering Memorandum*"), with respect to the Bonds), and (d) to carry out and

consummate the transactions contemplated by the Offering Memorandum, the Resolution, the District Documents and the Bonds (including performing the applicable obligations thereunder).

2. To our actual knowledge, adoption of the Resolution; authorization, execution, delivery and issuance, as applicable, of, and the due performance of the obligations of the Issuer under, the District Documents and the Bonds and the approval, execution and authorization of the use and distribution of the Offering Memorandum (including, as applicable, the Preliminary Offering Memorandum) by the Issuer under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or of any existing law, ordinance, administration regulation, court order or consent decree to which the Issuer is subject.

3. To our actual knowledge, no consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Bonds), is required in connection with the adoption by the Issuer of the Resolution or the authorization, execution, delivery, issuance and performance, as applicable, by the Issuer of the District Documents and the Bonds and the consummation of the transactions contemplated by the Offering Memorandum.

4. The Issuer has duly (a) adopted the Resolution and (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the District Documents and the Bonds and (ii) the taking of the actions required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by the Offering Memorandum, the Resolution, the District Documents and the Bonds. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents.

5. The District Documents have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by the other party thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

6. Based solely upon a search of the computerized docket records available for review on June __, 2006, in the office of the Pima County Superior Court and U.S. District Court, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or overtly threatened against or affecting the Issuer, and there is no basis therefor, (i) that in any way questions the powers of the Issuer referred hereinabove or the validity of the proceedings taken by the Issuer in connection with the issuance and sale of the Bonds, (ii) wherein an unfavorable

decision, ruling or finding would adversely affect the transactions contemplated by the Offering Memorandum, the Resolution, the District Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Resolution, the District Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby or by the Offering Memorandum), (iii) contesting in any way the completeness or accuracy of the Preliminary Offering Memorandum or the Offering Memorandum or (iv) that questions the right of the Issuer to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the Issuer that, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Offering Memorandum, the Resolution, the District Documents or the Bonds.

7. The information contained in the Offering Memorandum under the headings "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" (except the information under the subheading "*Ad Valorem* Property Taxation in the District"), "TAX MATTERS" and "CONTINUING DISCLOSURE" (but only as it relates to the Issuer) therein and in Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and Appendix C - "FORM OF LEGAL OPINION OF BOND COUNSEL" fairly summarizes the information that it purports to summarize.

8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds or the Standby Contribution Agreement under the Securities Act of 1933, as amended, or to qualify the Resolution or Indenture under the Trust Indenture Act of 1939, as amended.

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

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the District Documents is dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the District Documents by the other party or parties thereto and to the extent that the enforceability of the District Documents may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in accordance with general principles of equity, including possible refusal by a particular court to grant certain equitable remedies such as specific performance with respect to the enforcement of any provision of such documents. We express no opinion as to the enforceability of any provisions of the District Documents (i) restricting access to legal or equitable remedies, (ii) purporting to establish evidentiary standards or waiving or otherwise affecting any rights to notice, demand or exhaustion of collateral, (iii) relating to self-help, subrogation, indemnification, delay or omission to enforce rights or remedies, severability or marshalling of assets, or (iv) purporting to grant to the owners of the Bonds or to any party to the District Documents (other than the Issuer) any rights or remedies not specifically set forth therein.

This opinion may be relied upon only by you and by persons to whom we grant written permission to do so.

Respectfully submitted,

EXHIBIT B

FORM OF OPINION OF COUNSEL TO THE DEVELOPER

[LETTERHEAD OF GREENBERG TRAURIG LLP]

[Closing Date]

RBC Capital Markets
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Quail Creek Community Facilities District
c/o Town of Sahuarita, Arizona
725 West Via Rancho Sahuarita
Box 879
Sahuarita, Arizona 85629

Re: $12,660,000 Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

Ladies and Gentlemen:

We have acted as counsel to Robson Ranch Quail Creek, LLC, a Delaware limited liability company (hereinafter referred to as the "***Developer***"), in connection with the transactions provided for by the documents referred to herein, including the issuance and sale of the Bonds, sold pursuant to a Purchase Contract, dated June 1, 2006 (hereinafter referred to as the "***Purchase Contract***"), by and between RBC Dain Rauscher Inc., doing business as RBC Capital Markets (hereinafter referred to as the "***Purchaser***") and Quail Creek Community Facilities District (hereinafter referred to as the "***District***"). Any capitalized term used and not defined herein shall have the meaning assigned to it in the Purchase Contract.

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

1. The District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated September 1, 2005 and recorded _____, 2005, in Instrument No. _____, official records of Pima County, Arizona (hereinafter referred to as the ***"Development Agreement"***), executed by the Town of Sahuarita, Arizona, the District and the Developer;

2. Limited Offering Memorandum, dated June 1, 2006 (hereinafter referred to as the "***Offering Memorandum***"), executed by the District;

3. The executed Series 2006 Standby Contribution Agreement, dated as of June 1, 2006, by and among the District, Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "***Trustee***") and the Developer (hereinafter referred to as the "***Standby Contribution Agreement***");

4. The executed Series 2006 Continuing Disclosure Undertaking, dated as of June 21, 2006, by the Developer (hereinafter referred to as the "***Undertaking***");

5. The executed Dissemination Agency Agreement, dated as of June 1, 2006, by and between the Developer and the Purchaser (hereinafter referred to as the "***Agency Agreement***");

6. The executed Indemnity Letter, dated as of June 1, 2006, by the Developer to the Purchaser and the District (hereinafter referred to as the "***Indemnity Letter***");

7. [The executed Closing Certificate of the Developer, dated June 21, 2006];

8. [Describe "Developer Certificate"];

9. [describe Articles of Organization of the Developer];

10. [describe Operating Agreement of the Developer];

11. [describe certificate of existence/good standing of the Developer, issued by the Delaware Secretary of State];

12. [describe foreign certificate of existence/good standing of the Developer, issued by the Arizona Corporation Commission];

13. [describe unanimous consent resolution of members/manager/board of directors of Developer]

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

In addition, we have received such other information from representatives of the Developer as we have deemed necessary for the purposes of this opinion (hereinafter referred to, collectively, as "***due inquiry***"). The Development Agreement, Offering Memorandum, Standby Contribution Agreement, Undertaking, Agency Agreement, and Indemnity Letter are hereinafter collectively referred to as the "***Bond Documents***." The documents listed in paragraphs 7 through 14 above are hereinafter collectively referred to as the "***Developer Documents***." Whenever any portion of this opinion is limited to the existence or absence of fact based upon our actual knowledge, it is limited to our actual knowledge of the existence or absence of such fact after due inquiry.

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Bond Documents and the Developer Documents (except for the signatures of the Developer on the Bond Documents) and

the legal capacity of each natural person executing any of the Bond Documents or the Developer Documents;

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

(c) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Bond Documents with regard to the parties to those agreements other than the Developer;

(d) The Bond Documents accurately describe and contain the agreement and mutual understanding of the parties thereto and that there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of the Bond Documents;

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

(f) That, with respect to the enforceability of the Bond Documents by a court of another jurisdiction, such court would apply Arizona law (except for applicable Delaware limited liability company law), and would determine that the application of Arizona substantive law is not contrary to a fundamental policy of the law of such other jurisdiction; and

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

1. The Developer is a limited liability company, duly organized and existing under the laws of the State of Delaware, and is qualified to do business in the State of Arizona.

2. The Developer has the requisite limited liability company power and authority under the laws of the State of Delaware: (i) to execute and deliver the Bond Documents, and carry out the terms and conditions applicable to it under, and consummate all transactions contemplated by, the Bond Documents; and (ii) to own and operate its properties and assets as described in the Offering Memorandum, and (iii) to carry out its business as such business is currently being conducted as described in the Offering Memorandum.

3. The execution, delivery and performance of the Bond Documents by the Developer and the carrying out, giving effect to and consummation of the transactions contemplated thereby have been duly authorized by all necessary limited liability company, corporate and partnership action on the part of the Developer and its members, and the Bond Documents have been duly executed and delivered by the Developer.

4. The Bond Documents are in full force and effect as of the date hereof and constitute legal, valid and binding obligations of the Developer, enforceable in accordance with their terms.

5. The execution and delivery of the Bond Documents by the Developer, and the performance of its obligations thereunder, do not and will not conflict with or result in a violation of, or a default pursuant to, the Developer Documents.

6. To our actual knowledge, the execution and delivery of the Bond Documents by the Developer will not conflict with or result in a violation of (i) any contract, indenture, instrument or other agreement to which the Developer is a party or by which it or its properties are bound, or (ii) the laws of the State of Arizona or any court order by which the Developer or its properties are bound.

7. To our actual knowledge, no consent, approval, authorization, or other action by, or filing with, any federal, State or local governmental authority is required in connection with the execution and delivery by the Developer of the Bond Documents, or consummation of the transaction contemplated thereby and, to our actual knowledge, the Developer has obtained all consents, approvals and authorizations, and has made all filings, required by applicable federal, state and/or local governmental authorities in order to own and operate its properties and assets as described in the Offering Memorandum and to carry out its business as such business is currently being conducted as described in the Offering Memorandum.

8. We have no actual knowledge that the Developer is in violation of any provision of, or in default under, its organizational documents or any other agreement or instrument, the violation of which or default under which would materially and adversely affect the execution, delivery and/or performance of the agreements and obligations of the Developer under the Bond Documents.

9. We have no actual knowledge of any legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to which the Developer is a party or of which any property of the Developer is subject, which would materially and adversely affect (i) the execution, delivery and/or performance of the agreements and obligations of the Developer under the Bond Documents, or (ii) the financial condition or operations of the Developer as described in the Offering Memorandum.

10. To our actual knowledge, the information contained in the Offering Memorandum under the headings "THE PUBLIC INFRASTRUCTURE," "LAND DEVELOPMENT BY THE DEVELOPER," "LITIGATION – The Developer" does not contain any untrue statement of material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our participation with the Offering Memorandum, we have not undertaken to independently determine the accuracy, completeness or fairness of the statements contained therein, except as and to the extent provided in this paragraph, and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, on the basis of such participation, we have acquired no actual knowledge that the information contained in the Offering Memorandum (except for the financial information and notes thereto and the schedules and other financial or statistical data included therein or in any appendix thereto, as to which we express no opinion) contains any untrue statement of a material fact or omits to state any material fact necessary in

order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The opinions set forth above are subject to the following qualifications and limitations: (i) enforceability of the Bond Documents may be limited by bankruptcy, insolvency, fraudulent transfer or conveyance, reorganization, moratorium, arrangement or laws or court decisions affecting the enforcement of creditors' rights generally; (ii) enforceability of the Bond Documents is subject to general principles of equity, whether remedies are sought in equity or at law; (iii) enforceability of the Bond Documents is further subject to the qualification that certain waivers, procedures, remedies, indemnities and other provisions thereof may be unenforceable under or limited by Arizona law; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Bond Documents (except that the principles of guaranty and suretyship may present the practical realization of the benefits intended by indemnity and guarantee provisions in the Bond Documents); (iv) we are expressing no opinion as to the enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or misconduct of any indemnitee or the failure of any indemnitee to act in a commercially reasonable manner; (v) we are expressing no opinion as to the compliance of the Bond Documents or the offer and sale of the Bonds with any securities law or regulation; (vi) with the sole exception of those matters addressed in our opinion to our actual knowledge, we are expressing no opinion as to any federal or state securities laws, any environmental or health or safety laws, rules or regulations, or any county or municipal ordinances; and (vii) the term "actual knowledge" as used herein means solely the knowledge of attorneys in this firm who have performed services in respect of the transactions provided for by the documents referred to herein, including knowledge ascertained from our review of the Bond Documents, the Developer Documents, including the Developer Certificate, as well as the results of third-party searches of the records of the Arizona Federal District Court and the Pima County Superior Court concerning the Developer.

We are qualified to practice law only in the State of Arizona and, except for applicable Delaware limited liability company law, we do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona. With respect to the laws of the State of Arizona, our opinions are as to what the law is or might reasonably be expected to be at the date hereof, and we assume no obligation to revise or supplement this opinion due to any change in the law by legislative action, judicial decision or otherwise. Any opinion as to the enforceability of any document is limited to enforceability as between the original parties thereto. We do not render any opinion with respect to any matters other than those expressly set forth above.

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

Respectfully submitted,

EXHIBIT C

FORM OF OPINION OF COUNSEL TO PURCHASER

[LETTERHEAD OF SQUIRE, SANDERS & DEMPSEY L.L.P.]

[Closing Date]

RBC Capital Markets
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Ladies and Gentlemen:

This opinion is rendered pursuant to Section 6(e)(4) of the Purchase Contract, dated June 1, 2006 (the "*Purchase Contract*"), between you and Quail Creek Community Facilities District (the "*District*"), relating to your purchase from the District of its $12,660,000 General Obligation Bonds, Series 2006 (the "*Bonds*"), and as counsel to you solely for your use in connection with the issuance and sale of the Bonds to you by the District. Terms defined in the Purchase Contract, which are not defined in this letter, are utilized as defined in the Purchase Contract.

We have examined (a) executed counterparts of the Purchase Contract and the Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "*Indenture*"), between the District and Wells Fargo Bank, N.A., as trustee; (b) the Limited Offering Memorandum, dated June 1, 2006, relating to the Bonds (the "*Offering Memorandum*"); (c) the written undertakings of the District and the Developer (the "*Undertakings*") for the purposes of paragraph (b)(5)(i) of the Rule (as defined below); and (d) the Securities Act of 1933, as amended (the "*1933 Act*"), the Trust Indenture Act of 1939, as amended (the "*1939 Act*"), and the applicable rules, regulations and interpretations under those Acts. We have also examined certain other documents, including certificates, opinions and records (but did not review any minutes of the meetings of the District or the City other than those included in the transcript of proceedings for the Bonds), and we have made such investigations concerning applicable laws as we considered to be appropriate for the purpose of delivering this letter. For such purpose, we assume the authenticity of all original documents and the conformity to original documents of all copies of documents, the accuracy and completeness of all certificates and records as to factual matters, the authenticity of all signatures on documents and the legal capacity of signers to execute the documents.

Based on that examination and subject to the foregoing limitations, we are of the opinion that, under existing law, it is not necessary in connection with the primary offering and sale of the Bonds to the public to register the Bonds under the 1933 Act or to qualify the Indenture under the 1939 Act. For purposes of rendering the foregoing opinions, we have relied on the legal conclusions expressed by Greenberg Traurig, LLP, as Bond Counsel, as to the validity of the

Bonds and the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

In accordance with the terms of our engagement as your counsel, we have rendered legal advice and provided assistance to you in the course of your investigations pertaining to, and your participation in the preparation of, the Offering Memorandum. In addition to reviewing the documents referred to above, certain of our lawyers responsible for this matter participated in telephone conferences and meetings with representatives of the City, the District, the Developer, financial consultants to the City and the District, Greenberg Traurig, LLP, as Bond Counsel, and your representatives, concerning the contents of the Offering Memorandum and related matters. While we have not undertaken to verify independently, and are not expressing any view upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the contents of the Offering Memorandum, our lawyers responsible for this matter are not aware at present of any information that came to their attention in the course of the performance of the services referred to herein that leads us to believe that the Offering Memorandum (other than financial statements and other financial and statistical information and data contained therein and the information set forth in Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," Appendix D – "FORMS OF INVESTOR LETTERS," or Appendix F – "BOOK-ENTRY-ONLY SYSTEM," as to all of which we express no opinion or belief), as of its date or as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements made in the Offering Memorandum, in light of the circumstances under which they were made, not misleading.

We have also rendered legal advice and provided assistance to you as to the requirement of Rule 15c2-12, adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "*Rule*"), in connection with your review, for the purposes of paragraph (b)(5)(i) of the Rule, of the Undertakings. Based upon our examination of the items referenced in this opinion, including the Undertakings and the Rule, and subject to the limitations expressed above, we are of the opinion that, under existing laws, the Undertakings comply as to form in all material respects with the applicable requirements of the Rule. For purposes of rendering the foregoing opinion, we have relied upon the legal conclusions expressed by Greenberg Traurig, LLP, as Bond Counsel and Greenberg Traurig, LLP, as counsel to the Developer, as to the validity and enforceability against the District and the Developer of the Undertakings.

We have not investigated independently the accuracy of any legal conclusions upon which we have relied that are expressed by other counsel.

References in this letter to "our lawyers responsible for this matter" refer only those lawyers now with this Firm who rendered legal services in connection with our representation of you in this matter.

Our engagement with respect to the matters addressed in this letter is concluded upon the delivery of this letter. The views expressed in this letter are as of, and are based upon the law in effect on, the date of this letter. Those views may be affected by actions taken or omitted or events occurring after the date of this letter, and we assume no obligation to revise or supplement this

letter or to determine or to inform any person if such law changes or if any such actions are taken or omitted or any such events occur.

This letter is furnished solely for your benefit in connection with your purchase of the Bonds, and this letter may not, without our prior express consent, be used, circulated, quoted or otherwise referred to (except in lists or sets of closing documents), or be relied upon by any other person or for any other purpose.

Respectfully submitted,

LIMITED OFFERING MEMORANDUM

NEW ISSUE - FULL BOOK-ENTRY-ONLY FORM **NOT RATED**

In the opinion of Bond Counsel, assuming compliance with certain tax covenants by the District and relying on certain representations of Robson Ranch Quail Creek, LLC (the "Developer") with respect to the development of property within the District, interest on the Bonds will be excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, see "TAX MATTERS" herein for a description of the federal alternative minimum tax on corporations and certain other federal tax consequences of ownership of the Bonds. Bond Counsel is further of the opinion that, if the foregoing is the case, the interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona.

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

Dated: Date of Delivery **Due: As shown below**

Interest Payment Dates: January 15 and July 15 of each year, commencing January 15, 2007

The Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006 (the "*Bonds*") are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended, and an election held in and for Quail Creek Community Facilities District (the "*District*"), a community facilities district formed within the boundaries of the Town of Sahuarita, Arizona (the "*Town*"), held on November 8, 2005, and will be issued pursuant to a Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "*Indenture*"), from the District to Wells Fargo Bank, N.A., as trustee, and a resolution of the district board of the District. The Bonds will be payable as to both principal and interest from *ad valorem* taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount. Debt service with respect to the Bonds will also be payable from (i) amounts payable pursuant to a Series 2006 Standby Contribution Agreement, dated as of June 1, 2006 (the "*Standby Contribution Agreement*"), as described herein, and (ii) an amount to be held under certain circumstances pursuant to a Series 2006 Depository Agreement, dated as of June 1, 2006 (the "*Depository Agreement*"), and which is not subject to replenishment and will be reduced from time to time under certain circumstances, all as described herein. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein. The Standby Contribution Agreement and the Depository Agreement will be terminated, in each case, under certain circumstances described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "RISK FACTORS" herein.

As they will be in book-entry-only form, purchasers will not receive definitive certificates with respect to the Bonds. So long as any purchaser is the beneficial owner of a Bond, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant (defined herein) to receive payment of principal of and premium, if any, and interest on such Bond. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds will be subject to optional and mandatory redemption by the District prior to maturity as described herein.

Proceeds of the sale of the Bonds will be used: (i) to pay costs of acquisition and construction of certain public infrastructure benefiting the District, (ii) to pay interest coming due on the Bonds on January 15, 2007 and July 15, 2007, and (iii) to pay costs of issuance relating to the Bonds.

The Bonds are not being sold in a public offering. The Bonds may be purchased by Qualified Investors (defined herein) only and, except as described herein, will be transferable to Qualified Investors only. See "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS" herein.

Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "RISK FACTORS" herein.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, OR THE STATE OF ARIZONA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Limited Offering Memorandum in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds.

MATURITY SCHEDULE

$1,375,000 4.85% Term Bonds due July 15, 2012 – Price 100%

$1,665,000 5.15% Term Bonds due July 15, 2016– Price 100%

$9,620,000 5.55% Term Bonds due July 15, 2030 – Price 100%

The Bonds are offered when, as and if issued and subject to the approval of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel. Certain matters will be passed upon for the Underwriter by its counsel, Squire, Sanders & Dempsey L.L.P., Phoenix, Arizona, and the Developer by Greenberg Traurig, LLP, Phoenix, Arizona. It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of DTC on or about June 21, 2006.

RBC CAPITAL MARKETS

Dated: June 1, 2006

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

DISTRICT BOARD

Charles Oldham, *Chairperson*

Marty Moreno, *Vice Chairperson*

Phil Conklin, *Member*

Lynn Skelton, *Member*

John Stuckey, *Member*

John J. Sullivan, *Member*

Joseph Taylor, *Member*

DISTRICT ADMINISTRATIVE STAFF

James Stahle
District Manager

A.C. Mariotti
District Treasurer

Daniel J. Hochuli
District Counsel

Sandra Olivas
District Clerk

FINANCIAL ADVISOR

Stone & Youngberg LLC
Phoenix, Arizona

BOND COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

TRUSTEE

Wells Fargo Bank, N.A.
Phoenix, Arizona

THIS LIMITED OFFERING MEMORANDUM, WHICH INCLUDES THE COVER PAGE AND THE APPENDICES HERETO, SHOULD BE CONSIDERED IN ITS ENTIRETY, AND NO ONE SUBJECT SHOULD BE CONSIDERED LESS IMPORTANT THAN ANOTHER BY REASON OF LOCATION IN THE TEXT. BRIEF DESCRIPTIONS OF THE BONDS, THE INDENTURE, THE STANDBY CONTRIBUTION AGREEMENT, THE DEPOSITORY AGREEMENT, THE BOND RESOLUTION, THE SECURITY FOR THE BONDS, THE DISTRICT, THE DEVELOPER AND THE PUBLIC INFRASTRUCTURE (AS SUCH TERMS ARE DEFINED HEREIN) AND OTHER INFORMATION ARE INCLUDED IN THIS LIMITED OFFERING MEMORANDUM. SUCH DESCRIPTIONS DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES HEREIN TO THE BONDS, THE INDENTURE, THE BOND RESOLUTION, THE STANDBY CONTRIBUTION AGREEMENT, THE DEPOSITORY AGREEMENT AND ANY OTHER DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS, COPIES OF WHICH MAY BE OBTAINED FROM RBC DAIN RAUSCHER INC., DOING BUSINESS UNDER THE TRADE NAME RBC CAPITAL MARKETS (THE "*UNDERWRITER*"), AT SUITE 700, 2398 EAST CAMELBACK ROAD, PHOENIX, ARIZONA 85016.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT, THE DEVELOPER AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS THE PROMISE OR GUARANTEE OF THE UNDERWRITER. THIS LIMITED OFFERING MEMORANDUM CONTAINS, IN PART, ESTIMATES AND MATTERS OF OPINION THAT ARE NOT INTENDED AS STATEMENTS OF FACT, AND NO REPRESENTATION IS MADE AS TO THE CORRECTNESS OF SUCH ESTIMATES AND OPINIONS OR THAT THEY WILL BE REALIZED. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF *AD VALOREM* PROPERTY TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IN THIS LIMITED OFFERING MEMORANDUM IS INTENDED TO SHOW RECENT HISTORICAL INFORMATION AND, EXCEPT AS EXPRESSLY STATED OTHERWISE, IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE SHOWN BY SUCH INFORMATION WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS LIMITED OFFERING MEMORANDUM: "THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION."

ANY STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM INVOLVING MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO STATED, ARE INTENDED AS SUCH AND NOT AS REPRESENTATIONS OF FACT. THIS LIMITED OFFERING MEMORANDUM IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE DISTRICT OR THE UNDERWRITER AND THE PURCHASERS OR HOLDERS OF ANY OF THE BONDS.

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR THE DEVELOPER WITH RESPECT TO THE STANDBY

CONTRIBUTION AGREEMENT OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN SINCE THE DATE OF THIS LIMITED OFFERING MEMORANDUM.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITER TO GIVE INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THIS LIMITED OFFERING MEMORANDUM, WHICH INCLUDES THE COVER PAGE AND THE APPENDICES HERETO, DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE DISTRICT AND THE DEVELOPER, AS THE OBLIGATED PERSONS PURSUANT TO THE CONTINUING DISCLOSURE UNDERTAKINGS, WILL COVENANT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM UNDER THE HEADING "CONTINUING DISCLOSURE" AND IN APPENDIX E – "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS," PURSUANT TO RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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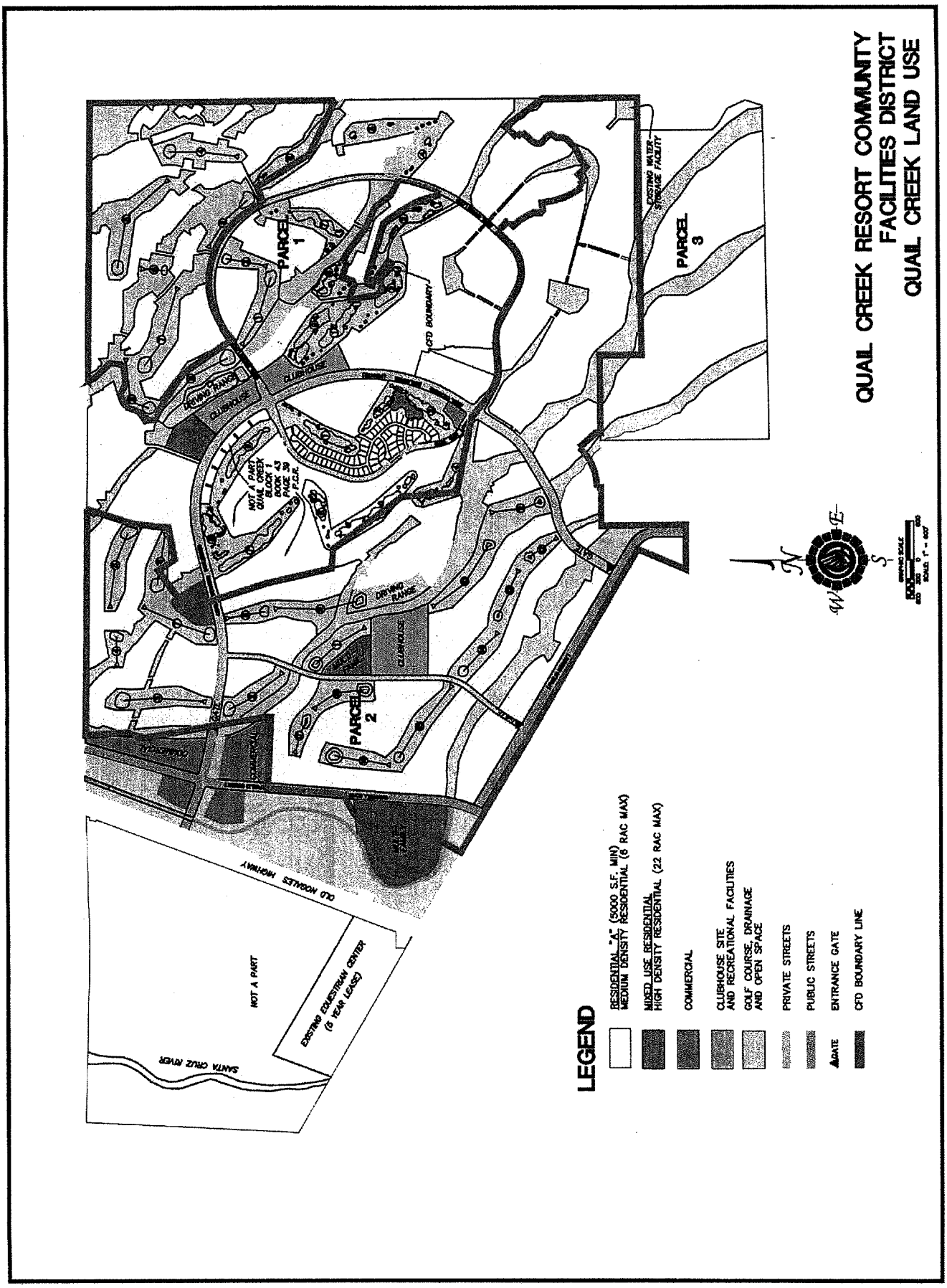
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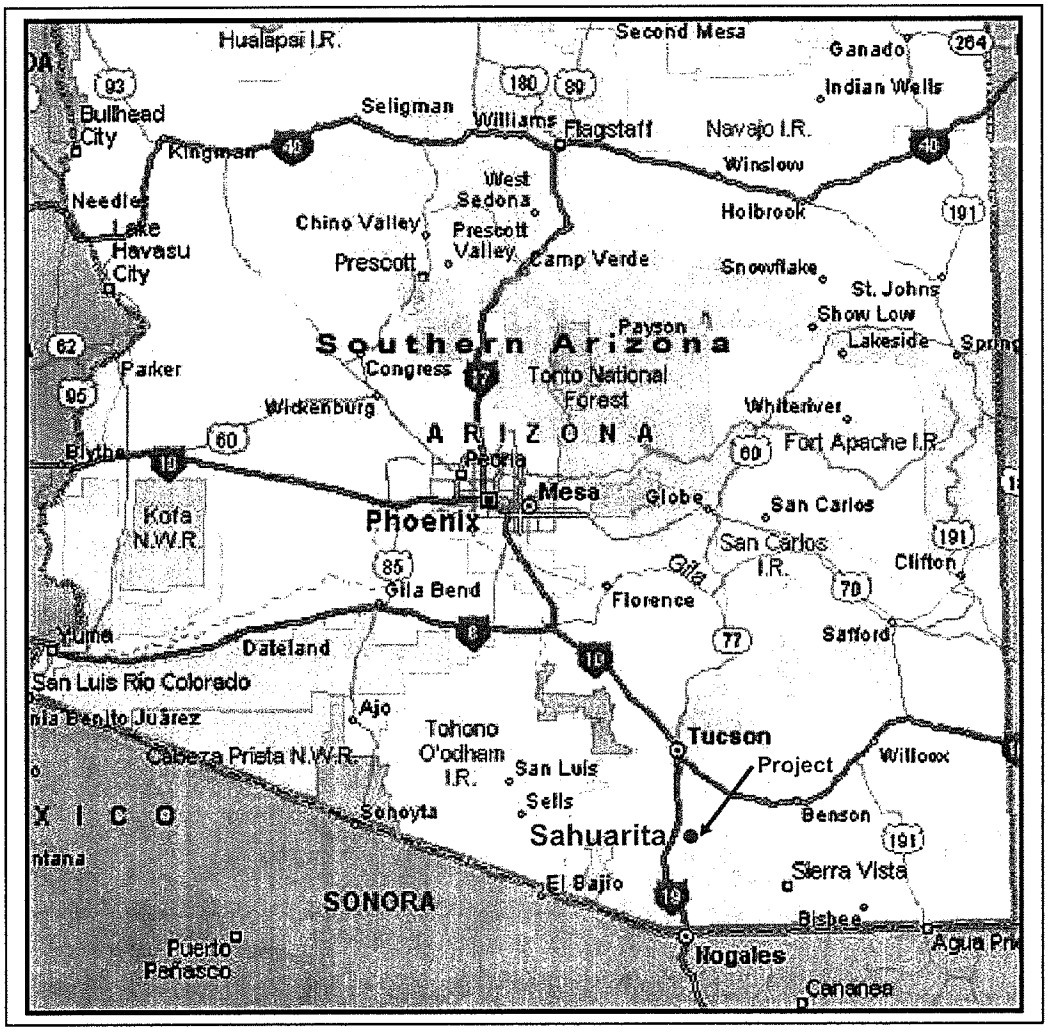
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LAND USE MASTER PLAN OF DISTRICT



MAP SHOWING LOCATION OF DISTRICT IN CONTEXT OF SURROUNDING AREA



$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

INTRODUCTORY STATEMENT

This Limited Offering Memorandum, which includes the cover page and the appendices hereto, provides certain information concerning the issuance of Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006 (the "*Bonds*"), in the aggregate principal amount of $12,660,000. Certain capitalized terms not defined in the text of this Limited Offering Memorandum are defined in Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions of Certain Terms."

The Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*"), was enacted to provide a method of financing (including through the issuance by the District (defined below) of general obligation bonds) certain "public infrastructure purposes" (as such term is defined in the Enabling Act) relating to a community facilities district. As provided by, and with the limitations set forth in, the Enabling Act, once formed, a community facilities district is a legally constituted municipal corporation and political subdivision within defined boundaries.

Pursuant to the Enabling Act and in response to a petition by all of the "owners" of land therein, the Council (the "*Town Council*") of the Town of Sahuarita, Arizona (the "*Town*"), formed Quail Creek Community Facilities District (the "*District*") on September 12, 2005. Such petition was filed at the direction of Robson Ranch Quail Creek, LLC, a Delaware limited liability company (the "*Developer*"). At the time of formation of the District, all of the land within the boundaries of the District (the "*District Land*") was held in a trust (the "*Subdivision Trust*") created pursuant to the Trust Agreement, dated as of July 26, 1999 (the "Trust Agreement"), by and between Lawyers Title of Arizona, an Arizona Corporation, as trustee, and the Developer, as beneficiary. See Appendix A – "INFORMATION REGARDING THE TOWN OF SAHUARITA, ARIZONA" for certain information about the Town, "THE DISTRICT" for a description of the District and "LAND DEVELOPMENT BY THE DEVELOPER" for a description of the Developer.

Among other things, pursuant to a District Development, Financing Participation and Intergovernmental Agreement, dated September 1, 2005 (the "Development Agreement"), among the Town, the District and the Developer, the District is intended to provide the vehicle for financing certain public infrastructure necessary for development of the land within the boundaries of the District. See "LAND DEVELOPMENT BY THE DEVELOPER."

Pursuant to the results of the Election (defined below under "THE BONDS – Authority and Election"), the District has the authority to issue general obligation bonds in an aggregate principal amount of not to exceed $30,000,000, in one or more series, payable from *ad valorem* taxes (without limitation as to rate or amount) levied on all taxable property within the boundaries of the District and may also secure such bonds from other sources described in the Enabling Act, including amounts available from sources such as the hereinafter described Standby Contribution Agreement and Depository Agreement.

The Bonds are being issued in order to finance the costs to acquire and construct certain public infrastructure within the boundaries of the District. See "THE PUBLIC INFRASTRUCTURE" and "SOURCES AND APPLICATIONS OF FUNDS."

After the Bonds are issued, State law requires that the district board of the District (the "*Board*") annually levy, and cause to be collected, an *ad valorem* tax, at the same time and in the same manner as other such taxes are levied and collected, on all taxable property in the District, sufficient, together with any moneys from the sources described in the Enabling Act and available pursuant to the Indenture, including the hereinafter described Standby Contribution Agreement and Depository Agreement, to pay Debt Service (whether at maturity or prior redemption). See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS- *Ad Valorem* Property Taxation in the District" and "RISK FACTORS."

In addition to the levy of *ad valorem* property taxes for the payment of Debt Service, pursuant to the results of the Election, the District also is authorized to levy and collect an *ad valorem* tax at a tax rate of not to exceed $0.30 per $100 of secondary assessed valuation on all taxable property within the boundaries of the District for operation and maintenance expenses of the District (the "*Operation and Maintenance Tax*").

For each year until the Bonds are paid or otherwise provided for, the Board will levy and cause to be collected an *ad valorem* tax on all taxable property within the boundaries of the District (which does not include the Operation and Maintenance Tax), sufficient, with moneys, if any, available pursuant to the Series 2006 Standby Contribution Agreement, dated as of June 1, 2006 (the "*Standby Contribution Agreement*"), by and among the District, the Developer and Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), to pay Debt Service. The Standby Contribution Agreement will be terminated under certain circumstances. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Standby Contribution Agreement."

Simultaneously with the delivery of the Bonds, the Developer will have established with the Letter of Credit Bank the Initial Letter of Credit for the benefit of the District and in favor of Wells Fargo Bank, N.A., as depository (the "*Depository*"), in the stated amount of $5,500,000 to be held pursuant to the Series 2006 Depository Agreement, dated as of June 1, 2006 (the "*Depository Agreement*"), by and between the District and the Depository. The draw upon the Letter of Credit in its then stated amount will be available to pay Debt Service if there has been levied and assessed an *ad valorem* tax of at least $3.00 per $100 of secondary assessed valuation (which does not include the Operation and Maintenance Tax) on all taxable property within the boundaries of the District and amounts to pay Debt Service are not available pursuant to the Standby Contribution Agreement. The amount to be held pursuant to the Depository Agreement as a result of the draw upon the Letter of Credit will not be subject to replenishment if applied as described hereinabove, nor will the Letter of Credit be subject to reinstatement; the Depository Agreement will be subject to termination, and the Letter of Credit will be subject to reduction from time to time, under certain circumstances. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Depository Agreement."

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, THE STATE OF ARIZONA (THE "*STATE*"), OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS

Beneficial interests with respect to the Bonds are not being sold in a public offering for all purposes of, and as required by, the Act, but are being offered to, and may be purchased only by, Qualified Investors. As used herein, "*Qualified Investor*" means any purchaser of such an interest through a broker/dealer which is either (A) a "sophisticated municipal market professional" (as such term is interpreted by and applied to the rules of the Municipal Securities Rulemaking Board) which is buying an interest of a principal amount of $100,000 or more or (B) providing a qualified investor letter in the form attached hereto as Appendix D-1. A letter in the form set forth in Appendix D-1 must be provided by all Qualified Investors described in clause (B) hereinabove in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds and by any transferee not described in clause (A) hereinabove upon any transfer of any beneficial interest in a Bond after the initial sale and delivery of the Bonds. Qualified Investors described in clause (A) hereinabove must provide a qualified investor letter in the form set forth in Appendix D-2 only in connection with investment as part of the initial sale and delivery of the Bonds prior to any such investment in the Bonds.

Prior to either (i) the District being informed that the Bonds have one of the four highest investment grade ratings from a Rating Agency and written approval of the Board or (ii) the Bonds being defeased pursuant to the terms of the hereinafter described Indenture, beneficial interests in the Bonds will be transferable only to Qualified Investors and under the terms and conditions described hereinabove. Any owner of a beneficial interest in a Bond by its acceptance of such interest agrees that it will not transfer such interest to a person other than a Qualified Investor and under the terms and conditions described hereinabove.

THE BONDS

Authority and Election

The Bonds are authorized pursuant to the Enabling Act and a vote of the owners of land in the District at a special bond election held in and for the District on November 8, 2005 (the "*Election*"), pursuant to which the District has been authorized to incur general obligation bonded indebtedness in an amount not to exceed $30,000,000 in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds, and will be issued pursuant to a resolution adopted by the Board on May 8, 2006 (the "*Bond Resolution*"), and the Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "*Indenture*"), from the District to the Trustee. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." The Bonds will be the first series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, $17,340,000 aggregate principal amount of bonds will remain authorized but unissued. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS- *Ad Valorem* Property Taxation in the District – *Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding*" and "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

General Description

The Bonds will be dated as of the date of their initial delivery and will mature and bear interest as set forth on the cover page of this Limited Offering Memorandum.

Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing January 15, 2007 (each such date an "*Interest Payment Date*"). The Bonds will bear interest

from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the date of their initial delivery, calculated on the basis of a 360-day year of twelve 30-day months.

Beneficial ownership interests may be purchased through the facilities of The Depository Trust Company, New York, New York ("*DTC*"), in the book-entry-only form described herein in amounts of $100,000 of principal amount and integral multiples of $5,000 in excess thereof. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM." After elimination of the restrictions described under the heading "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS," beneficial ownership interests may be purchased in amounts of $5,000 of principal amount and integral multiples thereof.

Redemption Provisions

Optional Redemption. The Bonds will be subject to redemption at the option of the District as a whole or from time to time in part on July 15, 2016 or any date thereafter (each a "*Redemption Date*") upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without premium.

Mandatory Redemption. The Bonds maturing will be redeemed on the following Redemption Dates and in the following amounts upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without premium:

Term Bond Maturing
July 15, 2012

Redemption Date (July 15)	Principal Amount Redeemed
2009	$320,000
2010	335,000
2011	350,000
2012 (maturity)	370,000

Term Bond Maturing
July 15, 2016

Redemption Date (July 15)	Principal Amount Redeemed
2013	$385,000
2014	405,000
2015	425,000
2016 (maturity)	450,000

Term Bond Maturing
July 15, 2030

Redemption Date (July 15)	Principal Amount Redeemed
2017	$470,000
2018	500,000
2019	525,000
2020	555,000
2021	585,000
2022	620,000
2023	655,000
2024	690,000
2025	725,000
2026	770,000
2027	810,000
2028	855,000
2029	905,000
2030 (maturity)	955,000

Selection of Bonds for Redemption. In case of any redemption at the election of the District of less than all of the Bonds Outstanding, the District will, at least 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 Stated Maturities and principal amounts of Bonds to be redeemed. If less than all the Bonds Outstanding of a Stated Maturity of the Bonds are to be redeemed, the particular Bonds of such Stated Maturity of the Bonds to be redeemed will be selected not more than 45 days prior to the Redemption Date by the Trustee from the Bonds Outstanding that have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and that may provide for the selection for redemption of portions (equal to $5,000 of principal amount or an integral multiple thereof) of the principal of Bonds of a denomination larger than the authorized denomination of that Bond.

Notice of Redemption. Notice of redemption will be given by the Trustee, not less than 30 days nor more than 60 days prior to the Redemption Date, to DTC. Neither the failure to mail any such notice, nor any defect in any notice so mailed, will affect the sufficiency of such notice or the redemption otherwise effected by such notice.

Effect of Redemption. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed will, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the District shall default in the payment of the Redemption Price) such Bonds will cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond will be paid by the District at the Redemption Price, but solely from the sources provided therein.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

After the Bonds are issued, State law requires that the Board annually levy, and cause to be collected, an *ad valorem* tax, at the same time and in the same manner as other such taxes are levied and

collected, on all taxable property in the District, sufficient, together with any amounts from the sources described in the Enabling Act and available pursuant to the Indenture, to pay Debt Service (whether at maturity or prior redemption). Amounts derived from the levy of such tax when collected constitute funds to pay Debt Service and will be deposited in the Tax Account of the Bond Fund and kept separately from other funds of the District. (It is anticipated by the District and the Developer that the District will need to levy an *ad valorem* tax at a rate of $3.00 per $100 of secondary assessed valuation on all taxable property within the boundaries of the District for the payment of Debt Service, which is separate from the Operation and Maintenance Tax, and that any additional amounts needed to pay Debt Service will be paid pursuant to the Standby Contribution Agreement as hereinafter described.) With respect to *ad valorem* property taxes, issues of general obligation bonds of the District that may be issued in the future will be payable from such taxes on the same basis as the Bonds. (The District and the Trustee have acknowledged pursuant to the Indenture that the Bonds and any other general obligation bonds of the District hereafter issued will be payable on a parity basis with respect to the collection and application of property tax revenues of the District and that such property taxes will be allocated to each series of general obligation bonds in accordance with any debt service then due and, in either case, taking into account other funds held by the District for such payment. Property tax revenues allocated for any series of bonds will be deposited into the applicable fund or account set aside for such series.) See "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

Debt Service also will be payable from amounts paid pursuant to the Standby Contribution Agreement, which amounts will be paid to the Trustee at the times and for the period set forth in the Standby Contribution Agreement. The Standby Contribution Agreement may be terminated under certain circumstances prior to the final maturity of the Bonds. See "-- The Standby Contribution Agreement" below. The full amount of Debt Service due on January 15, 2007 and July 15, 2007 will be paid from proceeds of the sale of the Bonds. It is expected that thereafter, based on anticipated development as described herein under the heading "LAND DEVELOPMENT BY THE DEVELOPER – Land Development," the amount of *ad valorem* taxes to be collected from year to year at a tax rate of $3.00 per $100 of secondary assessed valuation on all taxable property then within the boundaries of the District will, each year, pay an increasing amount of Debt Service and ultimately will be sufficient alone to pay Debt Service.

In the event the Developer fails to pay amounts due pursuant to the Standby Contribution Agreement, Debt Service also will be payable from the then stated amount of the Letter of Credit which will be drawn and held pursuant to the Depository Agreement and then paid to the Trustee for such purpose at the times and in the amounts set forth in the Depository Agreement. The Depository Agreement will be terminated, and the Letter of Credit will be subject to reduction from time to time, under certain circumstances prior to the final maturity of the Bonds. See "-- The Depository Agreement" below. **The amounts available to be held pursuant to the Depository Agreement will not be subject to replenishment from any sources if such amounts are applied as described hereinabove; the Letter of Credit will not be subject to reinstatement.**

Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "RISK FACTORS."

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

Ad Valorem Property Taxation in the District

General. The State has two different valuation bases for levying *ad valorem* property taxes. They are "limited property" and "full cash value." Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) that is multiplied by the limited or full cash values of the property to obtain the assessed valuations. See "-- *Assessment Ratios*" below.

Primary Taxes. Taxes levied against the assessed limited property value (after application of the assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. Limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

(a) The limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use are established at the previous year's limited property value increased by the greater of either ten percent of the previous year's limited property value or 25 percent of the difference between the previous year's limited property value and the current year's full cash value.

(b) The limited property value for parcels that underwent modification through construction, destruction or change in use, and for new parcels, is established by applying a ratio of the full cash to limited property values of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city/town and community college district is constitutionally limited to a maximum increase of two percent over the previous year's levy limit plus any taxes on property not subject to tax in the previous year (e.g., new construction and property brought into the jurisdiction because of annexation). The two percent limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal property are the same. Primary taxes on owner-occupied residential property only are constitutionally limited to one percent of the full cash value of such property. (To offset the effects of the one percent limitation, a tax equalization program has been instituted for school equalization purposes. This program required the counties to levy a tax of $0.4358 per $100 of assessed value under the primary system for fiscal year 2005-2006.)

Secondary Taxes. Taxes levied against the assessed value (after application of the assessment ratio to full cash value) are referred to as secondary taxes, which are used for debt retirement (including debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts (including maintenance and operation expenses of the District). There is no limitation on the annual increases in full cash value of any property, and annual levies for voter-approved bond indebtedness and special district assessments are unlimited.

Determination of Full Cash Value. The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Most property is valued by the various county assessors, including for Pima County, Arizona (the "*County*"), the county in which the District is located, the County Assessor for the County (the "*Assessor*"), with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as prescribed by statute" or, if no statutory method is prescribed, it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally include the market approach, the cost approach and the income approach. As a general matter, the Assessor uses a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the Assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

County assessors, upon meeting certain conditions, may value residential, agricultural and vacant land at the same full cash valuation for up to three years. The Assessor currently values existing properties on a two-year cycle.

Arizona law provides for a property valuation "freeze" for certain residential property owners 65 years of age and older. Owners of residential property may obtain such a freeze against valuation increases (the "*Property Valuation Protection Option*") if the owner's total income from all sources does not exceed 400 percent (500 percent for two or more owners of the same property) of the "Social Security Income Benefit Rate." The property owner must apply for the Property Valuation Protection Option and, if approved by the Assessor, must renew the application every three years. If the property is sold to a person who does not qualify for the Property Valuation Protection Option, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Assessment Ratios. The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. The current assessment ratios for each class of property are set forth in Table 1.

TABLE 1
PROPERTY TAX ASSESSMENT RATIOS

Property Classification (a)	Assessment as Percent of Full Cash Value
Mining, Utility, Commercial and Industrial (b)	24.5%
Agricultural and Vacant Land (b)	16.0
Owner Occupied Residential	10.0
Leased or Rented Residential	10.0
Railroad, Private Car Company and Airline Flight Property (c)	N/A

(a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.

(b) The first $57,632 of full cash value for commercial, industrial and agricultural personal property is not subject to taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of such amount will be assessed at 24.5 percent or 16 percent, as applicable. Effective December 31, 2005, the assessment ratio on mining, utility, commercial and industrial property was reduced to 24.5%. Additionally, this rate will be decreased by one-half of one percent annually through 2014, resulting in an assessment ratio of 20% from and after December 31, 2014.

(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Collection. On or before the third Monday in August of each year based on valuation as of that date, the District will (i) fix, levy and assess the amount to be raised from *ad valorem* property taxes that, together with the amount estimated to be available from all other sources of revenue and any unencumbered balances from the previous fiscal year, will equal the total of amounts proposed to be expended in the budget for the current fiscal year and (ii) fix and determine the necessary *ad valorem* property tax rates for the District. For such purpose, on or before each such third Monday in August, and after review of such amount and rate for compliance with any applicable statutory and constitutional limitations by the property tax oversight commission of the State, an assessment and tax roll must be delivered to the County Treasurer of the County (the "*Treasurer*"). The Assessor of the County may, however, change such roll any time before December 20 of such year. *Any decrease in the value of the roll so established in December from the value used on the immediately preceding third Monday in August could reduce the aggregate amount of taxes to be collected by the District.*

The *ad valorem* property taxes levied and assessed by the District pursuant to the assessment and tax roll delivered to the Treasurer are billed along with State and County *ad valorem* property taxes and are due and payable in two equal installments on October 1 of that calendar year and on March 1 of the subsequent calendar year. The two *ad valorem* property tax installments become delinquent and begin to accrue interest at the rate of 16 percent per annum simple interest prorated monthly on November 1 of that calendar year and May 1 of the subsequent calendar year, respectively. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31 of such calendar year.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year, subject to the possible exception of *ad valorem* property taxes levied against the real property of a property owner in bankruptcy. Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale. An *ad valorem* property tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property upon which the *ad valorem* property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale, and the sale of the tax lien for delinquent *ad valorem* property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept less than 16 percent per annum, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay in cash at the time of sale a purchase price equal to the amount of taxes, interest and penalties due on the property. If the lien is assigned to the State, the *ad valorem* property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent *ad valorem* property taxes levied by the District should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered by the District within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

It is anticipated that the District's semiannual payments of Debt Service will be funded with installments of tax payments collected on or about the immediately preceding tax payment date together with any funds available from any other sources, including amounts, if any, available from the Standby Contribution Agreement. If, for any reason, a material portion of the *ad valorem* property taxes due and payable to the District are not paid in a timely manner, the payment of Debt Service could be delayed. It cannot be determined with any certainty when delinquent *ad valorem* property taxes could be collected and available for the payment of Debt Service and what impact such delay could have on the secondary market for the Bonds. **See "RISK FACTORS - Availability of Standby Contribution Agreement Amounts," "- Assessed Valuation of Property," "- Direct and Overlapping Indebtedness" and "- Bankruptcy and Foreclosure Delays."**

Property Valuations. The District was formed after the deadline established by applicable law in order to be eligible to levy taxes due in the 2006 tax year. Consequently, the full cash value and secondary assessed value of taxable property within the boundaries of the District are not yet available from the Assessor for the District as a separate taxing jurisdiction. (Such values will be available from the Assessor for the District as a separate taxing jurisdiction beginning in tax year 2007.) The Developer has estimated the full cash value and secondary assessed value based on existing tax bills for parcels included within the District (the "*Developer Values*"), as shown in the tables below. The Developer Values are substantially lower than the current estimated market value of the parcels because most of the land within the District is currently categorized as unimproved grazing land for tax purposes.

TABLE 2
ESTIMATE OF VALUES

Fiscal Year	Full Cash Value	Secondary Assessed Value
2005-2006	$4,045,506	$639,462

Source: The Developer.

See "RISK FACTORS – Concentration of Ownership; Subsequent Transfer."

Net Secondary Assessed Valuation by Property Classification. The Developer believes that the secondary assessed valuation for the land within the District is classified as follows:

TABLE 3
ESTIMATE OF SECONDARY ASSESSED VALUE BY PROPERTY CLASSIFICATIONS

Description	Net Secondary Assessed Valuation 2005-2006	2005-2006 Percent of Total
Mining	N/A	0.0%
Utility	N/A	0.0
Commercial and Industrial	N/A	0.0
Agricultural and Vacant Land (a)	$639,462	100.0
Owner Occupied Residential	N/A	0.0
Leased or Rented Residential	N/A	0.0
Railroad, Private Car Company & Airline Flight Property	N/A	0.0
Total	$639,462	100.0%

(a) Most of the land within the boundaries of the District is categorized as grazing land, which is included within agricultural land but is valued substantially lower than other agricultural land and vacant land.

Source: The Developer.

See also in this respect the discussion under "LAND DEVELOPMENT BY THE DEVELOPER" and "RISK FACTORS – Concentration of Ownership; Subsequent Transfer."

Net Secondary Assessed Valuation of Major Taxpayer. Based on the Developer Values, the Developer has indicated that with respect to the current tax year, the Developer is the only property taxpayer located within the District.

TABLE 4
ESTIMATED TAXPAYER VALUES

Taxpayer	2005-2006 Secondary Assessed Valuation	As Percent of District's 2005-2006 Net Secondary Assessed Valuation
Lawyers Title	$639,462	100.0%

Source: The Developer.

See "LAND DEVELOPMENT BY THE DEVELOPER" and "RISK FACTORS – Concentration of Ownership; Subsequent Transfer."

Record of Taxes Levied and Collected in the District. Under State law, the Board of Supervisors of the County is required to levy a tax in an amount sufficient to provide for Debt Service. With respect to the District, certain amounts are available (as described below) that will be used to offset the amount otherwise needed for Debt Service. Property taxes are levied and collected on property within the District and certified by the Treasurer on behalf of the District. The first levy of taxes with respect to the District will occur in August 2007 and will be delinquent on November 1, 2007 and May 1, 2008. (Since the beginning of its ownership, the Developer paid, without default, all such taxes due with respect to the property now included within the boundaries of the District.)

Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding. The District will have the following annual debt service requirements after the issuance of the Bonds:

TABLE 5
DEBT SERVICE FOR THE BONDS

Year Ending (July 15)	Principal	Interest	Annual Debt Service Requirements
2007	---	$ 732,101	$ 732,101
2008	---	686,345	686,354
2009	$320,000 (a)	686,345	1,006,345
2010	335,000 (a)	670,825	1,005,825
2011	350,000 (a)	654,578	1,004,578
2012	370,000	637,603	1,007,603
2013	385,000 (b)	619,658	1,004,658
2014	405,000 (b)	599,830	1,004,830
2015	425,000 (b)	578,973	1,003,973
2016	450,000	557,085	1,007,085
2017	470,000 (c)	533,910	1,003,910
2018	500,000 (c)	507,825	1,007,825
2019	525,000 (c)	480,075	1,005,075
2020	555,000 (c)	450,938	1,005,938
2021	585,000 (c)	420,135	1,005,135
2022	620,000 (c)	387,668	1,007,668
2023	655,000 (c)	353,258	1,008,258
2024	690,000 (c)	316,905	1,006,905
2025	725,000 (c)	278,610	1,003,610
2026	770,000 (c)	238,373	1,008,373
2027	810,000 (c)	195,638	1,005,638
2028	855,000 (c)	150,683	1,005,683
2029	905,000 (c)	103,230	1,008,230
2030	955,000	53,003	1,008,003

Prepared by RBC Capital Markets, the Underwriter.

(a) Represents mandatory sinking fund amounts for term bond due July 15, 2012.
(b) Represents mandatory sinking fund amounts for term bond due July 15, 2016.
(c) Represents mandatory sinking fund amounts for term bond due July 15, 2030.

The Standby Contribution Agreement

Pursuant to the Standby Contribution Agreement, in any Fiscal Year prior to termination of the Standby Contribution Agreement, so long as the District has, with respect to any Interest Payment Date occurring on January 15, levied for that Fiscal Year a tax rate of at least $3.00 per $100 of secondary assessed valuation and, with respect to any Interest Payment Date occurring on July 15, levied such tax rate for the immediately preceding Fiscal Year (provided, however, that the tax rate in any such Fiscal Year for such purpose may be less than $3.00 if the Board expected that such lower rate would produce secondary *ad valorem* property tax revenues sufficient to pay in full Debt Service and the Depository Agreement has been, or is in the process of being, terminated pursuant to its terms), the Developer will be obligated to pay to the Trustee on each October 12 prior to a January 15 Interest Payment Date and on each April 11 prior to a July 15 Interest Payment Date the amount equal to the amount estimated by the Trustee to be the difference between one-half of the aggregate amount due as Debt Service on the next January 15 and July 15 and one-half of the tax revenues for such year expected to be produced at such tax rate based on the then current secondary assessed valuation of taxable property in the District (assuming a five percent delinquency factor) less the amount then held in the Tax Account of the Bond Fund for such purpose. As provided in the Indenture, the Trustee will submit a request for payment under the Standby Contribution Agreement for such moneys to be used to pay Debt Service. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Funds -- Bond Fund." The Standby Contribution Agreement allows for submission of an additional request for payment under the Standby Contribution Agreement immediately before payment of Debt Service if any shortfall arises after the initial request.

The Standby Contribution Agreement will terminate upon the earlier of (i) the payment of or the provision for the payment in full of all of the Bonds Outstanding or (ii) receipt by the District Manager of evidence satisfactory to the District Manager that, for any consecutive three Fiscal Years (the first of which may not be sooner than the first Fiscal Year after the Depository Agreement has been terminated), a tax rate of $3.00 per $100 of secondary assessed valuation of property within the boundaries of the District for each such Fiscal Year would have been sufficient to pay maximum annual debt service with respect to the Bonds for any subsequent Fiscal Year plus the historical, annual, average of amounts necessary for payment of administrative expenses relating to the Bonds as of such Fiscal Year. Such evidence will consist of a written projection, prepared by the District Manager upon a written request of the Developer, that is based upon the application of such secondary tax rate in light of the actual secondary assessed valuation of the property within the boundaries of the District for each such Fiscal Year, assuming a delinquency factor equal to the greater of five percent or the historic, average, annual percentage delinquency factor for the District as of such Fiscal Year and without credit for any fund balances or investment income accruing during such Fiscal Year. After receipt of proof that such condition has been satisfied, the Board will approve in writing the termination of the Standby Contribution Agreement, such approval not to be withheld unreasonably. See "RISK FACTORS - Bankruptcy and Foreclosure Delays."

Upon the occurrence of any failure to pay amounts due pursuant to the Standby Contribution Agreement, the Trustee will proceed directly against the Developer under the Standby Contribution Agreement without proceeding against or exhausting any other remedies which it may have against the District, or any other person, firm or corporation and without resorting to any other security held by the District or the Trustee for the amounts so due. Before taking any such action, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses and to protect against all liability, except liability that is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

The Depository Agreement

Simultaneously with the delivery of the Bonds, the Developer will have established with the Letter of Credit Bank the Initial Letter of Credit for the benefit of the District and in favor of the Depository in the stated amount of $5,500,000. After 400 building permits have been issued within the boundaries of the District and the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to the retail purchasers thereof, then on February 15 of each year thereafter, if the secondary assessed valuation of property within the boundaries of the District used to levy taxes during the preceding August exceeded that used in the prior August, the difference between the maximum annual debt service for the Bonds and the Discounted Tax Revenues shall be calculated by the District Manager and the face amount of the Letter of Credit shall be subject to automatic reduction in face amount to an amount equal to three (3) times such difference.

To the extent described in and pursuant to the terms of the Depository Agreement, the draw upon the Letter of Credit in the then stated amount (the "*Draw*") will, if made, be held by the Depository pursuant to the Depository Agreement and will be paid over to the Trustee in amounts necessary to supplement *ad valorem* property tax revenues of the District for the payment of Debt Service if amounts are not available for such purpose pursuant to the Standby Contribution Agreement. See "-- The Standby Contribution Agreement" above. To be able to make the Draw to have such amounts available pursuant to the Depository Agreement for the payment of such Debt Service before the Depository Agreement is terminated according to its terms, the Board must have, with respect to any Interest Payment Date occurring on January 15, levied for Debt Service for that Fiscal Year a tax rate of at least $3.00 per $100 of secondary assessed valuation and with respect to any Interest Payment Date occurring on July 15, levied such tax rate for the immediately preceding Fiscal Year.

If such taxes have been so levied, the Draw also will be made and the amount thereof held pursuant to the Depository Agreement upon (a) the failure to obtain and deliver to the Depository an Alternate Letter of Credit as hereafter described or (b) the Letter of Credit Bank (i) commencing a proceeding under any federal or state insolvency, reorganization or similar law, or having such a proceeding commenced against it and either having an order of insolvency or reorganization entered against it or having the proceeding remain undismissed and unstayed for 90 days or (ii) having a receiver, conservator, liquidator or trustee appointed for it or for the whole or any substantial part of its property. The Developer may, at its option, provide for the delivery to the Depository of an Alternate Letter of Credit to take effect on the Letter of Credit Termination Date of the then effective Letter of Credit. For an Alternate Letter of Credit to be effective, prior to 60 Business Days prior to the Letter of Credit Termination Date, the Depository and the District must have received the following, in form and substance acceptable to the District Manager: evidence that the rating of the issuer of the Alternate Letter of Credit is as indicated in the definition of "Alternate Letter of Credit"; an opinion of counsel for the issuer of the Alternate Letter of Credit that it constitutes a legal, valid and binding obligation of the issuer in accordance with its terms; an opinion of nationally recognized bond counsel that such replacement is authorized pursuant to the Depository Agreement and will not cause interest on the Bonds to become includable in gross income for federal income tax purposes and the Alternate Letter of Credit, meeting all of the other requirements provided in the definition of "Alternate Letter of Credit" and being unconditionally binding and effective as of the Letter of Credit Termination Date.

If the Draw has occurred because of the events described in clauses (a) or (b) in the preceding paragraph, the District Manager may, in the sole and absolute discretion of the District Manager and pursuant to the same terms and conditions for provision of an Alternate Letter of Credit and whatever additional terms and conditions the District Manager deems appropriate, instruct the Depository to exchange the proceeds of the Draw for a new letter of credit meeting the qualifications in the definition of

"Alternate Letter of Credit." After such exchange, such new letter of credit will be treated as the Letter of Credit for all purposes of the Depository Agreement.

After the Draw, on each July 2 and January 2, the Trustee will notify the Depository of the Debt Service coming due on the next succeeding July 15 or January 15, as the case may be, and state the amounts then on deposit in the Bond Fund and the accounts therein under the Indenture including amounts received pursuant to the Standby Contribution Agreement. Based on the amounts indicated to the Depository, the Depository will pay to the Trustee for deposit in the Bond Fund, as described in Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Funds - Bond Fund," an amount sufficient to pay the remaining amount of Debt Service due on the Bonds on the next succeeding July 15 or January 15, as the case may be, such amount to be paid on July 8 and January 8, respectively.

Amounts held pursuant to the Depository Agreement after a Draw will be invested in Permitted Investments. Earnings on amounts held by the Depository pursuant to the Depository Agreement will be deposited with the Depository and held pursuant to the Depository Agreement.

The Depository Agreement will terminate upon the earliest of (i) the payment of or the provision for the payment in full of all of the Bonds Outstanding, (ii) the expiration of the Letter of Credit because the face amount thereof has been reduced to $50,000 or less, or (iii) receipt by the District Manager in any Fiscal Year of evidence satisfactory to the District Manager that, in any Fiscal Year after the first Fiscal Year in which principal of the Bonds has started to be amortized for such Fiscal Year, a tax rate of $3.00 per $100 of secondary assessed valuation of property within the boundaries of the District for such Fiscal Year would have been sufficient to pay maximum annual debt service for any subsequent Fiscal Year plus the historical, annual, average of amounts necessary for payment of administrative expenses relating to the Bonds as of such Fiscal Year. Such evidence will consist of a written projection, prepared by the District Manager, if the Letter of Credit has not been drawn, upon a written request of the Developer and otherwise at the discretion of the District Manager, that is based upon the application of such secondary tax rate in light of the actual secondary assessed valuation of the property within the boundaries of the District for each such Fiscal Year, assuming a delinquency factor equal to the greater of five percent or the historic, average, annual percentage delinquency factor for the District as of such Fiscal Year and without credit for any fund balances or investment income accruing during such Fiscal Year. After receipt of proof of satisfaction of such condition, the Board will approve in writing the termination of the Depository Agreement, such approval not to be withheld unreasonably.

OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net assessed valuation and combined tax rate per $100 assessed valuation. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. **Please note that such information as it relates to the District is not on a comparable basis. See footnote (c).** See "RISK FACTORS - Direct and Overlapping Indebtedness."

TABLE 6
OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS

Overlapping Jurisdiction	2005-2006 Net Secondary Assessed Valuation	Net Outstanding Bonded Debt	Proportion Applicable to the District: Approx. Percent	Proportion Applicable to the District: Amount	2005-2006 Combined Tax Rate Per $100 Assessed (a)
State of Arizona	$48,931,946,145	None	0.000%	None	$0.0000
Pima County	6,050,950,040	$267,270,000	0.011%	$30,726	5.6423 (b)
Pima County Community College District	6,050,950,040	71,675,000	0.011%	8,240	1.3114
Pima County Flood Control District	5,323,432,911	6,010,000	0.013%	785	0.3746
Town of Sahuarita	86,106,488	None	0.808%	None	0.0000
Sahuarita Unified School District No. 30	121,793,494	26,315,000	0.571%	150,300	8.1495
Quail Creek Community Facilities District	**695,631 (c)**	**12,660,000**	**100.00%**	**12,660,000**	**3.30 (d)**
Total Net Direct and Overlapping General Obligation Bonded Debt and Tax Rate				$12,850,051	$18.7778

(a) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which generally is based on the primary assessed valuation of jurisdictions other than special districts and on the secondary assessed valuation of special districts such as the District.

(b) The County's tax rate includes the $4.7870 county tax rate, the $0.4358 tax rate of the Education Equalization District, the $0.2575 tax rate of the County's Free Library District, the $0.1200 tax rate of the Central Arizona Project and the $0.0420 tax rate for the County's contribution to the fire districts.

(c) Estimated secondary assessed valuation is based on the Developer's estimate of property value described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - *Ad Valorem* Property Taxation in the District -- Property Valuations."

(d) This rate will not be levied until the 2007 tax year.

Source: Individual jurisdictions and the Developer as to the secondary assessed valuation estimate for the District.

Additional General Obligation Bonded Indebtedness of the District

In addition to the Bonds, the District retains the right to issue, subject to the authorization remaining from the Election or authorization from a future bond election, in accordance with the procedures set forth in the Enabling Act, additional series of bonds payable from *ad valorem* property taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS- *Ad Valorem* Property Taxation in the District – *Annual Debt Service Requirements of General Obligation Bonded Indebtedness to be Outstanding*." See also "RISK FACTORS - Direct and Overlapping Debt."

The Enabling Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed 60 percent of the aggregate of the estimated market value of the real property and improvements in the District after the

public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (The District has made a finding that issuance of the Bonds will meet the test set forth above.)

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $30,000,000 and $17,340,000 of bond authorization will remain after issuance of the Bonds. See "THE PUBLIC INFRASTRUCTURE" with respect to the issuance of such bonds. Additional indebtedness could be authorized for the District in the future pursuant to other elections.

Additional Overlapping General Obligation Bonded Indebtedness

The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to the Town, the County, Sahuarita Unified School District No. 30 of Pima County Arizona, Pima County Community College District or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. See "RISK FACTORS - Direct and Overlapping Debt."

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonds available for future issuance:

TABLE 7
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Pima County (a)	$573,665,131
Pima County Community College District	0
Sahuarita Unified School District No. 30	0
Town of Sahuarita, Arizona	0

THE DISTRICT

General

The District encompasses approximately 1,192 acres (the "*District Land*") located within the southern portion of the Town. The Town is located in Pima County and is considered part of the greater Tucson metropolitan area. See Appendix A – "INFORMATION REGARDING THE TOWN OF SAHUARITA, ARIZONA," which includes certain information about the Town and surrounding area, and, generally, the maps on pages (iii) and (iv).

The Town formed the District pursuant to a resolution adopted on September 12, 2005. The District is a special purpose, tax levying public improvement district for certain constitutional purposes and a municipal corporation for certain other statutory purposes. The District has the power to implement the District's general plan for public infrastructure primarily through the issuance of general obligation, assessment or revenue bonds. The District has no current plans to issue assessment or revenue bonds.

District Board and Administrative Staff

In accordance with State law, the Mayor and Council of the Town serve as the Chairman and members of the District Board. Additionally, the District Board has appointed James Stahle, the Town Manager, as the District Manager, A.C. Marriotti, the Town Finance Director, as the District Treasurer, Daniel J. Hochuli, the Town Attorney, as the District Counsel and Sandra Olivas, the Town Clerk, as the District Clerk.

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Developer and neither the District nor the Underwriter (as defined herein) assumes any responsibility for the accuracy or completeness thereof.

The Bond Resolution approved a feasibility report relating to financing from the proceeds of the sale of the Bonds the cost of constructing and acquiring the following public infrastructure (the "*Public Infrastructure*") within the District necessary for development of the hereinafter described Project to thereafter be transferred to the Town:

TABLE 8
PUBLIC INFRASTRUCTURE

Description	Estimated Cost (a)	Estimated Completion Date (b)
Campbell Avenue (Public Arterial)	$1,800,000	6/1/2007
Campbell Avenue Bridge	600,000	3/1/2007
South Boundary Roadway (Public Arterial)	1,750,000	6/1/2007
Landscaping Along Public Streets	400,000	9/1/2007
Drainage Improvements	1,200,000	6/1/2007
Public Sewer System	1,685,000	10/30/2008
Bridges at Wash Crossings	1,800,000	10/30/2008
Park	1,985,250	6/30/2008

(a) Costs for the Public Infrastructure are estimated and, once contracted for, subject to change orders and unforeseen events.

(b) Completion dates for the Public Infrastructure are estimated and, once contracted for, subject to change orders and unforeseen events and other potential delays.

The estimated total acquisition and construction cost of the Public Infrastructure described above is $11,220,250. The Public Infrastructure will be publicly bid in compliance with the process required by State law and the District. Upon completion of each portion of the Public Infrastructure, the completed portion will be acquired by the District and dedicated to the Town. Any cost not paid from the proceeds of the Bonds will be borne by the Developer or financed by the issuance of additional bonds.

LAND DEVELOPMENT BY THE DEVELOPER

The information contained in this section relates to and has been obtained from the Developer and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. Neither the District nor the Underwriter makes any representation regarding projected development plans within the District, the financial soundness of the Developer or other property owners and developers or the managerial ability of such persons and entities to complete development as planned. The development of the District Land may be affected by factors, such as governmental policies with respect to land development, the availability of utilities, the availability of energy, construction costs, interest rates, competition from other developments and other political, legal and economic conditions beyond the control of the District, property owners and developers. Further, the District Land may be subject to encumbrances as security for obligations payable to various parties, the default of which could adversely affect construction activity. See "RISK FACTORS."

Land Development

General. The District Land, which consists of approximately 1,192 acres, is being developed by the Developer as part of an approximately 2,113-acre master-planned residential development known as "Quail Creek" (the "*Project*"). The portion of the Project located on District Land is anticipated to include, and applicable zoning would permit, approximately 2,600 units consisting of single family dwellings, as well as related golf courses and amenities, within the District.

The District Land includes approximately 28 acres designated for public parks and open spaces, which, as part of subsequent phases of development of the Project, will include both passive and active recreational amenities, including a softball field, small water features, shade armadas and youth playground facilities. The park also will feature public restrooms. Later phases may include public meeting space.

Although the number of acres devoted to each particular land use may ultimately vary, the District is currently expected to include the following land uses:

TABLE 9
EXPECTED LAND USES WITHIN THE DISTRICT

Type of Development	Approximate Acres of District Land
Residential	1,122
Public Roadways/Rights-of-Way	42
Open Space/Parks	28
Total	1,192

Ownership of District Land. Title to the District Land is held in a trust created pursuant to the Trust Agreement, and controlled by the Developer. Pursuant to the Trust Agreement, the Developer is responsible to pay all taxes and assessments levied and assessed upon and against the District Land held in the Trust.

Development of Quail Creek. The initial phases of development of the Project began prior to the purchase of the Project by the Developer in June 1999. At the time of the Developer's acquisition, there were approximately 110 existing homes, a 9 hole golf course and some amenities. Shortly after assuming

ownership of the Project, the Developer modified the product offerings with new floor plans and model homes. Since 1999, the Developer has made numerous improvements to the Project, including construction of an additional 9 holes of golf, a new sales office, a new clubhouse and a new grille and improvements to existing amenities, including the pro shop, fitness center, aquatic facility and meeting space.

The following table sets forth the sales and closings of new homes (net of cancellations) for the years 2000 through 2005.

TABLE 10
QUAIL CREEK HOME SALES AND CLOSINGS

Calendar Year	Sales	Closings
2000	73	41
2001	144	84
2002	189	128
2003	236	195
2004	427	215
2005	234	239

Source: The Developer.

Single family homes constructed by the Developer are anticipated to have an average price of $300,000. The Developer's absorption projections for the portion of the Project included in the District are set forth below in Table 11. **Such projections are "forward looking" statements and should be considered with an abundance of caution.**

TABLE 11
QUAIL CREEK ESTIMATED ABSORPTION SCHEDULE

Year	Not in District	In District	Annual Total	District Total
2006	225	25	250	25
2007	100	150	250	175
2008	50	200	250	375
2009	25	225	250	600
2010	10	240	250	840
2011	10	240	250	1,080
2012	5	245	250	1,325
2013	0	250	250	1,575
2014	0	250	250	1,825
2015	0	250	250	2,075
2016	0	250	250	2,325
2017	0	250	250	2,575
2018	0	25	25	2,600

Source: The Developer.

As stated above, there is no guarantee that the foregoing projections will occur. Additionally, the Developer anticipates that it will, and there are no restrictions on the ability of the Developer to, sell a portion of the District Land to individuals and other homebuilders, and there can be no assurance now or at the time the Bonds are issued that any subsequent owners will have the financial capability to, or will, commence or complete development on any portion of the District Land so acquired. **See "RISK FACTORS – Concentration of Ownership; Subsequent Transfer" and "—Failure or Inability to Complete Proposed Project."**

Other Project Infrastructure. In addition to the Public Infrastructure, the portion of the Project within the District will include construction of certain other infrastructure (the "*Project Infrastructure*"). None of the Project Infrastructure will be financed with proceeds from the sale of the Bonds, but instead will be financed by the Developer through a combination of equity and new debt.

Environmental, Cultural, and Biological. As part of the due diligence process associated with the acquisition of the Project site, outside consultants were employed to evaluate environmental, cultural, and biological impediments to the development of the site. See "RISK FACTORS – Environmental" herein.

Existing Indebtedness. There is no existing debt with respect to the Project site and the District Land.

The Developer

The Developer is a Delaware limited liability company organized on June 23, 1999 to develop the Project. The Developer sells residences on improved lots and provides amenities for the homeowners, such as golf courses, country clubs, tennis courts and other recreational facilities within the adult community. In July 1999, the Developer purchased the Project from the original developer.

The Developer, as the sole beneficiary of the Subdivision Trust, currently controls 100 percent of the District Land.

The Developer's audited financial statements for the fiscal years ended December 31, 2005 and December 31, 2004 are included as Appendix G to this Limited Offering Memorandum.

SOURCES AND APPLICATIONS OF FUNDS

Shown below is the sources and applications of funds related to the Bonds.

Sources	
Par Amount of Bonds	$12,660,000.00
Applications	
Costs of Acquisition and Construction	$11,220,250.00
Funded Interest	732,101.33
Costs of Issuance (including Underwriter's Compensation)	707,648.67
Total	$12,660,000.00

RISK FACTORS

The Bonds will be secured solely by *ad valorem* property taxes generated within the District, amounts available pursuant to the Standby Contribution Agreement and the Depository Agreement. Anyone considering investing in the Bonds should carefully examine this Limited Offering Memorandum, including the Appendices hereto.

Assessed Valuation of Property

Information is provided herein with respect to the assessed valuation of the District Land. The current assessed valuation is extremely low because of its classification as vacant and grazing land. See Table 3 – "Estimate of Value by Property Classifications." It is anticipated that the assessed valuation of the District Land will increase upon development of the Project. However, the current low assessed valuation, less than expected increases in future assessed valuation or decreases in the future assessed valuation of the District Land may reduce the willingness of landowners to pay the *ad valorem* property taxes securing the bonds or adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – *Ad Valorem* Property Taxation in the District."

Concentration of Ownership; Subsequent Transfer

The Developer controls the development of the District Land, which represents all of the total secondary assessed valuation in the District, and the Developer is responsible for paying the *ad valorem* property taxes on the District Land. There can be no assurance that the Developer has the financial capability to continue and complete development of the Project. See "LAND DEVELOPMENT BY THE DEVELOPER – Land Development – *Development of Quail Creek.*" Also, there can be no assurance that the Developer will continue to pay the *ad valorem* property taxes with respect to the District Land, including the amounts to be used to pay principal of and interest on the Bonds. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - *Ad Valorem* Property Taxation in the District -- *Collection.*"

Failure or Inability to Complete Proposed Project

The continuing development and successful completion of the Project by the Developer is contingent upon construction or acquisition of major public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage facilities, telephone and electrical facilities, recreational facilities and street lighting, as well as local in-tract improvements. If the Developer is unable to complete these additional improvements, the ability of the Developer to sell lots and houses would be affected adversely.

There are no assurances the Developer can obtain the necessary financing to pay for the required development costs. Cash generated from the sale of land within the District by the Developer is expected to fund a substantial portion of the costs of the development. The cost of these additional improvements plus the public and private in-tract, on-site and off-site improvements may increase the public and private debt for which the land within the District is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See "-- Direct and Overlapping Indebtedness" below.

The proposed Project may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development of environmental problems with such land. See "-- Availability of Water and "-- Environmental" below. While the Developer has entered into the Development Agreement with the Town, addressing, among other things, the vesting of zoning approvals necessary to develop the Project, land development within the District could nevertheless be affected by changes in governmental policies and laws, including, but not limited to, governmental policies and laws to restrict or control development. (Any approvals needed in the future for the development of the Project must come from the Town, over which the District has no control.) Land development within the District also could be affected by competition from other residential developments in surrounding areas. See "Availability of Standby Contribution Agreement Amounts" below. A slowdown of the development process and the related absorption rate within the Project because of any or all of the foregoing could affect adversely land values and impair the Developer's ability to finance the costs of development. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF THE DEVELOPER TO PAY *AD VALOREM* PROPERTY TAXES AND COULD GREATLY REDUCE THE VALUE OF SUCH PROPERTY IN THE EVENT IT HAS TO BE FORECLOSED UPON.

The portion of the Project within the District is undeveloped and, if any or all of the foregoing occurs, would continue as such. Vacant land provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to non-payment of *ad valorem* property taxes. An inability to develop the remaining land within the District will likely reduce the diversity of ownership on land within the District, making the owners of the Bonds more dependent upon timely payment of the *ad valorem* property taxes levied on the vacant property.

Growing Smarter

During 1998, the Arizona Legislature promulgated the Growing Smarter Act of 1998 ("*Growing Smarter*"), which created new planning requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Growing Smarter also created the "Growing Smarter Commission," which conducted hearings throughout the State on ways to enhance the law and to address certain other issues. During 2000, the Arizona Legislature adopted additional legislation known as "Growing Smarter Plus," which significantly expands Growing Smarter particularly the planning requirements passed in 1998. Fast-growing communities must now plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is now required. Growing Smarter Plus requires fast growing cities, large cities and Pima and Maricopa Counties to submit their general plans to the voters for ratification. (A general plan for such purpose was approved by the voters of the Town on May 20, 2003.) Every ten years, voters will have the final say over general planning in their communities. It is unclear at this time how Growing Smarter and Growing Smarter Plus will affect development activity in the State and particularly the Town in the future.

Availability of Standby Contribution Agreement Amounts

If amounts to be available pursuant to the Standby Contribution Agreement are not available for any reason (including financial difficulties or bankruptcy of the Developer), the Bonds will be payable only from District *ad valorem* property taxes, resulting in increased District tax rates and increased reliance upon District tax revenues collected within the District to pay debt service on the Bonds. Additionally, the Depository Agreement and Letter of Credit will provide only limited amounts that will not be replenished as drawn upon and will not be reinstated.

The District's ability to retire the indebtedness evidenced by the Bonds solely from *ad valorem* property taxes is dependent upon the development and maintenance of an adequate tax base from which the District may collect revenues. The District's ability to achieve a tax base adequate to generate *ad valorem* property tax revenues for timely payment of the Bonds will depend upon the continued and successful development of the Project. The District faces some competition from other residential developments in surrounding areas, including but not limited to, Rancho Sahuarita, which is located within the Town. Such competition may adversely affect the rate of development within the District. Many unpredictable factors could influence the actual rate of construction within the District, including the prevailing interest rates, availability of funds, market and economic conditions generally, supply of housing in the greater Tucson metropolitan area, construction costs, labor conditions, access to building supplies, availability of water and water taps, availability and costs of fuel and transportation costs, among other things.

Availability of Water

The Developer's ability to develop the Project and to subdivide the real property constituting the District Land is dependent upon the Project having a 100-year assured water supply, as determined by the Arizona Department of Water Resources ("ADWR") and applicable law. The Developer has a certificate of assured water supply ("CAWS") from ADWR for the Project demonstrating that the Project has a 100-year water supply based on available ground water. ADWR may review a CAWS at any time and may modify it for good cause or revoke it if ADWR determines, after notice and opportunity for hearing, that an assured water supply no longer exists. In addition, it is the current policy of ADWR that a CAWS is valid for the project as initially certificated and that a CAWS is not valid for a project if there have been material changes to the project. By rule, a CAWS becomes irrevocable upon the sale of one lot within the subdivision for which the CAWS was issued. Ariz. Admin. Code R12-15-709. A number of lots within

the area subject to the CAWS have been sold previously. The Developer does not believe that a revocation of the Project's CAWS is likely. If the CAWS for the Project were revoked, the sale of subdivided land within the Project would be halted until the situation could be resolved and a new CAWS issued for the Project.

Environmental

The Project is subject to environmental requirements including but not limited to the potential obligation to take remedial action to address soil or water contamination under federal or state laws and the need to obtain environmental permits under various federal and state laws. Prior to acquiring the Project, The Developer conducted environmental due diligence and identified areas of soil contamination, which were addressed and do not, in the opinion of the Developer's consultants, require additional remedial action. In addition, portions of the Project were previously used for agricultural purposes and, as with any such areas, may contain residual levels of pesticides or herbicides.

Surveys have been conducted for the presence of the cactus ferruginous pygmy-owl, a species currently protected under the federal Endangered Species Act ("ESA"). No pygmy-owls have been detected. In addition, the U.S. Fish & Wildlife Service, in response to litigation over its decision to list the pygmy-owl as endangered under the ESA, has proposed removing pygmy-owl from the list. 70 Fed. Reg. 44547 (Aug. 3, 2005). It is possible that, if the pygmy-owl is not delisted, and a pygmy-owl is discovered on the Project in the future, that development of the Project could be materially affected by requiring either avoidance of pygmy-owl habitat on the Project or mitigation through purchase of offsite habitat. Permitting requirements could result in a delay of housing sales or reduction in density or area of development that could materially affect the Project.

Surveys have been conducted for the Pima pineapple cactus ("PPC") and have discovered PPC present on the Project. PPC is listed as endangered under the ESA, 58 Fed. Reg. 49875, 49880 (Sept. 23, 1993), and is also protected under the Arizona Native Plant Act, A.R.S. 3-901 et seq. Known plants have been replanted away from development areas in accordance with the requirements of the Arizona Native Plant Act, A.R.S. 3-901 et seq. In the absence of federal permits, there are no additional ESA requirements applicable. If federal permits are required in the future for development of the Project, development of the Project could be materially affected by requiring either avoidance of known PPC plants or mitigation through replanting or purchase of offsite PPC habitat. Permitting requirements could also result in delay of housing sales that could materially affect the Project.

The Project has been surveyed for the presence of sites listed on or eligible for listing on the National Register of Historic Places pursuant to the requirements of the National Historic Preservation Act ("NHPA"). Surveys have identified no sites listed on the Register, but archaeological sites have been identified that, in the opinion of the Developer's consultants, may be Register-eligible. Developer believes these sites have been managed in accordance with the State laws governing human remains, A.R.S. 41-865. In the absence of federal permits, there are no additional requirements applicable to Register-eligible sites under the NHPA. If federal permits are required in the future for development of the Project, development of the Project could be materially affected by requiring either avoidance of known Register-eligible sites or mitigation of such sites through archaeological excavations and studies. Permitting requirements could also result in delay of housing sales that could materially affect the Project.

The Project is currently operating under stormwater permits issued by the Arizona Department of Environmental Quality ("ADEQ"). Previously, the Project operated under stormwater permit(s) issued by the U.S. Environmental Protection Agency ("EPA"). ADEQ's stormwater permitting program was subsequently approved to operate in lieu of the federal program and now Developer obtains stormwater permits from ADEQ. There is pending litigation in the federal 9th Circuit Court of Appeals by Defenders

of Wildlife over EPA's decision to approve the ADEQ program and it is possible that the program will revert to EPA, in which case Developer will need to seek stormwater permits from EPA. See Defenders of Wildlife v. EPA, 420 F.3d 946 (9th Cir. 2005) (motions for rehearing pending).

In addition, at some point in the future, a permit may be required under Section 404 of the Clean Water Act for filling of drainage areas considered waters of the United States. The timing and substantive requirements of the permit could materially affect the Project.

As discussed above, if a stormwater permit is required from EPA, or if a Section 404 permit is required from the U.S. Army Corps of Engineers, additional requirements under the ESA and NHPA could be triggered that may materially affect the Project.

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay its *ad valorem* taxes could be affected by the existence of other taxes and assessments imposed upon the property. The District and other political subdivisions whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional *ad valorem* taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS.") The lien created on the property within the District through the levy of *ad valorem* taxes would be on a parity with that for the *ad valorem* taxes securing the Bonds. The imposition of additional parity liens, junior liens, in the case of special assessments, or even private financing, may reduce the ability or willingness of the owners of land within the District to pay the *ad valorem* property taxes securing the Bonds. In that event, there could be a default in the payment of the Bonds.

From time to time there are legislative proposals in the Arizona Legislature that, if enacted, could alter the basis on which *ad valorem* taxes (including those that secure the Bonds) are assessed, levied and collected and which could affect, among other things, the distribution of the amount of taxes various classifications of property may be obligated to pay. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would affect the Bonds or other obligations issued prior to enactment.

Bankruptcy and Foreclosure Delays

The payment of the *ad valorem* property taxes securing the Bonds and the ability of the District to foreclose the lien of delinquent, unpaid, *ad valorem* property taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the *ad valorem* taxes securing the Bonds to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS- *Ad Valorem* Property Taxation in the District -- Collection."

Bankruptcy or similar occurrence of or to the Developer could result in a temporary or permanent cessation of amounts payable pursuant to the Standby Contribution Agreement. Payment of principal of and interest on the Bonds would then be payable exclusively from the District's collection of *ad valorem* property taxes securing the Bonds.

In addition, the various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) and relating to the Standby Contribution Agreement, the Depository Agreement and the Indenture will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Cancellation of Contracts

The State, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, including the District or any of the departments or agencies of either is, while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. Cancellation of contracts entered into by the District may adversely affect the Bonds.

LITIGATION

The District

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture and the Bond Resolution, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

The Developer

At the time of delivery and payment for the Bonds, an authorized representative of the Developer will certify that no litigation or administrative action or proceeding is pending or, to the knowledge of such authorized representative, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness of the resolution authorizing the Developer to execute and deliver the documents executed by it in connection with issuance of the Bonds, or contesting or questioning the proceedings and authority under which such resolution or such documents have been authorized and are delivered and executed.

TAX MATTERS

The Code includes requirements that the District must continue to meet with respect to the Bonds after the issuance thereof in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure by the District to meet those requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The District will covenant in the Indenture to take the actions required by the Code in order to maintain the exclusion from federal gross income of interest on the Bonds.

In the opinion of Bond Counsel, to be rendered with respect to the Bonds on the date of issuance of the Bonds, assuming continuing compliance by the District with the tax covenants referred to above and relying upon certain representations of the Developer with respect to development of the District Land, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excluded from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. Bond Counsel is further of the opinion upon the date of issuance of the Bonds that, if the foregoing is the case, the interest thereon will be exempt from income taxation under the laws of the State.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of an owner's interest expense allocable to interest on a Bond; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15 percent of certain items, including the interest on the Bonds; (iii) the inclusion of interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Bonds in passive investment income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion in gross income of interest on the Bonds by recipients of certain Social Security and Railroad Retirement benefits.

BONDOWNERS' RISKS REGARDING LACK OF RATING

No credit rating for the Bonds has been sought nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Greenberg Traurig LLP, Phoenix, Arizona, Bond Counsel, a form of which is included herein as Appendix C. See "TAX MATTERS." Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds. Certain legal matters will be passed upon with respect to the District by Greenberg Traurig, LLP, Phoenix, Arizona; for the Underwriter by its counsel, Squire, Sanders & Dempsey L.L.P.; and for the Developer by Greenberg Traurig, LLP, Phoenix, Arizona. It is currently anticipated that District Counsel will not issue an opinion with respect to this or any issuance of bonds by the District.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed

therein. By rendering a legal opinion, the opinion giver does not become an insurer of guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The underwriter of the Bonds is RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets (the "*Underwriter*"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $12,280,200.00 (reflecting the aggregate principal amount of the Bonds less Underwriter's compensation of $379,800.00). The Underwriter will offer and sell the Bonds in a limited distribution only to Qualified Investors who have agreed to the transfer restrictions described herein. See "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS." The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The offering prices set forth on the cover page hereof may be changed after the initial offering by the Underwriter.

CONTINUING DISCLOSURE

The District and the Developer have each separately covenanted for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the District and development therein, as applicable, by not later than seven months after the end of their respective fiscal years (the "*Annual Reports*") and to provide notices of the occurrence of certain enumerated events, if material (the "*Notices of Material Events*"). The Annual Reports will be filed by the District and the Developer with each Nationally Recognized Municipal Securities Information Repository and the appropriate State Information Depository, if any, or a Central Post Office ("*CPO*") described in the forms of continuing disclosure undertakings included in Appendix E. The Notices of Material Events will be filed by the District and the Developer with each Nationally Recognized Municipal Securities Information Repository and the State Information Depository, if any, or a CPO, and with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports or in the Notices of Material Events are set forth in Appendix E – "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS," which includes forms of undertakings that will be executed by the District and the Developer with respect to the Bonds. The District has no obligation to enforce the obligations of the Developer under its Continuing Disclosure Undertaking.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "*Rule*"). Should the District or the Developer not comply with such covenants as they relate to the filing of the Annual Reports they have covenanted to provide notice of such fact to each Nationally Recognized Securities Information Repository and the State Information Depository, if any, or a CPO and with the Municipal Securities Rulemaking Board. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

Pursuant to State law, the ability of the District to comply with such covenants is subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants. Should the District not comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to each Nationally Recognized Municipal Securities Information Repository and the State Information Depository, if any, or a CPO as well as with the Municipal Securities Rulemaking Board.

The District and the Developer have not previously entered into any undertaking for purposes of the Rule.

RELATIONSHIPS AMONG PARTIES

Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, and Squire, Sanders & Dempsey L.L.P., Counsel to the Underwriter, have acted as bond counsel in other transactions underwritten by RBC Capital Markets, the Underwriter of the Bonds, and have acted as underwriter's counsel to the Underwriter in other transactions. Greenberg Traurig, LLP, and Squire, Sanders & Dempsey L.L.P. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions.

As noted above, Greenberg Traurig, LLP is acting as Bond Counsel. Greenberg Traurig, LLP also represents the Developer with regard to certain matters, including matters relating to the issuance of the Bonds. The District and the Developer will agree that Greenberg Traurig, LLP may represent each of them simultaneously in connection with the issuance of the Bonds and will consent to and approve such representation.

The Underwriter has underwritten or acted as financial advisor with respect to bonds issued by overlapping political subdivisions.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By /s/ Charles Oldham
Chairperson, District Board

APPENDIX A

INFORMATION REGARDING THE TOWN OF SAHUARITA, ARIZONA

The following information regarding the Town is provided for reference only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District, and consequently no representation is made as to the relevance of the data to the District or to the repayment of the Bonds. THE BONDS ARE NOT OBLIGATIONS OF THE TOWN. The Bonds are direct obligations of the District, payable solely from ad valorem taxes levied against all taxable property in the District, limited as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" in this Limited Offering Memorandum.

General Information

The Town incorporated in 1994 and is located in southeastern Pima County, Arizona (the "County"). The Town is approximately fifteen miles south of the city limits of the City of Tucson, Arizona ("Tucson"), and is part of the Tucson metropolitan area. The Town covers an area of approximately 30 square miles and is located at an elevation of 2,844 feet. The following table illustrates population statistics for the State, the County and the Town.

POPULATION STATISTICS

	State of Arizona	Pima County	Town of Sahuarita
2005 Estimate*	6,044,985	957,635	13,990
2000 Census	5,130,632	843,746	3,242
1990 Census	3,665,339	666,957	1,622
1980 Census	2,716,546	531,443	**
1970 Census	1,775,399	351,667	**
1960 Census	1,302,161	265,660	**

* *Estimate as of July 1, 2005.*

** *The Town incorporated in 1994.*

Source: Arizona Department of Economic Security, Population Statistical Unit.

Municipal Government and Organization

The Town government operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the Town Council, which consists of a Mayor and six council members. Council members are elected to four-year staggered terms. Both of the Mayor and the Vice-Mayor are selected by the Council from among its members.

Employment and Employers

The Town's economy is linked closely with that of metropolitan Tucson. Due to the Town's proximity to Tucson, the majority of the residents of the Town commute to the Tucson metropolitan area for employment.

The tables hereafter illustrate several of the major employers within the Town, followed by tables of the major manufacturing employers and non-manufacturing employers of Tucson.

MAJOR EMPLOYERS
Town of Sahuarita, Arizona

Employer	Approximate Number of Employees
Sahuarita School District	325
ASARCO	300
Farmers Investment Co.	180
Town of Sahuarita	115
Bashas	110
Safeway	100

Source: The Town; the 2005 Arizona Services Directory, by the Greater Phoenix Chamber of Commerce and an individual employer survey.

MAJOR MANUFACTURING EMPLOYERS
City of Tucson, Arizona

Employer	Product/Service	Approximate Number of Employees
Raytheon Missile Systems Corporation	Missiles	10,300
IBM Storage Subsystems Division	Computer Processing Products	1,700
Intuit Inc.	Financial and Business Software	1,294
Texas Instruments Tucson Corporation	Integrated Circuits	950
Bombardier Aviation Systems	Lear Jets	890
Honeywell International Inc.	Technology/Aerospace	800
Tucson Newspapers Inc.	Daily Newspapers	600
Air System Components	HVAC Metal Products	400
Larson Company	Scenic Products and Displays	340
Kalil Bottling Company	Soft Drinks and Carbonated Water	320
Precision Shooting Equipment	Archery Equipment	300
Walbro Engine Management	Automotive Carburetors	130
Rain Bird Corporation	Irrigation and Sprinkler Equipment	50

Source: *The 2005 Arizona Industrial Directory* by the Greater Phoenix Chamber of Commerce and an individual employer survey.

MAJOR NON-MANUFACTURING EMPLOYERS
City of Tucson, Arizona

Employer	Product/Service	Approximate Number of Employees
University of Arizona	Education	10,385
Davis-Monthan Air Force Base	Military	8,730
State of Arizona	Government	9,750
Tucson Unified School District No. 1	Education	7,685
Pima County	Government	6,770
City of Tucson	Government	6,760
Wal-Mart Stores Inc.	Retail Store	4,595
Carondelet Health Network	Healthcare	3,745
University Medical Center	Healthcare	2,920
TMC Healthcare	Healthcare	3,135
Pima Community College	Education	2,225
Sunnyside Unified School District No. 12	Education	2,225

Source: *The 2005 Arizona Services Directory* by the Greater Phoenix Chamber of Commerce and an individual employer survey.

As indicated in the above table, Davis-Monthan Air Force Base (the "Base") is a major employer in Tucson. According to the Public Affairs Department of the 355th Wing (the "Department"), the military and civilian personnel employed both on and off the Base constituted an annual gross payroll of over $331.7 million. The Department further indicates that 7,146 employees are currently employed in a military capability by the Base in addition to 1,188 civilian employees.

From 1982 through 1985 the Base was included on lists of bases considered for closure or realignment by the Defense Base Closure and Realignment Commission. As of the date of this Official Statement, the Base is not under consideration for closure or realignment. Although measures were undertaken in late 1996 to ensure omission from Federal Closure List, such measures have been deemed no longer necessary by the Base due to the improbability of being included in the near future. However, there can be no assurances that the Base will not be included on future lists of entities such as the aforementioned Commission. Any such closure or realignment would probably be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on Tucson and the Town.

The following table illustrates annual unemployment averages for the Town, Tucson, the County, the State and the United States.

UNEMPLOYMENT AVERAGES

Year	Town of Sahuarita	City of Tucson	Pima County	State of Arizona	United States
2006*	(1)	5.0%	4.6%	4.4%	4.7%
2005		5.1	4.6	4.7	5.1
2004		4.1	3.7	4.8	5.5
2003		4.8	4.3	5.6	6.0
2002		5.0	4.5	5.8	5.8
2001		3.8	3.5	4.7	4.8

(1) Not available.

* *Data through March 2006.*

Source: Arizona Department of Economic Security, Bureau of Information and Research Analysis, Labor Force Statistical Unit and the U.S. Department of Labor, Bureau of Labor Statistics.

Construction

The following charts illustrate a building permit summary for residential and non-residential construction and new housing starts for the Town.

VALUE OF BUILDING PERMITS
Town of Sahuarita, Arizona
($000's omitted)

Year	Residential	Commercial and Industrial	Other	Total
2005	$229,026	$1,666	$3,953	$234,645
2004	238,779	4,177	3,879	246,835
2003	127,042	1,191	2,768	131,001
2002	100,386	3,087	1,095	104,568
2001	27,270	1,685	5,190	134,118
2000	6,672	93	806	7,571

Source: *Arizona Business*, Arizona State University Bureau of Business and Economic Research. Note that the Bureau obtains its data from county and municipal divisions which issue such permits. Construction is valued on the basis of estimated costs, not on market price or value of construction at the time the permit is issued. The date on which the permit is issued is not to be construed as the date of construction.

NEW HOUSING STARTS
Town of Sahuarita, Arizona

Year	Total New Housing Units
2005	1,521
2004	1,709
2003	906
2002	726
2001	218
2000	87

Source: The Town.

Education

The University of Arizona (the "University") was established in 1885 and is the oldest institution of higher education in the State. The University is the largest employer in Tucson. The University has 15 colleges offering bachelor degree programs, masters programs, doctoral programs and professional programs. The University's full-time enrollment for the 2004 fall semester was 36,932 students. This enrollment figure includes students in all undergraduate-level and graduate-level degree programs.

Also located within the Tucson metropolitan area is Pima County Community College District. Pima County Community College offers two-year academic, vocational and technical programs. The school's estimated enrollment for the 2005 spring semester was approximately 8,346 full-time students and 21,082 part-time students.

Tourism

The Tucson metropolitan area attracts a significant number of vacationers and conventioneers. The Town reports that tourism comprises 12% of the County's wage and salary economy, with overnight visitors to Tucson contributing $1.15 billion per year. The hotel/motel lodging industry makes up approximately 19% of the Town's sales tax base. Some recreational and sightseeing attractions within driving distance of the Town include Catalina State Park, the Arizona Sonora Desert Museum, Mission San Xavier del Bac, Old Tucson Movie Studios Kitt Peak National Observatory, Mount Lemmon, Organ Pipe Cactus National Monument, Saguaro National Park and Sabino Canyon. The following table illustrates the approximate number of visitors to Organ Pipe Cactus National Monument and Saguaro National Park in the years indicated.

NUMBER OF VISITORS

Calendar Year	Organ Pipe Cactus National Monument	Saguaro National Park
2005	280,068	727,208
2004	229,584	651,464
2003	277,566	643,697
2002	294,434	615,045
2001	329,028	725,874

Source: The United States Department of the Interior, National Park Service.

Below is a partial list of the larger hotel and resorts in the Tucson metropolitan area, based on number of units.

HOTELS AND RESORTS
Tucson Metropolitan Area

Hotel/Motel Name	Number Of Units	Approximate Number of Employees*
J.W. Marriott Starr Pass Resort & Spa	575	500
The Westin La Paloma	487	493
Hilton El Conquistador Resort and Country Club	428	629
Loews Ventana Canyon Resort	398	429
Radisson Inn City Center	307	120
Holiday Inn Palo Verde	301	100
Doubletree Hotel at Reid Park	295	185
Marriott University Park	250	220
Westward Look Resort	244	260
Tucson East Hilton	233	146
Inn Suites Hotel & Resort	216	85

* *Number of full-time equivalent employees.*

Source: *Inside Tucson Business – 2005 Book of Lists*, Tucson Chamber of Commerce, Starr Pass Resort and Spa and an individual employer survey.

Transportation

Industry, business and residents benefit from the transportation network available to the Tucson metropolitan area. Rail, air and highway facilities are developed throughout the area.

The Town is near Interstates 10 and 19. Interstate 10 connects Tucson with Phoenix, Arizona, to the north and Los Angeles, California, to the west. Interstate 19 provides access to Nogales, Arizona, and Mexico to the south and U.S. Highway 86 connects with the direct route to the Gulf of California vacation areas. The Union Pacific Railroad, as well as interstate motor freight services supplied by 45 carriers, facilitates the transportation of area products and supplies. Inter-city transportation service is provided by Greyhound-Trailways.

Tucson International Airport, located approximately 18 miles from the Town, provides local, regional and transcontinental air service through a number of major airlines.

AIRLINES SERVING TUCSON INTERNATIONAL AIRPORT

Aerolitoral
Alaska Airlines
American Airlines
Continental Airlines
Delta/SkyWest Airlines
Frontier Airlines
Northwest/KLM Airlines
Southwest Airlines
United/Lufthansa Airlines
US Airways (formerly America West Airlines)

Source: Tucson Airport Authority.

NUMBER OF PASSENGERS
ARRIVING AND DEPARTING
TUCSON INTERNATIONAL AIRPORT

Year	Arrivals	Departures	Total
2006*	557,335	551,241	1,108,576
2005	2,062,502	2,067,819	4,130,321
2004	1,880,250	1,890,195	3,770,445
2003	1,747,754	1,761,114	3,508,868
2002	1,746,825	1,761,058	3,507,883
2001	1,809,491	1,818,307	3,627,798

* *Data through March 2006.*

Source: Tucson Airport Authority.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture to which reference is hereby made for a more complete description of its terms.

Definitions of Certain Terms

The following are certain terms defined in the Indenture and used in this Limited Offering Memorandum.

"*Acquisition and Construction Fund*" means the fund with that name established pursuant to the Indenture.

"*Alternate Letter of Credit*" means an irrevocable, single-draw standby letter of credit authorizing a draw thereunder by the Depository issued by a bank, a trust company or other financial institution rated by a Rating Agency in one of the three highest rating categories of a Rating Agency and which has a term of not less than one year from the date of its issuance, which Alternate Letter of Credit shall be the same in all other material respects (except as to expiration date) as the Letter of Credit and shall have the remaining face amount of the Letter of Credit.

"*Bond Fund*" means the fund with that name established pursuant to the Indenture.

"*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 or the office of the account bank of the Letter of Credit Bank is located. (If the specified date for any payment, submission, certification, determination or other action pursuant to the Indenture shall be other than a Business Day, then such payment, submission, certification, determination or other action may be made or done on the next succeeding day which is a Business Day without, in the case of any payment, additional interest (except in the event of a moratorium) and with the same force and effect as if made or done on the specified date.)

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

"*Costs of Acquisition and Construction*" means all items of expense directly or indirectly relating to the cost of the "infrastructure" described in, as limited by and to be paid pursuant to the terms of, the Development Agreement.

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

"*Debt Service*" means, collectively, (i) the principal of and interest and premium, if any, on the Bonds, (ii) expenses and costs of the District arising from the activities of the District (such activities

being the financing of "infrastructure" described in the Development Agreement including the issuance of the Bonds) including particularly, but not by way of limitation, expenses and costs for agents or third parties required to administer the Bonds, levy and collect taxes for payment of the Bonds, prepare annual audits, budgets and materials with respect to continuing disclosure and provide for any purposes otherwise related to such activities of the District and (iii) amounts due with regard to Rebate.

"Discounted Tax Revenues" means the amount of secondary ad valorem property tax revenues of the District that would be collected for the then current Fiscal Year of the District using the total secondary assessed valuation of property within the boundaries of the District for purposes of the tax roll used to levy taxes during the preceding August and applying a tax rate of $3.00 per $100 of secondary assessed valuation and assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the District as of such Fiscal Year and no credit for any fund balances or investment income accruing during such Fiscal Year.

"*Fiscal Year*" means a period of twelve (12) consecutive months commencing on July 1 and ending on June 30 or any other consecutive 12-month period which may be established hereinafter as the fiscal year of the District for budgeting and appropriate purposes.

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

"*Holder*" when used with respect to any Bond means the person in whose name such Bond is registered in the bond register maintained by the Trustee.

"*Initial Letter of Credit*" means the irrevocable, single-draw, stand-by letter of credit issued by the Letter of Credit Bank and delivered to the Depository on the same date as the initial delivery of the Bonds, being an irrevocable obligation to make payment to the Depository of $5,500,000 which expires when the face amount thereof has been reduced to $50,000 or less, provided that after the Developer has provided evidence satisfactory to the District Manager that 400 building permits have been issued within the boundaries of the District and that the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to the retail purchasers thereof, then on February 15 of each

year thereafter, if the secondary assessed valuation of property within the boundaries of the District used to levy taxes during the preceding August exceeded that used in the prior August, the difference between the maximum annual debt service for the Bonds and the Discounted Tax Revenues shall be calculated by the District Manager and the face amount of the Letter of Credit shall be subject to automatic reduction in face amount to an amount equal to three (3) times such difference.

"*Letter of Credit*" means (a) the Initial Letter of Credit and (b) upon the issuance and effectiveness thereof, any Alternate Letter of Credit.

"*Letter of Credit Bank*" means JPMorgan Chase Bank, N.A., a national banking association in its capacity as issuer of the Initial Letter of Credit and not as the Trustee or as the Depository, and its successors and assigns. Upon issuance and effectiveness of any Alternate Letter of Credit, "*Letter of Credit Bank*" shall mean the issuer thereof and its successors and assigns.

"*Letter of Credit Termination Date*" means the earlier of sixty (60) days after the Letter of Credit then in effect is no longer rated in one of the three highest rating categories of a Rating Agency and the stated expiration date of the Letter of Credit, as extended by any applicable provisions thereof.

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

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

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

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

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

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

3. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture;

4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in the Indenture; and

5. Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or an escrow agent with the effect specified in under the heading "Defeasance" below.

"*Permitted Investments*" means:

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

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

a. Small Business Administration – guaranteed participation certificates

b. Farmers Home Administration - certificates of beneficial ownership

c. Federal Housing Administration Debentures

d. General Services Administration - participation certificates

e. Government National Mortgage Association ("GNMA") - guaranteed mortgage-backed bonds; guaranteed pass-through obligations

f. U.S. Maritime Administration - guaranteed Title XI financing

g. Washington Metropolitan Transit Authority – guaranteed transit bonds

h. Veteran Administration – guaranteed REMIC pass-through certificates

i. U.S. Department of Housing and Urban Development - local authority bonds

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

a. Federal Home Loan Bank System – consolidated debt obligations

b. Federal Home Loan Mortgage Corporation - debt obligations

c. Federal National Mortgage Association ("FNMA") - debt obligations

d. Student Loan Marketing Association - debt obligations

e. Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) – debt obligations

f. Financing Corp. – debt obligations

g. Resolution Funding Corp. – debt obligations

h. U.S. Agency for International Development – guaranteed notes which mature at least four Business Days before the appropriate payment date

4. Money market funds registered with the Securities and Exchange Commission, meeting the requirements of Rule 2a(7) under the Investment Company Act of 1940, and having a rating by S&P of "AAAm-G", "AAAm" or "AAm" or better and a rating by Moody's of "VMIG-1" or better including, if the foregoing are met, funds for which the Trustee acts as an investment advisor or custodian.

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

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

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

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

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

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

Repos must satisfy the following criteria.

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

(1) Primary dealers on the Federal Reserve reporting dealer list, or

(2) Banks rated "A" or above by S&P and "A" or above by Moody's.

b. The written repo contract must include the following:

(1) Securities which are acceptable for transfer are:

(a) Direct U.S. government, or

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

(2) The term of the repo may be up to 30 days

(3) The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the

Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities)

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

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

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

(1) Repo meets guidelines under State law for legal investment of public funds.

11. Governmental Obligations.

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

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

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

"*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 the 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 the Indenture, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"*S&P*" means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, or any successor thereto.

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

Trust Estate Under the Indenture

The District has granted a security interest to the Trustee in all money and investments held for the credit of the "Tax Account" of the Bond Fund and the District's interest in the Standby Contribution Agreement and the Depository Agreement. The Trustee is required to hold all such property in trust for the benefit of all of the Holders of the Bonds.

Funds

Bond Fund. The money deposited to the Bond Fund is required to be held by the Trustee in trust and applied solely as provided in the Indenture. The District is required to deposit to the Tax Account of the Bond Fund in addition to capitalized interest from the proceeds of the sale of the Bonds, among other amounts, (i) amounts collected by or remitted to the District as *ad valorem* property taxes to the extent provided in the Indenture, (ii) amounts paid for deposit therein pursuant to the Standby Contribution Agreement and the Depository Agreement and (iii) amounts transferred from the Acquisition and Construction Fund. The Tax Account of the Bond Fund is required to be applied by the Trustee solely to pay Debt Service in any form and in the order described below under "Application of Moneys Collected: Second."

Acquisition and Construction Fund. The District is required to deposit to the Acquisition and Construction Fund the balance of the proceeds of the sale of the Bonds remaining after the deposit of the amounts described above to the Bond Fund. The money deposited to the Acquisition and Construction Fund is required to be applied to pay the Costs of Issuance and the Costs of Acquisition and Construction and, to the extent the funds deposited to the Acquisition and Construction Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the District to transfer such unexpended proceeds or income to the Bond Fund; provided, however, that, unless instructed to the contrary pursuant to an Issuer Request, if any such amounts remain on deposit in the Acquisition and Construction Fund on July 1, 2009, such amounts shall be transferred by the Trustee to the Tax Account of the Bond Fund. It is anticipated that the Costs of Acquisition and Construction will begin to be paid immediately after delivery of the Bonds.

Investment of and Security for Funds. The Indenture provides that money held for the credit of (i) the Bond Fund will be invested by the Trustee in Governmental Obligations and (ii) the Acquisition and Construction Fund will be invested by the Trustee in Permitted Investments, and on each September 14 and March 10 of each Fiscal Year the resulting investment income will be transferred by the Trustee to the Tax Account of the Bond Fund. The Trustee will sell or present for redemption any obligations so purchased as an investment pursuant to the Indenture whenever it is necessary to do so in order to provide money to make any payment or transfer of money required thereby. Investments will mature, or will be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established pursuant to the Indenture will be deemed at all times to be a part of such fund. The investment income on obligations so purchased and any profit realized from such investment will be credited to such fund and any loss resulting from such investment will be charged to such fund. All money held by the Trustee pursuant to the Indenture will be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee will not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from disregard or negligent implementation of any permitted direction by the District.

Remedies under the Trust Indenture

The Trustee in its discretion, subject to the other provisions of the Indenture, may proceed to protect and enforce its rights and the rights of the Holders of the Bonds under the Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted in the Indenture or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce any of the rights of the Trustee or the Holders of the Bonds. The Indenture provides that, in addition to all rights and remedies of any Holder of a Bond provided therein, in the event the District 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 or the causing of the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution, the Indenture, the Standby Contribution Agreement or the Depository Agreement, the Trustee will be entitled, to the extent available pursuant to applicable law, to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the members of the Board and other officers of the District to make such payment or to observe and perform or cause the observation or performance of any covenant, obligation, or condition prescribed in the Bond Resolution, the Indenture, the Standby Contribution Agreement or the Depository Agreement. The Indenture contains no provision for acceleration of maturity of principal of the Bonds in the event of default. The remedy of mandamus described above would have to be exercised upon each separate default and may, therefore, prove costly, time consuming, and difficult to enforce. The rights and remedies of Holders of the Bonds and the enforceability of the Bonds may also be limited by bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally. See "RISK FACTORS."

If

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

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

then upon demand of the Trustee, the District will pay or cause to be paid to the Trustee for the benefit on the Holders of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any), but not any such amounts due in the future, and interest and, in addition thereto, such further amount as will be sufficient to cover the costs and expenses of administration and collection, including the reason-able compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the District fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, will be entitled to sue for and recover judgment against the District for the amount then so due and unpaid.

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

Application of Money Collected

Any money collected by the Trustee pursuant to the "Remedies under the Trust Indenture" above, together with any other sums then held by the Trustee as part of the trust estate established pursuant to the Indenture, will be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

A. First: To the payment of all unpaid amounts due the Trustee under the applicable provisions of the Indenture;

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

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

Control by Holders of the Bonds

The Holders of a majority in principal amount of the Outstanding Bonds affected thereby will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, the sale of the trust estate established pursuant to the Indenture, or otherwise; and

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

    a. such direction will not be in conflict with any rule of law or the Indenture,
    b. the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,
    c. the Trustee has not determined that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction, and
    d. if the remedy requires the consent of a certain number of the Holders, such consent has been provided.

Before taking action pursuant to the Indenture, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect

it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the District will reimburse the Trustee for all of the expenses of the Trustee pursuant to the Indenture.

Each Holder of any Bond by his acceptance thereof will be deemed to have agreed that any court may in its discretion require, in any suit for the enforcement of any right or remedy under the Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. However, the provisions of the Indenture will not apply to any suit instituted by or against the Trustee, to any suit instituted by any Holder of a Bond or group of Holders of the Bonds affected thereby, holding in aggregate more than ten percent in principal amount of the Outstanding Bonds, or to any suit instituted by any Holder of a Bond 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).

Supplemental Indentures and Amendments to Certain Documents

Without the consent of the Holders of any Bonds and, under certain circumstances described in the Indenture, the District and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution or amend the Standby Contribution Agreement or the Depository Agreement (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of Bonds any additional conditions, limitations and restrictions thereafter to be observed; (iii) to evidence the succession of another entity to the District and the assumption by any such successor of the covenants of the District in the Bonds, the Indenture, the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement; (iv) to add to the covenants of the District for the benefit of the Holders of all the Bonds; or (v) to cure any ambiguity, to correct or supplement any provision in the Indenture, the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement which may be inconsistent with any other provisions thereof, or to make any other provisions with respect to matters or questions arising thereunder which will not be inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Holders of the Bonds.

With the consent of the Holders of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture or amendment to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or amendments to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement for the purpose of adding any other provisions to or changing in any other manner or eliminating any of the provisions of the Indenture, the Standby Contribution Agreement or the Depository Agreement or of modifying in another manner the rights of the Holders of the Bonds under the Indenture, the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement. However, no supplemental indenture or amendment, without the consent of the Holder of each Outstanding Bond affected thereby, is permitted by the Indenture to (i) change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of or the interest on, any Bond, or change any place of payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or,

in the case of redemption, on or after the Redemption Date); (ii) reduce the percentage in principal amount of the Outstanding Bonds the consent of the Holders of which is required for any supplemental indenture or amendment to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement, or the consent of Holders of which is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the proviso to the definition of the term "Outstanding" in the Indenture; or (iv) modify any of the provisions of the Indenture concerning approval of supplemental indentures or amendments to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement except to increase any percentage of the Holders of Bonds necessary for approval or to provide that certain provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution, the Standby Contribution Agreement or the Depository Agreement and any such determination will be conclusive upon each Holder of the Bonds, whether theretofore or thereafter authenticated and delivered under the Trust Indenture. The Trustee will not be liable for any such determination made in good faith.

Concerning the Trustee

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

No provision of the Indenture will be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

1. this paragraph will not be construed to limit the effect of the preceding paragraph;

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

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

4. no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in the Indenture.

Except as otherwise provided in the Indenture:

1. the Trustee may rely and will be protected in acting or refraining from acting upon:

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

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

2. any request or direction of the District mentioned in the Indenture will be sufficiently evidenced by a request of the District, and any order or resolution of the District may be sufficiently evidenced by a resolution of the board of the District;

3. whenever in the administration of the Indenture the Trustee will deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action described hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an officer of the District;

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

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

6. the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry or investigation, it will be entitled to examine the books, records, and premises of the District, personally or by agent or attorney; and

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

There will at all times be a Trustee under the Indenture which will be a bank or trust company organized and doing business under the laws of the United States or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to, the requirements of such supervising or examining authority, then for the purposes of the Indenture the combined capital and surplus of such corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee ceases to be eligible in accordance with the provisions of the Indenture, it will resign immediately in the manner and with the effect specified in the Indenture.

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

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

If at any time:

1. the Trustee ceases to be eligible under the Indenture and fails to resign after written request therefor by the District or any such Holder of a Bond, or

2. the Trustee becomes incapable of acting or adjudged insolvent or a receiver of the Trustee or of its property is appointed or any public officer takes charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in either such case, the District may remove the Trustee or subject to the provisions of the Indenture, any Holder of a Bond who has been a *bona fide* Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

If the Trustee resigns, is removed, or becomes incapable of acting, the District will promptly appoint a successor Trustee. In case all or substantially all of the trust estate held pursuant to the Indenture will be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee is appointed by the Holders of the Bonds. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee is appointed by act of the Holders of a majority in principal amount of the Outstanding Bonds and delivered to the District and the retiring Trustee, then the successor Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the District or by such receiver or trustee. If no successor Trustee is so appointed by the District or the Holders of the Bonds and has accepted appointment in the manner hereinafter provided, any Holder of a Bond who has been a *bona fide* Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

Defeasance

The Indenture, and the lien, rights, and interests created thereby, will terminate, at the request of the District, when the following conditions exist:

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

    a. Bonds for the payment of which money has been deposited with the Trustee or a paying agent, as provided by the provisions of the Indenture relating to redemption of the Bonds;

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

c. Bonds, other than those referred to in the foregoing clauses, for the payment or redemption of which there has been deposited with the Trustee in accordance with the provisions of the Indenture in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on such Bonds for principal and interest to the Stated Maturity or Redemption Date of such Bonds, as the case may be; and

d. Bonds deemed no longer outstanding as a result of the deposit or escrow or money or Governmental Obligations as described below; and

2. the District has paid or caused to be paid all other sums payable by the District under the Indenture.

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

No such deposit will have the effect specified above, however, (i) if made during the existence of a default under the Trust Indenture, unless made with respect to all of the Bonds then Outstanding, and (ii) unless there is delivered to the Trustee an opinion of counsel to the effect that such deposit will not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose is required to be held by the Trustee in a segregated account in trust for the Holders of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, is required to be disbursed solely to pay the principal of and interest on such Bonds when due. No money or Governmental Obligations so deposited pursuant to this Section will 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 so paid, it will no longer be secured by or entitled to the benefits of the Indenture, except for purposes of any such payment from such money or Governmental Obligations.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

[Letterhead of Greenberg Traurig LLP]

June 21, 2006

District Board
Quail Creek Community Facilities District
c/o Town of Sahuarita, Arizona
725 West Via Rancho Sahuarita
Box 879
Sahuarita, Arizona 85629

Re: Quail Creek Community Facilities District (Sahuarita, Arizona)
General Obligation Bonds, Series 2006

We have acted as Bond Counsel in connection with the issuance by Quail Creek Community Facilities District (hereinafter referred to as the "Issuer") of bonds designated "General Obligation Bonds, Series 2006" (hereinafter referred to as the "Bonds"). The Bonds are dated the date hereof, mature on July 15 of the following years in the following respective principal amounts, bear interest from the date hereof, or from the most recent interest payment date to which interest has been paid or duly provided for, until maturity or prior redemption, at the following respective interest rates, payable on January 15, 2007, and each July 15 and January 15 thereafter and are subject to redemption as described therein:

Year of Maturity	Principal Amount Due	Interest Rate
2012	$1,375,000	4.85%
2016	1,665,000	5.15
2030	9,620,000	5.50

We have examined, and in rendering the opinions herein have relied upon, original or certified copies of the proceedings had in connection with issuance of the Bonds; certifications made by officers of the Issuer relating to, among other things, the expected use of proceeds of the sale of the Bonds and certain other funds of the Issuer and to certain other facts within the knowledge and control of such officers; representations made by officers of Robson Ranch Quail Creek, LLC (hereinafter referred to as "Robson Ranch") as to plans to develop and sell land owned within the boundaries of the Issuer and such other material and matters of law as we deem relevant to the matters discussed hereinbelow. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies and the accuracy of the statements contained in such certifications and representations. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings, certifications, representations, material and matters.

We are of the opinion, based upon such examination and subject to the reliances, assumptions and exceptions hereinabove and hereinafter set forth, that, under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Bonds are valid and legally binding obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein and are secured by a Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (hereinafter referred to as the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee"), except to the extent that the enforceability thereof and such provision of the security therefor may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The Issuer is to annually levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer, sufficient, together with any monies from the sources described in Section 48-717, Arizona Revised Statutes, as amended, including amounts from a Series 2006 Standby Contribution Agreement, dated as of June 1, 2006, by and among the Issuer, the Trustee and Robson Ranch, and a Series 2006 Depository Agreement, dated as of June 1, 2006, by and among the Issuer and Wells Fargo Bank, N.A., as depository, to pay debt service on the Bonds when due.

3. Subject to the reliance and assumption stated in the last sentence of this paragraph, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. (We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on or disposition of, the Bonds.) The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the Issuer and Robson Ranch must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the Issuer or Robson Ranch to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. Officers of the Issuer and Robson Ranch have either indicated their compliance with, or covenanted to take the actions required by, applicable provisions of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In rendering the opinion expressed hereinabove, we have relied on certifications of officers of the Issuer and Robson Ranch with respect to certain matters necessary for, and have assumed continuing compliance with certain covenants by the Issuer and Robson Ranch included in, respectively, the Indenture and a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005, by and among the Issuer, the Town of Sahuarita, Arizona, and Robson Ranch (which are, as to their enforceability, subject to the same exceptions described in paragraph 1 hereinabove) that must be met after the issuance of the Bonds in order that, interest on the Bonds not be included in gross income for federal tax purposes.

4. Assuming such interest is excludible for the purposes described in paragraph 3 hereinabove, the interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other State tax consequences resulting from the ownership, receipt or accrual of interest on or disposition of, the Bonds.)

Respectfully submitted,

APPENDIX D-1

FORM OF INVESTOR LETTER (NON-SMMP)

. . . . . .

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

. . . . . , as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona)
General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $. . . . . 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 undersigned 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, in that regard, **agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer**. The undersigned agrees that a "Qualified Investor Letter" in the identical form hereof will be provided if as a result of such offer and sale of such interest in the Bonds (i) an amount less than $100,000 of principal amount will be transferred or (ii) the broker, dealer or broker/dealer involved therein indicates to the undersigned that the proposed transferee is not a "sophisticated municipal market participant" (as such term is used in the context of the rules of the Municipal Securities Rulemaking Board).

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

(1) The undersigned is one of the following:

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

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

(iii) a director or executive officer of Robson Ranch Quail Creek, LLC;

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

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

(2) Such purchase of such Bond is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned has obtained all information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds, the concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the District and the possible transfer of such land by such tax payer, failure or inability of such owner as developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds, bankruptcy and foreclosure delays and the probable lack of any secondary market for the Bonds.

(4) Neither the Issuer nor the Town of Sahuarita, Arizona (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 the investment in the bonds.

(5) The undersigned 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, or any official, officer, director, council member, advisor, employee or agent thereof in making its decision to invest in one of the Bonds.

.....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

APPENDIX D-2

FORM OF INVESTOR LETTER (SMMP)

. . . . . .

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

. . . . . , as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona)
General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest, or is the authorized investment advisor to the purchaser of a beneficial ownership interest, in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $ . . . . . **The undersigned hereby agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer in an amount of not less than $100,000 of principal amount.**

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

(1) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, is one of the following:

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

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

with total assets of at least $100,000,000 invested in municipal securities in the aggregate in its portfolio and/or under management.

(2) Such purchase of such interest in the Bonds is for the account of the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, has obtained information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, 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 concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the addressee District and the possible transfer of such land by such taxpayer, failure or inability of such owner as developer to complete proposed development of such land,

investment risk related to sources of payment of the Bonds and bankruptcy and foreclosure delays.

(4) Neither the addressee District nor the Town of Sahuarita, Arizona (the "Town"), nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, requested, information that may have been furnished to the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, by any third party in connection with investment in the Bonds.

(5) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, 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, other than the information included in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Bonds, did not rely on the addressee District or the Town, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

.....
[PURCHASER]

By.....

Printed Name:.....

Title:.....

APPENDIX E

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

DRAFT

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2006

SERIES 2006 CONTINUING DISCLOSURE UNDERTAKING

This Undertaking is executed and delivered by Quail Creek Community Facilities District (hereinafter referred to as the "*Issuer*"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "*Securities*") for the benefit of the owners of the Securities, being the registered owners thereof or any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"*Annual Report*" shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

"*Dissemination Agent*" shall mean any agent that has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

"*Central Post Office*" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

Disclosure USA
P.O. Box 684667
Austin, Texas 78768-4667
Fax: (512) 476-6403
http://www.disclosureUSA.org

"*Listed Events*" shall mean any of the events listed in Section 3(a).

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.) Currently, the following are National Repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Telephone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/rates/municontacts.html
E-mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Telephone: (212) 771-6999;
(800) 689-8466
Fax: (212) 771-7390
http://www.ftid.com
E-mail: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
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

One Executive Drive
Fort Lee, New Jersey 07024
Telephone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
E-mail: nrmsir@dpcdata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking.

"*Notice of Material Event*" shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

"*Repository*" shall mean each National Repository and each State Repository.

"*Resolution*" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Series 2006 Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A., as trustee, with respect to the Securities.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State Repository*" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as such as a state repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.) Currently, no State Repositories exist for the State of Arizona. The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.

"*Tax-exempt*" shall mean that interest on the Securities is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 2. Contents and Provision of Annual Reports.

(a) (i) SUBJECT TO ANNUAL APPROPRIATION WITH RESPECT TO THE PURPOSES HEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2007, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT THAT IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.

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

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

(A) Information of the type in TABLES 2, 3, 4 and 6 (but as to any valuations required, only the actual amount of the current valuation) of the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities.

(B) Audited financial statements of the Issuer for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles as applied to governmental units. (The Issuer does not currently prepare audited financial statements, and execution of this Undertaking shall not obligate the Issuer to prepare audited financial statements for any fiscal year.) IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN AN ANNUAL REPORT AND THEREAFTER THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.

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

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

Section 3. Reporting of Material Events.

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

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

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

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

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

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

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

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

(I) Any audit, investigation or other challenge of the Tax-exempt status of the Securities by the Internal Revenue Service or in any administrative or judicial proceeding or

(II) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the Tax-exempt status of the Securities or securities of the same type as the Securities or financing structures of the same type as financed by the Securities.)

(vii) Modifications to rights of holders (i.e. owners).

(viii) Bond calls (which are other than mandatory or scheduled redemptions, not otherwise contingent upon the occurrence of an event).

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Securities (including property leased, mortgaged or pledged as such security).

(xi) Rating changes.

(b) IF KNOWLEDGE OF THE OCCURRENCE OF A LISTED EVENT WOULD BE MATERIAL AS INTERPRETED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (PROVIDED, HOWEVER, THAT ANY EVENT UNDER SUBSECTION (a)(viii), (ix) OR (xi) OF THIS SECTION SHALL ALWAYS BE DEEMED TO BE MATERIAL) AND SUBJECT TO ANNUAL APPROPRIATION WITH RESPECT TO THE PURPOSES HEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE, A NOTICE OF MATERIAL EVENT OF SUCH OCCURRENCE WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY.

Section 4. Termination of Reporting Obligation.

(a) The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.

(b) To the extent applicable by provision of law, this Undertaking is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provision of which are incorporated herein.

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Resolution at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN AN ANNUAL REPORT AND THEREAFTER THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Resolution, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 8. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the notices of any Listed Event and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 9. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities that the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: June 21, 2006

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By.....
District Manager

ATTEST:

.....
Clerk

APPROVED AS TO FORM:

.....
District Counsel

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2006

SERIES 2006 CONTINUING DISCLOSURE UNDERTAKING

This Undertaking is executed and delivered by Robson Ranch Quail Creek, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as the "*Developer*"), acting in its own capacity, 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 that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"*Annual Report*" shall mean any annual report provided by the Developer pursuant to, and as described in, Section 2.

"*Central Post Office*" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

Disclosure USA
P.O. Box 684667
Austin, Texas 78768-4667
Fax: (512) 476-6403
http://www.disclosureUSA.org

"*Dissemination Agent*" shall mean any agent that has executed a dissemination agency agreement with the Developer and the successors and assigns of such agent.

"*Issuer*" shall mean Quail Creek Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona.

"*Material Events*" shall mean any of the events listed in Section 3(a).

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Developer shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.) Currently, the following are National Repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Telephone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/ratesmunicontacts.html
E-mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Telephone: (212) 771-6999;
(800) 689-8466
Fax: (212) 771-7390
http://www.ftid.com
E-mail: NRMSIR@interactivedata.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

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Telephone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
E-mail: nrmsir@dpcdata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking.

"*Notice of Material Event*" shall mean any notice provided by the Developer pursuant to, and as described in, Section 3.

"*Repository*" shall mean each National Repository and each State Repository.

"*Resolution*" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Series 2006 Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A., as trustee, with respect to the Securities.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State Repository*" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as such as a state repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Developer shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.) Currently, no State Repositories exist for the State of Arizona. The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.

Section 2. Contents and Provision of Annual Reports.

(a) (i) THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN MAY 1 OF EACH YEAR, COMMENCING MAY 1, 2007, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT FOR THE DEVELOPER THAT IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH ANNUAL REPORT TO THE ISSUER.

(ii) IF THE DEVELOPER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE

REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.

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

(A) Information with respect to any conveyance from the Trust (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities) of five percent or more of the net developable acreage within the boundaries of the Issuer to any single entity other than the Developer, and information with respect to home closings and average sales prices thereof within the District for the previous 12 month period.

(B) Audited financial statements of the Developer for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles; provided, however, execution of this Undertaking shall not obligate the Developer to prepare audited financial statements for any fiscal year. IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN A REPORT REQUIRED TO BE PROVIDED PURSUANT TO SUBSECTION (a)(i) OF THIS SECTION AND THEREAFTER THE FISCAL YEAR OF THE DEVELOPER CHANGES, THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.

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

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

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of the following Material Events with respect to the Securities: (i) any change of ownership or control of the Developer; (ii) any conveyance from the Trust (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities) of 20 percent or more of the net developable acreage within the boundaries

of the Issuer to any single entity other than the Developer; or (iii) any failure by the Developer to pay, prior to delinquency, general property taxes, special taxes or assessments with respect to property of the Developer or the Trust (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities) within the boundaries of the Issuer or any amount due pursuant to the Standby Contribution Agreement (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities).

(b) THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF THE OCCURRENCE OF A MATERIAL EVENT WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE OF MATERIAL EVENT TO THE ISSUER.

Section 4. Termination of Reporting Obligation. The obligations of the Developer pursuant to this Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of all of the Securities, (ii) after the end of the first fiscal year of the Issuer in which the Developer no longer is responsible to pay taxes on land within the boundaries of the Issuer, the secondary assessed valuation of which equals or exceeds 20 percent of the secondary assessed valuation of all land within the boundaries of the Issuer, or (iii) the release of the Standby Contribution Agreement (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities). THE DEVELOPER, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Developer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Developer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Developer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Resolution at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Developer to meet its

obligations. To the extent reasonably feasible, such comparison also shall be quantitative. IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN AN ANNUAL REPORT AND THEREAFTER THE ACCOUNTING PRINCIPLES OF THE DEVELOPER CHANGE, THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Developer chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Developer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 7. Default. In the event of a failure of the Developer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Developer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Resolution, and the sole remedy under this Undertaking in the event of any failure of the Developer to comply with this Undertaking shall be an action to compel performance.

Section 8. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the notices of any Listed Event and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 9. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist it in satisfying the obligations of the Developer hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Recordkeeping. The Developer shall maintain copies of each Annual Report and Notice Material Event as well as the names of the entities with whom the same was filed and the date of filing thereof.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and the Developer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities that the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 12. Copies for Issuer. Any copy provided by this Undertaking to be given or furnished to the Issuer by the Developer 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 Sahuarita, Arizona, 725 West Via

Rancho Sahuarita, Box 879, Sahuarita, Arizona 85629, Attention: District Clerk or at any other address furnished previously in writing to the Developer by the Issuer.

Section 13. Subsequent Transfers of Land. Upon any sale of land within the boundaries of the Issuer from the Trust (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities) such that the acquiring owner (hereinafter referred to as the "*Transferee*") shall become an owner of land within the boundaries of the Issuer, the secondary assessed valuation of which (as of the date on which the Transferee becomes an owner) equals or exceeds 20 percent of the secondary assessed valuation of all land within the boundaries of the Issuer, the Developer shall require the Transferee to execute an Undertaking substantially similar to this Undertaking and in compliance with the Rule prior to the conveyance of title to the Transferee.

Dated: June 21, 2006

ROBSON RANCH QUAIL CREEK, LLC,
a Delaware limited liability company

By: Arlington Property Management Company,
an Arizona corporation
Its: Member

By: .....
Its: .....

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds 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 Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of the Bonds and will be deposited with DTC.

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, 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*" and, together with Direct Participants, "*DTC Participants*"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the DTC Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the

Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by DTC 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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT OR OTHER PERSON WITH RESPECT TO: THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; THE GIVING OF ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS OF THE BONDS UNDER THE INDENTURE; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS AN OWNER.

APPENDIX G

AUDITED FINANCIAL STATEMENTS OF ROBSON RANCH QUAIL CREEK LLC

ROBSON RANCH QUAIL CREEK LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2005 and 2004

Together with Independent Auditor's Report

BARRY & MOORE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Partners
Robson Ranch Quail Creek LLC

We have audited the accompanying balance sheets of *ROBSON RANCH QUAIL CREEK LLC* as of December 31, 2005 and 2004, and the related statements of income, partners' investment, and cash flows for the years then ended. These financial statements are the responsibility of the management of Robson Ranch Quail Creek LLC. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Robson Ranch Quail Creek LLC as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

March 21, 2006

Barry & Moore, P.C.

2198 East Camelback, Suite 370 • Phoenix, Arizona 85016 • (602) 277-5463 FAX (602) 248-9074

ROBSON RANCH QUAIL CREEK LLC

BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

In thousands

	2005	2004
ASSETS		
REAL ESTATE HELD FOR SALE	$ 36,809	$ 30,988
CASH	5	5
RECEIVABLES FROM AFFILIATES	3,152	478
TRADE RECEIVABLES	426	200
MODEL VILLAGE	5,032	4,894
PROPERTY AND EQUIPMENT	148	181
ANCILLARY OPERATION ASSETS	3	0
OTHER ASSETS	8,496	7,624
	$ 54,071	$ 44,370
LIABILITIES AND PARTNERS' INVESTMENT		
NOTE PAYABLE	$ 0	$ 8,000
PAYABLES TO AFFILIATES	3,357	2,488
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	752	1,037
CUSTOMERS' DEPOSITS AND ADVANCES	17,571	12,618
Total liabilities	21,680	24,143
PARTNERS' INVESTMENT	32,391	20,227
	$ 54,071	$ 44,370

The accompanying notes are an integral part of these balance sheets.

ROBSON RANCH QUAIL CREEK LLC

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

In thousands

	2005	2004
SALES	$ 68,201	$ 58,325
COST OF SALES	(42,373)	(38,811)
Gross margin	25,828	19,514
NET INTEREST INCOME (EXPENSE)	245	(79)
OTHER INCOME, NET	1,213	57
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(7,122)	(7,880)
NET INCOME	$ 20,164	$ 11,612

The accompanying notes are an integral part of these statements.

ROBSON RANCH QUAIL CREEK LLC

STATEMENTS OF PARTNERS' INVESTMENT
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

In thousands

	2005	2004
PARTNERS' INVESTMENT , beginning of year	$ 20,227	$ 12,615
NET INCOME	20,164	11,612
DISTRIBUTIONS	(8,000)	(4,000)
PARTNERS' INVESTMENT, end of year	$ 32,391	$ 20,227

The accompanying notes are an integral part of these statements.

ROBSON RANCH QUAIL CREEK LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

In thousands

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 20,164	$ 11,612
Adjustments to reconcile net income to net cash flows from operating activities-		
Depreciation	353	394
(Gain) loss on sale of assets	(1,054)	26
(Increase) decrease in-		
Receivables	(226)	(188)
Real estate held for sale-		
Costs	(48,194)	(42,241)
Charged to cost of sales	42,373	38,811
Other assets	(872)	(2,211)
Increase in-		
Accounts payable and accrued liabilities	(285)	588
Construction payables to affiliate	(421)	(515)
Customers' deposits and advances	4,953	7,504
Total adjustments	(3,373)	2,168
Net cash flows from operating activities	16,791	13,780
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of assets	1,754	0
Model village additions	(1,159)	(422)
Property and equipment additions	0	(1)
Ancillary operation asset additions	(2)	(1)
Net cash flows from investing activities	593	(424)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net repayments with -		
Line of credit with bank	(8,000)	(7,100)
Working capital advance with affiliate	(1,384)	(2,256)
Distributions	(8,000)	(4,000)
Net cash flows from financing activities	(17,384)	(13,356)
INCREASE IN CASH	0	0
CASH, beginning of year	5	5
CASH, end of year	$ 5	$ 5

The accompanying notes are an integral part of these statements.

ROBSON RANCH QUAIL CREEK LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Business Activity-

Robson Ranch Quail Creek LLC, a Delaware limited liability company organized on June 23, 1999, is the developer of Robson Ranch Quail Creek, an "active adult" resort community near Tucson, Arizona. The Partnership sells residences on improved lots and provides amenities for the homeowners, such as golf courses, clubhouses, and other recreational facilities within the adult community.

In July 1999, the Partnership purchased the Quail Creek community from the original developer. The land includes approximately 2,500 acres, of which approximately 400 acres may not be developed. The original developer completed a golf course, a recreation building and other amenities.

Real Estate Held for Sale-

Real estate held for sale includes undeveloped land, partially improved land, amenities, and homes in various stages of completion. These assets include common costs. Common costs include, among other costs, land, land improvements, infrastructure, the costs of amenities, and development period interest. The common costs are allocated to residential lots based upon the relative value that each lot has to the aggregate sales value of all lots within each phase.

Projected sales used to allocate common costs are discounted at a 16% discount to reflect the difference in the value of a sale in the current year and a future sale. This method allocates more common costs to current sales than to future sales. This method increased the common costs charged to cost of sales by $900,000 in 2005 and $2,746,000 in 2004. As of December 31, 2005, the cumulative increase in common costs charged to cost of sales is $16,202,000. Cost of sales includes the direct construction costs of the homes and an allocation of common costs. Selling commissions, advertisement, and other marketing expenses are included in selling, general and administrative expenses. The Partnership recognizes revenue from home sales at the close of escrow when title is transferred.

Income Taxes-

Partnership income is includable in the partners' income tax returns; therefore, no provision for income taxes is included in the accompanying financial statements.

Depreciable Assets-

The following assets are stated at cost and are depreciated on the straight-line method, net of residual value, over the following useful lives-

Model furnishings	3 Years
Model homes and upgrades (90% residual)	3 to 5 Years
Model rentals (90% residual)	3 to 5 years
Sales office and design center	3 to 10 years
Property and equipment	5 to 7 Years

Expenditures for maintenance and repairs are charged to expenses as incurred.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*:

Advertising Expenses-

The Partnership expenses advertising costs as incurred. Advertising expenses were $386,000 for 2005 and $340,000 for 2004.

Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Long-Lived Assets-

The Partnership periodically evaluates the carrying value of the long-lived assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.* Under SFAS No. 144, long-lived assets and certain identifiable intangible assets to be held and used in operations are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. The Partnership does not believe impairment exists at December 31, 2005.

Statements of Cash Flows-

Interest paid totaled $669,000 in 2005 and $830,000 in 2004.

(2) REAL ESTATE HELD FOR SALE:

Real estate held for sale consists of the following-

In thousands

	2005	2004
Homes under construction	$ 10,954	$ 4,932
Land, improvements and amenities	21,147	20,181
Land held for future development	4,708	5,875
	$ 36,809	$ 30,988

Phase I consists of 2,667 lots, of which 1,336 remain unsold as of December 31, 2005, with 427 lots sold but not yet closed *(Note 9)*.

(3) RECEIVABLES FROM AFFILIATES:

Receivables from affiliates consist of the following-

In thousands

	2005	2004
Notes with affiliates	$ 0	$ 478
Receivable from homeowners	3,152	0
	$ 3,152	$ 478

The sales contract for the initial sale of each home provides that the homeowner will pay a reimbursement fee for the golf course and related amenities. The fee is $120 per year, for 40 years and is paid to the homeowners association who in turn forwards the collections to the Partnership.

During 2005 and 2004, the homeowners association collected $145,000 and $63,000 respectively from the homeowners and remitted the funds to the Partnership.

In 2005, the Partnership reclassified the amounts due from the homeowners from real estate held for sale to a receivable from the homeowners.

The future collections have been discounted to yield an 8% interest rate.

(4) MODEL VILLAGE:

Model village consists of the following-

In thousands

	2005	2004
Model homes and upgrades	$ 2,727	$ 2,323
Model furnishings	1,205	1,025
Model rentals	1,750	2,225
Sales office and design center	421	387
Land and land improvements	852	852
	6,955	6,812
Less accumulated depreciation	1,923	1,918
	$ 5,032	$ 4,894

(5) PROPERTY AND EQUIPMENT:

Property and equipment consists of the following-

In thousands

	2005	2004
Land, buildings and improvements	$ 175	$ 175
Equipment and vehicles	82	83
Office equipment and furnishings	2	2
	259	260
Less accumulated depreciation	111	79
	$ 148	$ 181

(6) OTHER ASSETS:

Other assets consist of the following-

In thousands

	2005	2004
Prepaid commissions	$ 1,458	$ 1,187
Prepaid expenses	113	35
Refundable utility deposits	861	696
Reimbursable utility costs from affiliates	6,064	5,706
	$ 8,496	$ 7,624

(7) NOTES PAYABLE:

Notes payable consist of the following-

In thousands

	2005	2004
Revolving line of credit, interest payable at prime rate, renewable in February 2008.	$ 0	$ 8,000
	$ 0	$ 8,000

(7) NOTES PAYABLE *(Continued)*:

Through February 2005, the Partnership had a revolving line of credit agreement which provides for maximum borrowings of $25,000,000, renewable annually.

In February 2005, the Company created a new revolving line of credit for $30,000,000 with a different institution . The revolving line of credit is collateralized by, among other assets, the real estate held for sale. The funds available are determined by a borrowing base calculation, the components of which are real estate held for sale and models.

(8) PAYABLES FROM AFFILIATES:

Payables from affiliates consist of the following-

In thousands

	2005	2004
Construction payables to affiliates	$ 2,067	$ 2,488
Working capital advance with affiliate, interest at prime, due upon demand.	1,290	0
	$ 3,357	$ 2,488

(9) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts payable and accrued liabilities consist of the following-

In thousands

	2005	2004
Accounts payable	$ 92	$ 129
Accrued payroll costs	100	568
Warranty reserve	231	163
Sales and property taxes	252	175
Accrued interest	77	2
	$ 752	$ 1,037

(10) CUSTOMERS' DEPOSITS AND ADVANCES:

The Partnership receives construction advances, deposits from customers for down payments on homes and earnest funds for the right to purchase a home within one year from the contract date. As of December 31, 2005, there are 427 signed house contracts, representing $148,481,000 in future sales of which 298 contracts representing $100,231,000 in future sales, were released for construction.

(11) OTHER INCOME, NET:

Other income, net consists of the following-

In thousands

	2005	2004
Gain (loss) on sale of assets	$ 1,054	$ (26)
Downpayments forfeited	151	81
Utility reimbursements	8	2
	$ 1,213	$ 57

(12) NET INTEREST INCOME (EXPENSE):

The components of net interest income (expense) were as follows-

In thousands

	2005	2004
Interest earned	$ 248	$ 0
Interest incurred	(743)	(688)
Interest capitalized	740	609
Total interest expense	(3)	(79)
	$ 245	$ (79)

(13) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

The components of selling, general and administrative expenses were as follows-

In thousands

	2005	2004
Selling and marketing	$ 4,372	$ 4,606
General and administrative	2,095	2,289
Homeowners' association subsidy	655	985
	$ 7,122	$ 7,880

(14) FAIR VALUE OF FINANCIAL INSTRUMENTS:

Long-term Debt-

At December 31, 2005, the fair value of long-term debt was equal to the carrying amount. The fair value of the Partnership's debt is estimated based on the quoted rates for similar issues.

(15) TRANSACTIONS WITH RELATED PARTIES:

Robson Ranch Quail Creek LLC is affiliated through common control with the other companies that form "Robson Communities." Separate companies have been formed for the individual developments or to consolidate similar support services within one company. The sales or services between the affiliated companies arise through the normal course of business and are provided at prices estimated by management to represent the lesser of market value or cost plus a fee determined by management.

In thousands

	2005	2004
Paid to affiliates-		
Administrative and accounting services	$ 1,619	$ 1,915
Construction costs	$ 44,971	$ 38,922
Homeowners' association subsidy	$ 655	$ 985
Related party interest	$ 76	$ 551

(16) RETIREMENT PLAN AND TRUST:

The Partnership and related entities have a multi-employer trust profit sharing plan under Section 401 and 401(K) of the Internal Revenue Code. The Plan and Trust provides for retirement, disability, and accidental benefits for eligible employees. The Partnership matches employee contributions at a rate of 25%. The Plan and Trust also provides for additional contributions by the employer, at management's discretion. As of December 31, 2005, the Partnership has no liability to the Plan and Trust for matching or additional contributions.

The Partnership contributed $34,000 and $21,000 to the Plan in 2005 and 2004, respectively.

(17) CONCENTRATIONS OF CREDIT RISK:

Statement of Financial Accounting Standards No. 105, Disclosure of Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk, requires certain disclosures relating to concentration of credit risk.

All of the Partnership's assets are within the Quail Creek community.

CLOSING CERTIFICATE
OF
THE TOWN OF SAHUARITA, ARIZONA

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

The undersigned, the Mayor, the Town Clerk, the Town Manager and the Town Attorney of the Town of Sahuarita, Arizona (the "Municipality"), acting for and on behalf of the Municipality, HEREBY CERTIFY as follows:

1. That they are the duly chosen, qualified and acting Mayor, Town Clerk, Town Manager and the Town Attorney of the Municipality, respectively, and as such Mayor, Town Clerk, Town Manager and Town Attorney are familiar with the properties, affairs, books and corporate records of the Municipality.

2. (a) That on September 12, 2005, Resolution No. 2005-86 (the "Resolution") was duly adopted by the Mayor and Council of the Municipality at a duly called meeting (the "Meeting") of the Mayor and Council of the Municipality at which a quorum was present and acting throughout in each case; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof and no petition or petitions to revoke or alter the Resolution has been filed or received by any of us; that notice of the Meeting was posted more than 24 hours prior to the Meeting and that the Meeting was open to the public and held in accordance with all applicable open meetings laws, rules and regulations applicable thereto.

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

(c) That the copy of the Resolution included in this Transcript of Proceedings for the captioned bonds is a true and correct copy of the Resolution.

3. (a) That the District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005 (the "Development Agreement"), by and among the Municipality, Quail Creek Community Facilities District and Robson Ranch Quail Creek, LLC, as executed and delivered by the duly authorized officers of the Municipality, is in substantially the form and text as the copies of such instrument which were laid before and approved by the Mayor and Council of the

Municipality at the Meeting and has not been altered or amended as of the date hereof.

(b) That the Development Agreement has been duly authorized, executed and delivered by the Municipality and, as of the date hereof, the Development Agreement has not been amended, added to, altered, revoked or repealed.

(c) That, to the best of the knowledge of the undersigneds, all approvals and consents required under the laws of the State of Arizona in connection with the execution and delivery by the Municipality of the Development Agreement have been obtained.

4. That the persons named hereinbelow were, on the dates of the execution of the Resolution and the Development Agreement, and are on the date hereof, the duly qualified and acting incumbents of the offices of the Municipality set forth opposite their respective names and the signatures appearing above their respective names are the genuine official signatures of said officers.

5. That, to the best of the knowledge of the undersigneds, the consummation of the transactions contemplated by the Development Agreement and the compliance by the Municipality with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, agreement or other instrument to which the Municipality is a party or by which the Municipality may be bound or conflict with any law, rule or regulation or order or decree of any court or administrative body to which the Municipality is subject.

6. That, to the best of the knowledge of the undersigneds, 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 Municipality or the Municipality, the titles of the Mayor and members of the Council of the Municipality to their respective offices or the validity, due authorization and execution of the Resolution or the Development Agreement; restricting or preventing the Municipality from performing its obligations under the Resolution or the Development Agreement or attempting to limit, enjoin or otherwise restrict or prevent the Mayor and Council of the Municipality or the Municipality from functioning pursuant to the terms of the Resolution or the Development Agreement.

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

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 21st day of June, 2006.

.....

Charles E. Oldham, Mayor, Town of Sahuarita, Arizona

.....

Sandra Olivas, Clerk, Town of Sahuarita, Arizona

.....

James Stahle, Town Manager, Town of Sahuarita, Arizona

.....

Daniel J. Hochuli, Town Attorney, Town of Sahuarita, Arizona

CLOSING CERTIFICATE
OF
ROBSON RANCH QUAIL CREEK, LLC

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

The undersigned officers of Arlington Property Management Company, an Arizona corporation ("**Arlington**"), a Member in and the Manager of Robson Ranch Quail Creek, LLC, a Delaware limited liability company ("**Robson Ranch**"), acting for and on behalf of Robson Ranch, HEREBY CERTIFY as follows:

1. That they are the qualified and acting President and Vice President/Assistant Secretary of Arlington, and as such President and Vice President/Assistant Secretary are familiar with the books and corporate records of Robson Ranch.

2. That Robson Ranch is a duly organized and validly existing limited liability company of the State of Delaware, has the authority to do business in the State of Arizona, has the power and authority to consummate the transactions described in the hereinafter defined Documents and has no proceedings pending or contemplated with a view to liquidation or dissolution.

3. That Robson Ranch has the power and authority to execute and deliver the District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005, by and among the Town of Sahuarita, Arizona, Quail Creek Community Facilities District (the "**District**"), and Robson Ranch; the Indemnity Letter, dated June 1, 2006, from Robson Ranch to the District and RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets; the Series 2006 Standby Contribution Agreement, dated as of June 1, 2006, by and among Robson Ranch, the District and Wells Fargo Bank, N.A., as trustee; the Continuing Disclosure Undertaking, dated the date hereof, from Robson Ranch and the Dissemination Agency Agreement, dated as of June 1, 2006, by and between Robson Ranch and RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets (collectively, the "**Documents**"), as executed and delivered by the duly authorized officer of Arlington (in its capacity as Manager of Robson Ranch) and that the Documents were approved and the execution and delivery thereof was authorized by the written consent of Arlington in its capacity as the sole Manager of Robson Ranch and by the written consent of the board of directors and sole shareholder of Arlington.

4. (a) That a resolution (the "**Resolution**") authorizing, among other things, the execution and delivery of the Documents was duly adopted by Arlington in its capacity as the sole Manager of

Robson Ranch, and that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof.

(b) That Robson Ranch has no rules of procedure which would invalidate or make ineffective the Resolution and that the Resolution was adopted in accordance with the Operating Agreement of Robson Ranch.

(c) That the officers executing and delivering the Documents had the authority to execute and deliver the Documents on behalf of Robson Ranch and on behalf of Arlington in its capacity as Manager of Robson Ranch.

5. That the persons named hereinbelow were, on the dates of the execution of the Documents, and are on the date hereof, the duly qualified and acting incumbents of the offices of President and Vice President/Assistant Secretary of Arlington as set forth below their respective signatures and the signatures appearing above their respective names are the genuine official signatures of said officers.

6. That Robson Ranch 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.

7. That the consummation of the transactions contemplated by the Documents (as well as the Limited Offering Memorandum, dated June 1, 2006, relating to Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006) and compliance by Robson Ranch with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, agreement or other instrument to which Robson Ranch is a party or by which Robson Ranch may be bound or conflict with any law, rule or regulation or order or decree of any court or administrative body to which Robson Ranch is subject.

8. That no litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness of the Resolution or the Documents, or contesting or questioning the proceedings and authority under which the Resolution or the Documents have been authorized and are delivered and executed.

9. That attached hereto as Exhibit A is a true, complete and correct copy of the Operating Agreement of Robson Ranch which was in full force and effect on October 1, 2005, and which has been in

effect from that date to the date hereof and that no amendments to such Operating Agreement have been made subsequent to such date.

10. That attached hereto as Exhibit B is a true, complete and correct copy of a Certificate of Existence issued by the Delaware Secretary of State and a Certificate of Good Standing issued by the Arizona Secretary of State for Robson Ranch.

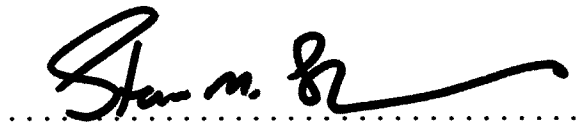
11. That with respect to the "Property" (as such term is defined in the District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District) referred to hereinabove), Robson Ranch has or is proceeding with all reasonable speed to develop and sell the Property to members of the general public for residential use.

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

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 21st day of June, 2006.



Mark E. Robson, President



Steven M. Soriano, Vice President
and Assistant Secretary

ATTACHMENTS:

Exhibit A - Operating Agreement
Exhibit B - Certificates of Existence and Good Standing

EXHIBIT A

__OPERATING AGREEMENT

OPERATING AGREEMENT
OF
ROBSON RANCH QUAIL CREEK, LLC

This Operating Agreement is entered into as of the 23rd day of June, 1999, among ARLINGTON PROPERTY MANAGEMENT COMPANY, an Arizona corporation (the "Manager"), as Manager and as a Member, and by the other Persons listed on Exhibit "A" to this Agreement, each as a Member.

SECTION 1. DEFINITIONS; THE COMPANY

1.1 Definitions. Capitalized words and phrases used in this Agreement shall have the meanings set forth in Section 10.14 hereof.

1.2 Formation. The Company has been formed, pursuant to the provisions of the Act and upon the terms and conditions set forth in this Agreement and the Certificate of Formation.

1.3 Name. The name of the Company is Robson Ranch Quail Creek, LLC. The Manager may change the name of the Company upon written notice to the Members.

1.4 Purpose. The purpose of the Company is to purchase, hold, develop, operate, market, sell and otherwise deal with the Property, any real property contiguous to or in the vicinity of the Property, and any real or personal property useful in connection therewith, although the Company is authorized to engage in any other activity or business permitted under Delaware law or under the laws of any other jurisdiction in which the Company acquires assets or transacts business. In furtherance of such purpose, and by way of illustration and not limitation, the Company shall be authorized to acquire, own, hold, manage, finance, refinance, zone, subdivide, sell or otherwise deal with the Property and other Company property.

1.5 Intent. It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a "partnership" for federal and state income tax purposes. It also is the intent of the Members that the Company not be operated or treated as a "partnership" for purposes of Section 303 of the federal Bankruptcy Code. No Member shall take any action inconsistent with the express intent of the parties hereto.

1.6 Office. The registered office of the Company within the State of Delaware shall be c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801. The registered office of the Company within the State of Arizona shall be located at 9532 East Riggs Road, Sun Lakes, Arizona 85248-7411. The Manager may, in its discretion, also cause Company offices to be opened in any other locations deemed necessary of convenient by the Manager. Any registered office may be changed to any other place at the discretion of the Manager.

1.7 Agent for Service of Process. The name and address of the registered agent for service of legal process on the Company in Delaware are The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801. The name and address of the agent for service of legal process on the Company in Arizona are FC Service Corporation, 3003 North Central Avenue,

Suite 2600, Phoenix, Arizona 85012-2913. The Manager shall have the right, in its discretion, to designate additional agents for service of process in other jurisdictions. The Company's agent(s) for service of legal process may be changed at the discretion of the Manager.

1.8 Term. The term of the Company shall commence as of the date the Certificate of Formation is filed with the office of the Delaware Secretary of State and shall continue thereafter until the Company is dissolved as set forth in this Agreement.

1.9 Fiscal Year. The fiscal year of the Company shall be the calendar year.

1.10 Certificate of Formation. The Manager shall cause a certificate of formation (the "Certificate of Formation") to be filed with the office of the Delaware Secretary of State and shall file any amendments to the Certificate of Formation deemed necessary by the Manager to reflect amendments to this Agreement adopted by the Members in accordance with the terms hereof. In addition, the Manager shall cause to be filed any filings required under the laws of the State of Arizona or any other jurisdiction in which the Company conducts business.

1.11 Independent Activities. Each Member may, notwithstanding this Agreement, engage in whatever activities it may choose, whether the same are competitive with the Company or otherwise, without having or incurring any obligation to offer any interest in such activities to the Company or to any other Member. Neither this Agreement nor any activity undertaken pursuant hereto shall prevent any Member from engaging in such activities, or require any Member to permit the Company or any other Member to participate in any such activities, and as a material part of the consideration for the execution of this Agreement by each Member, each Member hereby waives, relinquishes and renounces any such right or claim of participation against the other Members.

SECTION 2. MEMBERS; CAPITAL CONTRIBUTIONS; LOANS

2.1 Members. The name and address of each Member are set forth on Exhibit "A" to this Agreement. There shall be two classes of membership interests in the Company – Class A Interests and Class B Interests. Except as otherwise specifically set forth herein, the Class A Interests and the Class B Interests shall be identical in all respects.

2.2 Initial Capital Contributions. Upon the execution hereof, each Member shall contribute to the Company the cash specified on Exhibit "A" to this Agreement. In addition, in connection with the acquisition of the Property, the Members shall contribute an additional $7.9 million, in proportion to their respective Percentage Interests.

2.3 Additional Capital Contributions. As and when the Company requires additional funds to timely satisfy any of its obligations, as determined by the Manager, each Member shall contribute to the Company an amount equal to the total funds required by the Company for such purpose, multiplied by such Member's Percentage Interest. Capital Contributions required under this Section 2.3 shall be due within thirty (30) days after a written request is made therefor by the Manager. Notwithstanding the foregoing, in no event shall the Manager be required to call for additional Capital Contributions.

2.4 Failure to Contribute.

(a) Delinquency Loans. If any Member (a "Delinquent Member") fails to fund his or her proportionate share of additional Capital Contributions as required under Section 2.3 (the "Delinquent Amount"), any Member who has funded that Member's proportionate share of such additional Capital Contributions (a "Nondelinquent Member") may fund as a loan (a "Delinquency Loan") all or part of the Delinquent Amount by advancing funds directly to or for the account of the Delinquent Member. If more than one Nondelinquent Member elects to make a Delinquency Loan, each Nondelinquent Member so electing shall make a Delinquency Loan in an amount equal to that portion of the Delinquency Amount that corresponds to the ratio that such Member's Percentage Interest bears to the Percentage Interests of all electing Nondelinquent Members, or in such proportions as the electing Nondelinquent Members may otherwise agree. Delinquency Loans shall bear simple interest at the rate of eighteen percent (18%) per annum. Net Cash Flow distributable to a Delinquent Member pursuant to Section 3 shall be applied first to the payment of all Delinquency Loans outstanding with respect to such Delinquent Member, with payments being applied first to accrued interest and charges and then to principal, prior to distribution to such Delinquent Member.

(b) Repayment of Delinquency Loans. At any time prior to the conversion of a Delinquency Loan to a Capital Contribution, as provided in Section 2.4(c), the Delinquent Member may make one or more Capital Contributions to the Company in an amount equal to all or any portion of the balance of principal and interest then outstanding on the Delinquency Loan. Any amount so contributed shall promptly be remitted to the Nondelinquent Member(s) as a payment on the Delinquency Loan(s).

(c) Conversion to Capital. At any time on or after the date one hundred fifty (150) days following the date of a Delinquency Loan, a Nondelinquent Member may elect to treat all or part of such Delinquency Loan (including interest thereon) as a Capital Contribution to the Company. Such election shall be in writing and shall be effective on the fifteenth (15th) day following delivery thereof to the Delinquent Member, unless within the fifteen (15) day period, the Delinquent Member makes a Capital Contribution to the Company in accordance with Section 2.4(b) sufficient to satisfy the Delinquency Loan. If the Delinquent Member's Capital Contribution is not sufficient to satisfy the Delinquency Loan in full, then such Capital Contribution shall not affect or impair the Nondelinquent Member's right to treat all or part of the remainder of such Delinquency Loan (including interest thereon) as a Capital Contribution to the Company. If a Nondelinquent Member elects to treat all or any part of a Delinquency Loan (including interest thereon) as a Capital Contribution, the amount so treated shall be debited to the Delinquent Member's Capital Account and credited to the Nondelinquent Member's Capital Account, and the balance owed on the Delinquency Loan shall be reduced in like amount. Effective upon such conversion, the Members' Percentage Interests in the Company shall be adjusted to reflect the additional Capital Contribution made by the Nondelinquent Member. Such Percentage Interests, as so adjusted, shall thereafter govern and control for all purposes of this Agreement, until a subsequent adjustment is required.

2.5 Member Loans. In addition to Delinquency Loans pursuant to the preceding section, upon the approval of the Manager, any Member may make loans ("Member Loans") to the

Company, which shall bear interest and be repaid on such reasonable terms and conditions as may be approved by the Manager. No Member shall be required to make a Member Loan unless such Member has agreed in writing to make the Member Loan.

2.6 Limitations Pertaining to Capital Contributions.

(a) Return of Capital. Except as otherwise provided in this Agreement, no Member shall withdraw any Capital Contributions or any money or other property from the Company without the written consent of the Manager. Under circumstances requiring a return of any Capital Contributions, no Member shall have the right to receive property other than cash, unless otherwise specifically agreed in writing by the Manager at the time of such distribution.

(b) Liability of Members. No Member shall be liable for the debts, liabilities, contracts or any other obligations of the Company. Except as agreed upon by the Members, and except as otherwise provided by Section 18-303 of the Act or by any other applicable state law, the Members shall be liable only to make their Capital Contributions as provided in Sections 2.2 and 2.3 hereof and shall not be required to make any other Capital Contributions or loans to the Company. No Member shall have any personal liability for the repayment of the Capital Contributions or loans of any other Member or assignee of a Member.

(c) No Interest or Salary. Except as provided in Section 5 hereof, no Member shall receive any interest, salary or drawing with respect to such Member's Capital Contributions or Capital Account or for services rendered for or on behalf of the Company.

(d) No Third Party Rights. Nothing contained in this Agreement is intended or will be deemed to benefit any creditor of the Company and no creditor of the Company will be entitled to require any Member to solicit or demand Capital Contributions from any other Member.

(e) Withdrawal. Except as provided in Section 8 hereof, no Member may voluntarily or involuntarily withdraw from the Company or terminate its interest therein without the prior written consent of the Manager, which consent may be withheld in the Manager's sole discretion.

SECTION 3. DISTRIBUTIONS

Except as provided in Section 9 hereof, Net Cash Flow, if any, shall be distributed to the Members in proportion to their Percentage Interests at such times and in such amounts as may be determined by the Manager in the Manager's sole discretion. However, the Manager agrees to make reasonable efforts to distribute to the Members each year (or within a reasonable time after the end of the calendar year) Net Cash Flow in an amount reasonably calculated to be sufficient to pay the Members' federal and state income taxes with respect to Company income. Although the Manager shall make reasonable efforts to make the tax distributions referred to above, each Member understands and acknowledges that there is no guarantee that Net Cash Flow will be available at all times to pay those distributions. The Manager shall have no obligation to distribute funds to the extent the Manager, in its reasonable good faith discretion, concludes that Company's

net profits or Net Cash Flow are insufficient to justify the distributions, or that distributions by the Company would be inappropriate under the then existing circumstances.

SECTION 4. ALLOCATIONS

4.1 Capital Accounts. A capital account shall be maintained for each Member in accordance with the Regulations, under uniform policies established by the Manager.

4.2 Profits and Losses. Unless otherwise required by Code Sections 704(b), 704(c) or Treasury Regulations promulgated thereunder, all Profits, Losses and items thereof for each fiscal year of the Company shall be allocated to the Members in proportion to their Percentage Interests.

SECTION 5. MANAGEMENT

5.1 General Management Structure. Except as otherwise specifically set forth herein, all decisions and actions concerning the Company and its affairs shall be made or taken by the Manager. The Manager shall devote such time and effort as is necessary for the management of the Company and the conduct of its business, but shall not be required to devote full time efforts to the Company. If the business of the Company is continued by the Members holding Class A Interests following a Withdrawal Event involving the Manager, or if the Manager voluntarily resigns as the manager of the Company, the remaining Member(s) holding Class A Interests shall have the authority to manage the business and affairs of the Company, including the election of a new Manager, until the subsequent dissolution of the Company as provided in Section 9 hereof, with the approval of a Majority in Interest of the Members holding Class A Interests being necessary to approve any actions. Any party dealing with the Company shall be permitted to rely absolutely on the signature of the Manager as binding on the Company, without any duty of further inquiry regarding any approval of the Members required under this Agreement. The Manager may not be removed as the manager of the Company without its consent.

5.2 Powers of the Manager. Without limiting the rights and powers provided for in Section 5.1, the Manager shall be permitted, on behalf of the Company, to act in all matters affecting the day-to-day management and supervision of the Company's affairs, including, by way of illustration and not limitation, the following:

(a) cause the Certificate of Formation of the Company to be filed;

(b) exercise all rights and powers and perform all duties and obligations of the Manager of the Company;

(c) cause the Company to exercise all of its rights and powers and perform all of its duties and obligations;

(d) cause the Company to acquire the Property and any other real and/or personal property useful in connection therewith;

(e) cause the Company to develop, operate, market, promote, sell and otherwise deal with the Property and any other property acquired by the Company;

(f) invest Company funds in any reasonable manner;

(g) make loans, manage, sell, exchange, assign, transfer, pledge, encumber or otherwise dispose of or deal with any Company asset;

(h) make any tax election available to the Company;

(i) cause the Company to borrow money, prepay, refinance, recast, increase, modify or extend any liabilities of the Company, issue evidences of indebtedness, and encumber or otherwise grant security in the Company's assets in connection with any of the foregoing;

(j) exercise any power, authority, duty or obligation delegated or appointed to the Manager under this Agreement;

(k) settle any dispute or litigation involving the Company;

(l) change the accounting processes or procedures employed in keeping the books of account or financial statements with respect to the operation or management of the Company;

(m) employ or retain on behalf of the Company and at the Company's expense, such Persons, including affiliates of the Manager or any other Member (such as, without limitation, Robson Communities, Inc., Edward J. Robson and Steven S. Robson) and including management employees, as the Manager, in its sole discretion or judgment, may deem advisable to carry out the Company's purpose or for the proper operation of the business of the Company, such employment or consultation to be undertaken upon such terms and for such compensation as the Manager, in its reasonable judgment, shall determine, subject to the terms of Section 5.4 of this Agreement;

(n) cause the Company to pay the Manager the Manager's fee specified in Section 5.5 below and, in addition, cause the Company to reimburse the Manager or its affiliates for expenses incurred in connection with the Company's business in accordance with this Agreement;

(o) cause the Company to reimburse the Manager and its affiliates for all amounts paid or incurred in connection with the acquisition and development of real property acquired by the Company, including but not limited to all option fees, earnest money payments, legal fees, all costs and expenses incurred in connection with the examination of the feasibility of acquiring and developing the Property, and all costs and expenses incurred in connection with the design, planning, zoning and permitting of the real property and the development thereof, if any;

(p) enter into contracts, agreements or similar arrangements and execute documents or instruments on behalf of the Company in connection with any of the foregoing; and

(q) take all other actions deemed necessary or advisable by the Manager for the accomplishment of the Company's purposes.

5.3 Indemnification of Members. The Company, its receiver or its trustee shall defend, indemnify and save harmless the Members and their officers and directors (the "Indemnified Parties") from and against all losses, claims, costs, liabilities and damages incurred by them in connection with the business of the Company, including reasonable attorneys' fees incurred by them in connection with the defense of any action based on any such act or omission; provided, however, no Indemnified Party shall be indemnified from any liability for fraud, bad faith, willful misconduct or gross negligence.

5.4 Salaries to Robson Family Members. Without the consent of both the Manager and a Majority in Interest of the Members holding Class A Interests, the Company shall not pay with respect to any calendar year, in the aggregate, any salary or consulting fees to any Robson family members and/or their affiliates, except for Edward J. Robson, in excess of two percent (2%) of the gross sales proceeds received by the Company in that year from Company operations. If the Company inadvertently pays in excess of that amount based on inaccurate estimates of the year's gross sales proceeds, then appropriate adjustments shall be made when the actual gross sales amounts are calculated. The Members agree that Steven S. Robson (or, at his election, Scott Management Company) shall be entitled to receive a salary or consulting fee from the Company equal to eighteen and six-tenths percent (18.6%) of the total salaries and consulting fees paid by the Company to all Robson family members and affiliates, other than salaries and consulting fees paid to Edward J. Robson. The two percent (2%) limitation on Robson family members and affiliate salaries and consulting fees and the requirement to pay Steven S. Robson or Scott Management Company eighteen and six-tenths percent (18.6%) of all Robson salaries and consulting fees shall *not* apply to (a) reimbursements of amounts paid or expended on behalf of the Company, (b) the Manager's fee payable pursuant to Section 5.5 below, (c) reasonable amounts paid to Robson Communities, Inc. or other Robson affiliates for services actually rendered or materials actually provided to the Company, or (d) salaries or consulting fees paid to Edward J. Robson.

5.5 Manager's Fee. The Company shall pay a fee to the Manager each year in the amount of $200,000, payable as and when specified by the Manager in its reasonable discretion. The $200,000 fee shall be increased or decreased as appropriate as of January 1 of each year based upon changes in the then most recent Consumer Price Index for All Urban Consumers (U.S. City Average for All Items, 1982-84=100) (the "Consumer Price Index") from the Consumer Price Index that existed on the then preceding January 1. If at any time the Consumer Price Index is no longer published or its manner of calculation is materially changed, the Manager may use a substitute index, reconciled to January 1, 1999, that reasonably reflects changes in the purchasing power of the dollar.

SECTION 6. BOOKS AND RECORDS

6.1 Books and Records. The Company shall keep adequate books and records at its place of business, setting forth a true and accurate account of all business transactions arising out of and in connection with the conduct of the Company. Any Member or the designated representative

of a Member shall have the right, at any reasonable time, to have access to and inspect, copy and audit such books or records.

6.2 Tax Matters. Necessary tax information shall be delivered to each Member after the end of each fiscal year of the Company. The Manager shall be the "tax matters partner" under the Code and shall coordinate with the Company's accountants the preparation of tax information and tax returns relating to the Company.

SECTION 7. AMENDMENTS

This Agreement may not be amended, except by a written instrument signed by the Manager and by a Majority in Interest of the Members holding Class A Interests.

SECTION 8. TRANSFER OF COMPANY INTERESTS; NEW MEMBERS

8.1 General. No Member shall sell, assign, pledge, hypothecate, encumber or otherwise voluntarily transfer by any means whatever ("Transfer") all or any portion of such Member's interest in the Company without the prior written consent of the Manager. A transferee of a Member's interest in the Company will be admitted as a Substituted Member only pursuant to Section 8.3 hereof. Any purported Transfer which does not comply with the provisions of this Section 8 shall be void and shall not cause or constitute a dissolution of the Company.

8.2 Assignee of Member's Interest. If, pursuant to a Transfer of an interest in the Company by operation of law and without violation of Section 8.1 hereof (or pursuant to a Transfer that the Company is required to recognize notwithstanding any contrary positions of this Agreement), a Person acquires an interest in the Company, but is not admitted as a Substituted Member pursuant to Section 8.3 hereof, such Person:

(a) shall be treated as an assignee of a Member's interest, as provided in the Act;

(b) shall have no right to participate in the business and affairs of the Company or to exercise any rights of a Member under this Agreement or the Act; and

(c) shall share in distributions from the Company with respect to the transferred interest, on the same basis as the transferring Member.

8.3 Substituted Members. No Person taking or acquiring, by whatever means, the interest of any Member in the Company shall be admitted as a substituted Member in the Company (a "Substituted Member") without the written consent of the Manager, which consent may be withheld or granted in the sole and absolute discretion of the Manager.

SECTION 9. DISSOLUTION AND TERMINATION

9.1 Dissolution. The Company shall dissolve upon the first to occur of any of the following events:

(a) The sale of all or substantially all of the Company's assets and the collection of the proceeds of such sale;

(b) The election by both the Manager and a Majority in Interest of the Members holding Class A Interests to dissolve the Company; or

(c) The entry of a decree of dissolution under 18-802 of the Act.

(d) A Withdrawal Event with respect to the last remaining Member of the Company. Except as provided in this Section 9.1(d), the Company shall not dissolve upon the occurrence of a Withdrawal Event with respect to any Manager or Member, but shall instead continue its business without interruption.

9.2 Winding Up.

(a) Notice of Winding Up. Following the dissolution of the Company, as provided in Section 9.1 hereof, the Manager (or any remaining Member if there is then no Manager) may execute and file any notice of winding up or similar document if required or appropriate under Delaware law.

(b) Effect of Filing. After the dissolution of the Company, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but the Company's separate existence shall continue until a certificate of cancellation has been filed with the Delaware Secretary of State or until a decree dissolving the Company has been entered by a court of competent jurisdiction.

(c) Liquidation and Distribution of Assets. Upon the dissolution of the Company, the Manager, or the remaining Member(s) if there is then no Manager, or a court-appointed trustee, if there is no remaining Member, shall take full account of the Company's liabilities and assets, and such assets shall be liquidated as promptly as is consistent with obtaining the fair value thereof. During the period of liquidation, the business and affairs of the Company shall continue to be governed by the provisions of this Agreement, with the management of the Company continuing as provided in Section 5 hereof. The proceeds from liquidation of the Company's property, to the extent sufficient therefor, shall be applied and distributed in the following order of priority:

(i) To the payment and discharge of all of the Company's debts and liabilities, including those to Members who are creditors, including the establishment of any necessary reserves; and

(ii) To the Members in proportion to their Percentage Interests.

Notwithstanding anything in Section 4 hereof to the contrary, any Profits, Losses and items thereof of the Partnership for the taxable year in which the liquidation of the Partnership occurs shall be

allocated among the Members so as to adjust the Capital Accounts of the Members as closely as possible to distributions of such liquidation proceeds pursuant to the foregoing priorities.

(d) Liquidating Trust. Notwithstanding anything herein to the contrary, in the discretion of the Manager, a pro rata portion of the distributions that would otherwise be made to the Members pursuant to this Section may be: (i) distributed to a trust established for the benefit of the Members for the purposes of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the Manager arising out of or in connection with the Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Manager, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to this Agreement; or (ii) withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Partners as soon as practicable.

9.3 Certificate of Cancellation. When all debts, liabilities and obligations of the Company have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets of the Company have been distributed to the Members, a certificate of cancellation shall be executed and filed by the Members with the Delaware Secretary of State.

9.4 Rights of Members. Except as otherwise provided in this Agreement, the Members shall look solely to the assets of the Company for the return of their Capital Contributions and shall have no right or power to demand or receive property other than cash from the Company.

SECTION 10. MISCELLANEOUS

10.1 Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered personally to the Person to whom the same is directed, or sent by facsimile transmission, or by registered or certified mail, return receipt requested, addressed as follows: if to the Company, to the Company at the address set forth in Section 1.6 hereof, or to such other address as the Company may from time to time specify by notice to the Members in accordance with this Section 10.1, or, if to a Member, to such Member at the address or FAX number for such Member set forth on Exhibit "A" to this Agreement, or to such other address or FAX number as the Member may from time to time specify by notice to the Company and the Members in accordance with this Section 10.1. Any such notice shall be deemed to be delivered, given and received for all purposes as of the date so delivered, if delivered personally or faxed, or three (3) business days after the time when the same was deposited in a regularly maintained receptacle for the deposit of United States mail, if sent by registered or certified mail, postage and charges prepaid.

10.2 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the Members and their respective heirs, legatees, legal representatives, successors, transferees and assigns.

10.3 Construction. Every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member.

10.4 Time. Time is of the essence with respect to this Agreement and each provision hereof.

10.5 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

10.6 Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

10.7 Incorporation by Reference. Every exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

10.8 Additional Documents. Each Member, upon the request of the Manager or any other Member, agrees to perform all further acts and execute, acknowledge and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

10.9 Variation of Pronouns. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the Person or Persons may require.

10.10 Delaware Law. The laws of the State of Delaware shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the Members.

10.11 Waiver of Action for Partition. Each of the Members irrevocably waives any right that the Member may have to maintain any action for partition with respect to any of the Company's property.

10.12 Counterpart Execution. This Agreement may be executed in any number of counterparts with the same effect as if all of the Members had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

10.13 Sole and Absolute Discretion. Except as otherwise provided in this Agreement, all actions that the Manager may take and all determinations that the Manager may make pursuant to this Agreement may be taken and made at the sole and absolute discretion of the Manager.

10.14 Glossary. For purposes of this Agreement, terms not otherwise defined in the body of this Agreement shall have the following meanings ascribed to them:

"Act" means the Delaware Limited Liability Company Act, as set forth in Delaware Code Ann. Tit. 6, § 18-101 et seq., as amended from time to time (or any corresponding provisions of succeeding law).

"Agreement" means this Operating Agreement, as amended from time to time. Words such as "herein," "hereinafter," "hereof," "hereto" and "hereunder," refer to this Agreement as a whole, unless the context otherwise requires.

"Capital Account" means the capital account maintained for each Member in accordance with Section 4.1 hereof.

"Capital Contribution" means, with respect to any Member, the amount of money and the net fair market value of any property (other than money) contributed to the Company by such Member.

"Certificate of Formation" has the meaning given that term in Section 1.10 hereof.

"Class A Interests" means all membership interests held by the Members other than interests designated as Class B Interests. A Class A Interest may, at the discretion of the Manager, be converted to a Class B Interest, but a Class B Interest may not be converted to a Class A Interest by the Manager unless either (1) the Class B Interest was formerly a Class A Interest that had been converted to a Class B Interest, or (2) the Manager and a Majority in Interest of the Members holding Class A Interests at such time approve the conversion.

"Class B Interests" means a limited class of membership interest in the Company intended ultimately to be issued and/or held for the benefit of senior management employees of the Company and/or its affiliates as the Manager shall deem appropriate. Except as may be required by law, holders of Class B Interests shall have no right to vote with respect to any issues relating to the Company or to exercise any management rights whatsoever with respect to the Company. Class B Interests may be converted to Class A Interests only as provided in the definition of Class A Interests. The rights of any senior management employees in Class B Interests, whether held directly or indirectly, are intended to be subject to repurchase upon the occurrence of certain events, as the Manager may determine, such as, for example, (i) the termination of employment with the Company and/or its affiliates, (ii) the death, disability, or bankruptcy affecting any such employee, or (iii) any attempted transfer, voluntary or involuntary, by such employee of such employee's rights or interest in any Class B Interest, all as more fully set forth in the future in writing.

"Code" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

"Company" means the limited liability company formed pursuant to this Agreement and any limited liability company continuing the business of this Company in the event of dissolution as herein provided.

"Majority in Interest of the Members" means Members who own in the aggregate more than percent (50%) of the total Percentage Interests of the class of interests entitled to vote on a

particular matter. In the event an action requires the vote or approval of both the Manager and of a Majority in Interest of the Members, the Manager's vote may counted towards the Majority in Interest of the Members.

"Manager" means Arlington Property Management Company, an Arizona corporation. If Arlington Property Management Company ceases to serve as the Manager for any reason, a replacement Manager or Managers may be elected by a Majority in Interest of the Members holding Class A Interests.

"Member" means any Person identified as a Member in the heading to this Agreement (whether holding Class A or Class B Interests). If any Person is admitted as a Substituted Member pursuant to the terms of this Agreement, "Member" shall be deemed to refer also to such Person. "Members" refers collectively to all Persons who are designated as a "Member" pursuant to this definition.

"Member Loans" has the meaning given that term in Section 2.5 hereof.

"Net Cash Flow" means the gross cash proceeds to the Company from all sources, less the portion thereof used to pay or establish reserves for Company expenses, debt payments (including payments on Member Loans), capital improvements, replacements and contingencies, all as reasonably determined by the Manager.

"Percentage Interests" means the Members' interests, expressed as a percentage, in certain Profits, Losses, and distributions of the Company as provided for in this Agreement. The Members' Percentage Interests are set forth opposite their names on Exhibit "A" hereto.

"Person" means any individual, partnership, corporation, trust, limited liability company or other entity.

"Profits" and "Losses" mean, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Code Section 703(a), reduced by any items of income or gain subject to special allocation pursuant to this Agreement, and otherwise adjusted by the Manager to comply with the Regulations.

"Property" means the real property located in Pima County, Arizona consisting of approximately 2,500 acres, which is subject to the Contract of Purchase and Sale executed by Saddlecreek Enterprises, L.L.C., and Robson Communities, Inc. on or about June 11, 1999.

"Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Substituted Member" has the meaning given that term in Section 8.3 hereof..

"Withdrawal Event" means those events and circumstances listed in Section 18-801(4) of the Act.

10.15 Representations, Warranties and Certain Covenants of Members. In connection with the execution of this Agreement and the acquisition of an interest in the Company hereunder, each Member hereby represents and warrants to and agrees with the Manager and the other Members as follows:

(a) The Member has adequate means of providing for its current needs and business contingencies. The Member has no need for liquidity with respect to its interest in the Company and is in a financial position to hold such interest for an indefinite period of time and to bear the economic risk of, and withstand a complete loss of, such interest;

(b) The Member, with or without a purchaser representative, has the knowledge and experience in financial and business matters that is necessary to evaluate the merits and risks of an investment in the Company. The Member believes the investment in the Company is suitable for the Member in all material respects and has relied solely on the advice of its accountants or other financial advisors with respect to the advisability and the tax and other consequences of investing in the Company;

(c) The Member's interest in the Company is being acquired for investment for the Member's own account and not with a view to, or for resale in connection with, any distribution thereof;

(d) The Member has had the opportunity to ask any questions regarding the Company and its affairs, to investigate the business of the Company, and to obtain any additional information which the Company or any Member possesses or could acquire without unreasonable effort or expense that is necessary to verify the accuracy of the information furnished. All of such questions have been answered and all requested information has been furnished to the full satisfaction of the Member;

(e) The Member acknowledges that the Company has relied upon such representations, warranties and covenants in establishing an exemption from registration for the issuance of the Member's interest in the Company under applicable federal and state securities laws. The Member hereby agrees to indemnify, defend and hold harmless the Company, the Manager and their affiliates from and against any and all losses due to or arising out of a breach of any such representation, warranty or covenant;

(f) The Member is not a "foreign person" within the meaning of Code Section 1445 or 1446;

(g) The Member has full power and authority to enter into and carry out its obligations under this Agreement;

(h) The Member has taken all requisite action to authorize the execution and performance of this Agreement; and

(i) Neither the execution of this Agreement nor the performance hereof by the Member will result in any breach or violation of the terms of any decree, judgment or order applicable to the Member.

. . . .

. . . .

[Signatures are on the following page.]

IN WITNESS WHEREOF, the Members have entered into this Agreement as of the date first above written.

MANAGER:

Arlington Property Management Company,
an Arizona corporation

By _____
Edward J. Robson, Chairman

MEMBERS:

By _____
Edward J. Robson, Trustee of the Edward J. Robson Family Trust dated March 5, 1992, as amended

By _____
James D. Hubbard, as Co-Trustee of the Steven S. Robson Subchapter S Trust, the Mark E. Robson Subchapter S Trust, the Kimberly A. Robson Subchapter S Trust, the Lynda R. Robson Subchapter S Trust, and the Robert D. Robson Subchapter S Trust

By _____
G. Bernard Barry, as Co-Trustee of the Steven S. Robson Subchapter S Trust, the Mark E. Robson Subchapter S Trust, the Kimberly A. Robson Subchapter S Trust, the Lynda R. Robson Subchapter S Trust, and the Robert D. Robson Subchapter S Trust

Arlington Property Management Company,
an Arizona corporation

By _____
Edward J. Robson, Chairman

EXHIBIT A
Operating Agreement of Robson Ranch Quail Creek, LLC

MANAGER/MEMBER	Initial Capital Contribution	Percentage Interest	Class
Arlington Property Management Company, an Arizona corporation 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$1,000	1.0%	A
MEMBERS			
Mark E. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$12,000	12.0%	A
Steven S. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$18,600	18.6%	A
Robert D. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$12,000	12.0%	A
Kimberly A. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$12,000	12.0%	A
Lynda R. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$12,000	12.0%	A
Edward J. Robson Family Trust dated March 5, 1992, as amended 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$32,400	32.4%	A
TOTALS	$100,000	100%	

ASSIGNMENT OF MEMBERSHIP INTEREST AND FIRST AMENDMENT TO OPERATING AGREEMENT OF ROBSON RANCH QUAIL CREEK, LLC

This Assignment of Membership Interest and First Amendment to Operating Agreement of Robson Ranch Quail Creek, LLC (the "First Amendment") is made and entered into effective as of January 1, 2001, by and among Edward J. Robson, as Trustee of the **EDWARD J. ROBSON FAMILY TRUST**, dated March 5, 1992, as amended (the "EJR Trust"), **R.C. EMPLOYEE INCENTIVE, LLC**, a Delaware limited liability company (the "Employee LLC"), **ARLINGTON PROPERTY MANAGEMENT COMPANY**, an Arizona corporation ("Arlington"), and G. Bernard Barry and James D. Hubbard, as Trustees of the **STEVEN S. ROBSON SUBCHAPTER S TRUST**, the **MARK E. ROBSON SUBCHAPTER S TRUST**, the **KIMBERLY A. ROBSON SUBCHAPTER S TRUST**, the **LYNDA R. ROBSON SUBCHAPTER S TRUST**, and the **ROBERT D. ROBSON SUBCHAPTER S TRUST**.

RECITALS

A. Robson Ranch Quail Creek, LLC (the "Company") was formed as a Delaware limited liability company pursuant to that certain Operating Agreement of Robson Ranch Quail Creek, LLC dated as of June 23, 1999 (the "Operating Agreement"). Unless otherwise specified herein, capitalized terms used in this First Amendment shall have the meanings given those terms in the Operating Agreement.

B. The EJR Trust owns a thirty two and four-tenths percent (32.4%) Class A Interest in the Company. The EJR Trust desires to (1) convert a ten percent (10%) Class A Interest in the Company to a ten percent (10%) Class B Interest in the Company, and (2) transfer such ten percent (10%) Class B Interest to the Employee LLC.

C. The Manager desires to consent to the foregoing transfer and to the admission of the Employee LLC as a Substituted Member with respect to the Class B Interest assigned by the EJR Trust to the Employee LLC hereunder.

D. The Manager and Members desire to make certain modifications to the Operating Agreement as hereinafter set forth.

AGREEMENTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Conversion of Class A Interest to Class B Interest. In accordance with the definition of the phrase "Class A Interest" set forth in Section 10.14 of the Operating Agreement, (a) the EJR Trust hereby elects to convert a ten percent (10%) Class A Interest in the Company

owned by the EJR Trust to a ten percent (10%) Class B Interest in the Company (the "Class B Interest"), and (b) the Manager hereby acknowledges and consents to such conversion.

2. Assignment of Class B Interest. The EJR Trust hereby transfers, sells and assigns its entire right, title and interest in and to the Class B Interest to the Employee LLC. The Employee LLC hereby accepts the foregoing assignment and agrees that it shall be bound by and subject to each and every provision of the Operating Agreement with respect to the Class B Interest acquired by it in accordance with this First Amendment. The Manager and Members hereby acknowledge and agree that Arlington, acting in its capacity as the manager of the Employee LLC, is required under the terms of the Operating Agreement for R.C. Employee Incentive, LLC to make delinquency loans to any member of the Employee LLC who fails for any reason to make a required capital contribution to the Employee LLC. In no event shall the Employee LLC's Percentage Interest in the Company be diluted pursuant to Section 2.4(c) of the Operating Agreement by virtue of Arlington's failure to make a required delinquency loan.

3. Consent to Assignment. Pursuant to Section 8 of the Operating Agreement, the Manager hereby consents to (a) the assignment described in Section 2 above, and (b) the admission of the Employee LLC to the Company as a Substituted Member with respect to the Class B Interest assigned to it hereunder.

4. Revised Exhibit. Exhibit A attached to the Operating Agreement is hereby replaced with Exhibit A attached hereto to reflect the transaction described above.

5. Amendment to Section 5.4. Section 5.4 of the Operating Agreement is hereby amended in its entirety to read as follows:

"5.4 Salaries to Robson Family Members. With respect to any calendar year during the term of the Company, the Company may, at the discretion of the Manager, pay to Edward J. Robson a salary or consulting fee in an amount not to exceed two percent (2%) of the gross sales proceeds received by the Company from all Company sales operations. If the Company inadvertently pays in excess of that amount based on inaccurate estimates of the year's gross sales proceeds, then appropriate adjustments shall be made when the actual gross sales proceeds are calculated. The Members agree that Steven S. Robson (or, at his election), Scott Management Company) shall be entitled to receive a salary or consulting fee from the Company equal to eighteen and six-tenths percent (18.6%) of the total salaries and consulting fees paid by the Company to all Robson family members and affiliates, other than salaries and consulting fees paid to Edward J. Robson. Except as provided in the preceding three sentences of this Section 5.4, the Company shall not pay any salary or consulting fees to any Robson family member or affiliate without the consent of (a) the Manager, (b) a Majority in Interest of the Members holding Class A Interests, and (c) a Majority in Interest of the Members holding Class B Interests. The limitation described in the preceding sentence, and the requirement to pay Steven S. Robson or Scott Management Company a percentage of all Robson salaries and consulting fees shall not, however, apply to (i) reimbursements of amounts paid or expended on behalf of the Company, (ii) the fees payable pursuant to Section 5.5 and Section 5.6 below, or (iii) reasonable amounts paid to

Robson Communities, Inc. or other Robson affiliates for services (other than consulting services or services otherwise compensated by salary) actually rendered or materials actually provided to the Company."

6. Affiliate Fees. The following new Section 5.6 is hereby added to the Operating Agreement:

"5.6 Affiliate Fees; Intercompany Loans and Advances.

(a) Construction Company Fees. At the election of the Manager, the Company may pay a development and/or construction fee equal to (i) all costs, (ii) taxes, and (iii) up to $200,000 per year, to an entity that is an Affiliate of the Company or the Manager. The development and/or construction fee shall be paid by the Company to the Affiliated entity as and when the Manager deems it appropriate.

(b) Management Fee – Robson Communities, Inc. The Company will periodically pay to Robson Communities, Inc., an Arizona corporation that is an Affiliate of the Company and the Manager ("RCI"), a management fee that will be calculated based upon historical allocations of administrative and management costs incurred by RCI in connection with the management of the Company and other entities Affiliated with RCI. The management fees may include an allocation of certain expenses attributable to one or more aircraft and/or one or more boats owned and operated by Affiliates of RCI.

(c) Fees Payable to the Company. The Manager may cause the Company to periodically charge fees to one or more entities that (i) are Affiliated with the Company and the Manager, and (ii) provide services related to home sales and improvements. Such fees will generally be based on the proportion that the sales made by such Affiliates in connection with the Company's activities bear to the total sales made by such Affiliates.

(d) Intercompany Loans. The Members acknowledge and agree that the Manager, and/or one or more of its Affiliates, may cause the Company to (i) make and receive inter-company loans and advances between various entities Affiliated with the Company and/or the Manager, and (ii) pledge and encumber the Company's assets to secure the repayment of loans made to entities Affiliated with the Company and/or the Manager, all of which may adversely affect the profitability of the Company and the ability of the Company to make distributions of Net Cash Flow to the Members.

7. Continuing Effect. Except as modified by this First Amendment, the Operating Agreement shall remain in full force and effect.

Remainder of this page left intentionally blank.
Signatures follow on next page.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment effective as of January 1, 2001.

Arlington Property Management Company,
an Arizona corporation

By: _____
Name: Ken Rosen
Title: V.P.

Edward J. Robson Family Trust,
dated March 5, 1992, as amended

By: _____
Edward J. Robson, Trustee

R.C. Employee Incentive, LLC,
a Delaware limited liability company

By: Arlington Property Management Company,
an Arizona corporation, Manager

By: _____
Name: Ken Rosen
Title: V.P.

_____
James D. Hubbard, as Trustee of the
Steven S. Robson Subchapter S Trust,
the Mark E. Robson Subchapter S Trust,
the Kimberly A. Robson Subchapter S Trust,
the Lynda R. Robson Subchapter S Trust, and
the Robert D. Robson Subchapter S Trust

_____
G. Bernard Barry, as Trustee of the
Steven S. Robson Subchapter S Trust,
the Mark E. Robson Subchapter S Trust,
the Kimberly A. Robson Subchapter S Trust,
the Lynda R. Robson Subchapter S Trust, and
the Robert D. Robson Subchapter S Trust

EXHIBIT A

Operating Agreement of Robson Ranch Quail Creek, LLC

MANAGER/MEMBER	Initial Capital Contribution	Percentage Interest	Class
Arlington Property Management Company, an Arizona corporation 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$1,000	1.0%	A
MEMBERS			
Mark E. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$12,000	12.0%	A
Steven S. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$18,600	18.6%	A
Robert D. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$12,000	12.0%	A
Kimberly A. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$12,000	12.0%	A
Lynda R. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$12,000	12.0%	A
Edward J. Robson Family Trust dated March 5, 1992, as amended 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$22,400	22.4%	A
R.C. Employee Incentive, LLC 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$10,000	10.0%	B
TOTALS	$100,000	100%	

ASSIGNMENT OF MEMBERSHIP INTEREST AND SECOND AMENDMENT TO OPERATING AGREEMENT OF ROBSON RANCH QUAIL CREEK, LLC

This Assignment of Membership Interest and Second Amendment to Operating Agreement of Robson Ranch Quail Creek, LLC (the "Second Amendment") is made and entered into effective as of July 1, 2004, by and among Edward J. Robson, as Trustee of the **EDWARD J. ROBSON FAMILY TRUST**, dated March 5, 1992, as amended (the "EJR Trust"), **R.C. EMPLOYEE INCENTIVE, LLC**, a Delaware limited liability company, **PARK SAN CARLOS, LLC**, a Delaware limited liability company ("Park San Carlos"), **ARLINGTON PROPERTY MANAGEMENT COMPANY**, an Arizona corporation ("Arlington"), and G. Bernard Barry and James D. Hubbard, as Trustees of the **STEVEN S. ROBSON SUBCHAPTER S TRUST, ROBERT D. ROBSON SUBCHAPTER S TRUST** (the "RDR Trust"), the **MARK E. ROBSON SUBCHAPTER S TRUST** (the "MER Trust"), the **KIMBERLY A. ROBSON SUBCHAPTER S TRUST** (the "KAR Trust"), and the **LYNDA R. ROBSON SUBCHAPTER S TRUST** (the "LRR Trust").

RECITALS

A. Robson Ranch Quail Creek, LLC (the "Company") was formed as a Delaware limited liability company pursuant to that certain Operating Agreement of Robson Ranch Quail Creek, LLC dated as of June 23, 1999, as amended by that certain Assignment of Membership Interest and First Amendment to Operating Agreement of Robson Ranch Quail Creek, LLC dated as of January 1, 2001 (the "Operating Agreement"). Unless otherwise specified herein, capitalized terms used in this Second Amendment shall have the meanings given those terms in the Operating Agreement.

B. The EJR Trust owns a twenty-two and four-tenths percent (22.4%) Class A Interest in the Company.

C. The EJR Trust has entered into certain Agreements for the Sale of Membership Interests with each of the RDR Trust, LLR Trust, MER Trust and KAR Trust effective July 1, 2004 (collectively, the "Sale Agreements"), pursuant to which the EJR Trust has transferred (1) a two percent (2%) Class A Interest in the Company to the RDR Trust; (2) a two percent (2%) Class A Interest in the Company to the LRR Trust; (3) a four percent (4%) Class A Interest in the Company to the MER Trust; and (4) a two percent (2%) Class A Interest in the Company to the KAR Trust.

D. The EJR Trust desires to (1) convert a four percent (4%) Class A Interest in the Company to a four percent (4%) Class B Interest in the Company, and (2) transfer such four percent (4%) Class B Interest to Park San Carlos.

E. The Manager desires to consent to the foregoing transfer and to the admission of Park San Carlos as a Substituted Member with respect to the Class B Interest assigned by the EJR Trust to Park San Carlos hereunder.

F. The Manager and Members desire to make certain modifications to the Operating Agreement as hereinafter set forth.

AGREEMENTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment of Class A Interests. Pursuant to the Sale Agreements, the ERJ Trust has transferred, sold and assigned its right, title and interest in and to a portion of the Class A Interest in the Company held by the ERJ Trust as follows: (a) a two percent (2%) Class A Interest in the Company to the RDR Trust; (b) a two percent (2%) Class A Interest in the Company to the LRR Trust; (c) a four percent (4%) Class A Interest in the Company to the MER Trust; and (d) a two percent (2%) Class A Interest in the Company to the KAR Trust.

2. Conversion of Class A Interest to Class B Interest. In accordance with the definition of the phrase "Class A Interest" set forth in Section 10.14 of the Operating Agreement, (a) the EJR Trust hereby elects to convert a four percent (4%) Class A Interest in the Company owned by the EJR Trust to a four percent (4%) Class B Interest in the Company (the "Class B Interest"), and (b) the Manager hereby acknowledges and consents to such conversion.

3. Assignment of Class B Interest. The EJR Trust hereby transfers, sells and assigns its entire right, title and interest in and to the Class B Interest to Park San Carlos. Park San Carlos hereby accepts the foregoing assignment and agrees that it shall be bound by and subject to each and every provision of the Operating Agreement with respect to the Class B Interest acquired by it in accordance with this Second Amendment. The Manager and Members hereby acknowledge and agree that Arlington, acting in its capacity as the manager of Park San Carlos, is required under the terms of the Operating Agreement for Park San Carlos, LLC to make delinquency loans to any member of Park San Carlos who fails for any reason to make a required capital contribution to Park San Carlos. In no event shall Park San Carlos' Percentage Interest in the Company be diluted pursuant to Section 2.4(c) of the Operating Agreement by virtue of Arlington's failure to make a required delinquency loan.

4. Consent to Assignments. Pursuant to Section 8 of the Operating Agreement, the Manager hereby consents to (a) the assignments described in Sections 1 and 3 above, and (b) the admission of Park San Carlos to the Company as a Substituted Member with respect to the Class B Interest assigned to it hereunder.

5. Revised Exhibit. Exhibit A attached to the Operating Agreement is hereby replaced with Exhibit A attached hereto to reflect the transactions described above.

6. Continuing Effect. Except as modified by this Second Amendment, the Operating Agreement shall remain in full force and effect.

Signatures follow on next page.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment effective as of July 1, 2004.

Arlington Property Management Company,
an Arizona corporation

By: _____
Name: Edward J. Robson
Title: Chairman

Edward J. Robson Family Trust,
dated March 5, 1992, as amended

By: _____
Edward J. Robson, Trustee

R.C. Employee Incentive, LLC,
a Delaware limited liability company

By: Arlington Property Management Company,
an Arizona corporation, Manager

By: _____
Name: Edward J. Robson
Title: Chairman

Park San Carlos, LLC,
~~R.C. Employee Incentive II, LLC,~~
a Delaware limited liability company

By: Arlington Property Management Company,
an Arizona corporation, Manager

By: _____
Name: Edward J. Robson
Title: Chairman

_____
James C. Hubbard, as Trustee of the
Steven S. Robson Subchapter S Trust,
the Mark E. Robson Subchapter S Trust,
the Kimberly A. Robson Subchapter S Trust,
the Lynda R. Robson Subchapter S Trust, and
the Robert D. Robson Subchapter S Trust

Signatures continue on next page.

Second Amendment signatures continued.

G. Bernard Barry, as Trustee of the
Steven S. Robson Subchapter S Trust,
the Mark E. Robson Subchapter S Trust,
the Kimberly A. Robson Subchapter S Trust,
the Lynda R. Robson Subchapter S Trust, and
the Robert D. Robson Subchapter S Trust

EXHIBIT A
Operating Agreement of Robson Ranch Quail Creek, LLC

MANAGER/MEMBER	Initial Capital Contribution	Percentage Interest	Class
Arlington Property Management Company, an Arizona corporation 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$1,000	1.0%	A
MEMBERS			
Mark E. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$16,000	16.0%	A
Steven S. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$18,600	18.6%	A
Robert D. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$14,000	14.0%	A
Kimberly A. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$14,000	14.0%	A
Lynda R. Robson Subchapter S Trust 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$14,000	14.0%	A
Edward J. Robson Family Trust dated March 5, 1992, as amended 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$8,400	8.4%	A
R.C. Employee Incentive, LLC 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$10,000	10.0%	B
Park San Carlos, LLC 9532 East Riggs Road Sun Lakes, Arizona 85248-7411	$4,000	4.0%	B
TOTALS	$100,000	100%	

EXHIBIT B

CERTIFICATES OF EXISTENCE AND GOOD STANDING

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

******ROBSON RANCH QUAIL CREEK, LLC******

a foreign limited liability company organized under the laws of the jurisdiction of Delaware did obtain a Certificate of Registration in Arizona on the 27th day of July 1999.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company has not had its Certificate of Registration revoked for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed a Certificate of Cancellation 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 6th Day of June, 2006, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
1912

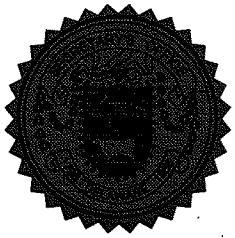
EXECUTIVE SECRETARY

BY: _____

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "ROBSON RANCH QUAIL CREEK, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTH DAY OF JUNE, A.D. 2006.



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

3060780 8300

060547799

AUTHENTICATION: 4802962

DATE: 06-06-06

STATE OF ARIZONA

Office of the

CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

******ARLINGTON PROPERTY MANAGEMENT COMPANY******

a domestic corporation organized under the laws of the State of Arizona, did incorporate on June 14, 1994.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; 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 Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 6th Day of June, 2006, A. D.

EXECUTIVE SECRETARY

BY: _____

CLOSING CERTIFICATE
OF
QUAIL CREEK COMMUNITY FACILITIES DISTRICT

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

The undersigned, the Chairman of the District Board, the District Clerk, the District Manager and the District Counsel of Quail Creek Community Facilities District (the "Issuer"), acting for and on behalf of the Issuer, HEREBY CERTIFY as follows:

1. That they are the duly chosen, qualified and acting Chairman of the District Board, District Clerk, District Manager and District Counsel of the Issuer, respectively, and as such Chairman of the District Board, District Clerk, District Manager and District Counsel are familiar with the properties, affairs, books and corporate records of the Issuer.

2. That the Issuer is a duly organized and validly existing community facilities district of the State of Arizona and is governed by a District Board and that from September 12, 2005, to the date hereof the following persons were the duly qualified and acting members of the District Board of the Issuer:

Charles E. Oldham, Chairman

Marty Moreno, Vice Chairman

Phil Conklin, Board Member

Lynne Skelton, Board Member

John Stuckey, Board Member

John T. Sullivan, Board Member

Joseph Taylor, Board Member

3. (a) That on September 12, 2005, Resolution No. 1; on November 14, 2005, Resolution No. 2 and on May 8, 2006, Resolution No. 4 (collectively, the "Resolutions"), in each case were duly adopted by the District Board of the Issuer at duly called meetings (collectively, the "Meetings") of the District Board of the Issuer at which a quorum in each case was present and acting throughout; that the Resolutions in each case have not been altered, amended, repealed, revoked

or rescinded as of the date hereof; that notices of the Meetings in each case were posted more than 24 hours prior to the Meetings and that the Meetings in each case were open to the public and held in accordance with all open meetings law, rules and regulations applicable thereto.

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

(c) That the copies of the Resolutions included in this Transcript of Proceedings for the captioned bonds are true and correct copies of each of the Resolutions.

4. (a) That the District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as September 1, 2005 (the "Development Agreement"), by and among the Town of Sahuarita, Arizona, the Issuer, and Robson Ranch Quail Creek, LLC ("Robson Ranch"); the Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (the "Trustee"); the Series 2006 Standby Contribution Agreement, dated as of June 1, 2006, by and among the Trustee, Robson Ranch and the Issuer; the Series 2006 Depository Agreement, dated as of June 1, 2006, by and between the Issuer and Wells Fargo Bank, N.A., as depository; the Purchase Contract, dated June 1, 2006, by and between the Issuer and RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets; the Series 2006 Continuing Disclosure Undertaking, dated the date hereof, from the Issuer; the Dissemination Agency Agreement, dated as of June 1, 2006, by and between the Issuer and RBC Dain Rauscher, doing business under the trade name RBC Capital Markets, and The Letter of Representations, dated the date hereof, to The Depository Trust Company (collectively, the "Documents"), as executed and delivered by the duly authorized officers of the Issuer, are in substantially the form and text as the copies of such instruments which were laid before and approved by the District Board of the Issuer at the Meetings and have not been altered or amended as of the date hereof.

(b) That the Documents have been duly authorized, executed and delivered by the Issuer and, as of the date hereof, the Documents have not been amended, added to, altered, revoked or repealed.

(c) That all approvals and consents required under the laws of the State of Arizona in connection with the execution and delivery of the Documents have been obtained.

5. (a) That, in accordance with applicable law, Resolution No. 4 and the Indenture described hereinabove, there have been duly prepared, executed and delivered to the Trustee, on behalf of the Issuer, $12,660,000 principal amount of Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006 (the "Bonds"), each dated the date hereof, with interest being

payable semiannually and maturing and being subject to redemption in accordance with the provisions of such Indenture; that each of the Bonds has been executed on behalf of the Issuer with a facsimile of the official signature of the undersigned Chairman of the District Board of the Issuer, as attested by a facsimile of the official signature of the undersigned District Clerk of the Issuer (which facsimiles are hereby authorized and adopted by the undersigned Chairman of the District Board of the Issuer and District Clerk of the Issuer).

(b) That the proceeds of the Bonds are to be expended with respect to improvements that carry out an essential governmental function, that such improvements will be developed with all reasonable speed and, in reliance upon certifications made by Robson Ranch, that the District expects the "Property" (as such term is defined in the District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District) referred to hereinabove) has been or is proceeding with all reasonable speed to be developed and sold to members of the general public for residential and commercial use.

6. That the Preliminary Limited Offering Memorandum, dated May 12, 2006, relating to the Bonds, is in substantially the form and text as the copy of such instrument which was laid before and approved by the District Board of the Issuer at the Meeting of May 8, 2006.

7. That the persons named above were or are on the dates of the execution of the Resolutions, the Bonds, the Documents and the final Limited Offering Memorandum, dated June 1, 2006 (the "Limited Offering Memorandum"), relating to the Bonds, the duly qualified and acting incumbents of the offices of the Issuer set forth opposite their respective names and that with respect to the Bonds, the Documents and the Limited Offering Memorandum, and the signatures appearing above their respective names below are the genuine official signatures of said officers.

8. That the consummation of the transactions contemplated by the Documents and the Limited Offering Memorandum and the compliance by the Issuer with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, agreement or other instrument to which the Issuer is a party or by which the Issuer may be bound or conflict with any law, rule or regulation or order or decree of any court or administrative body to which the Issuer is subject.

9. That, to the best of the knowledge of the undersigneds, no litigation or proceeding is pending or threatened in any court or administrative body contesting the due organization and valid existence of the District Board of the Issuer, or the Issuer, the titles of the members of the District Board of the Issuer to their respective offices or the validity, due authorization and execution of the Resolutions, the Bonds, the Documents or the Limited Offering

Memorandum; restricting or preventing the Issuer from performing its obligations under the Resolutions, the Bonds, the Documents or the Limited Offering Memorandum or attempting to limit, enjoin or otherwise restrict or prevent the District Board of the Issuer or the Issuer from functioning pursuant to the terms of the Resolutions, the Bonds or the Documents.

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

11. That for purposes of the Purchase Contract described hereinabove, to the best of our knowledge:

(a) the representations, warranties and covenants contained in the Purchase Contract described hereinabove 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;

(b) except as described in the Limited Offering Memorandum, no litigation is pending or threatened before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the District of the provisions of the District Documents (as such term is defined in such Purchase Contract) or the levy and receipt of ad valorem taxes for payment of the Bonds; (B) in any way contesting or affecting the authority for, or the validity of, the Purchase Contract described hereinabove or the application of the proceeds of the Bonds, or (C) in any way contesting the existence or powers of the Issuer;

(c) no authority or proceedings for the issuance of the Bonds has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Bonds has been filed or received by any of us;

(d) 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 with respect to the issuance of the Bonds; and

(e) the Limited Offering Memorandum is true, correct and complete in all material respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading and no event affecting the Issuer has occurred since the date of the Limited Offering Memorandum which should be disclosed in the Limited Offering Memorandum

which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

The District Manager hereby approves for purposes of Resolution No. 4 (1) the dated date (which is not later than December 1, 2006) and total principal amount (which does not exceed $13,000,000) of the Bonds; (2) the final principal and maturity schedule of the Bonds (none of the Bonds maturing more than twenty-five (25) years from their date of issuance); (3) the interest rate on each maturity of the Bonds and the dates for payment of such interest; (4) the provisions for redemption in advance of maturity of the Bonds; (5) the sales date, sales price and other terms of sale of the Bonds and (6) the provisions for credit enhancement, if any, for the Bonds in each case as described in the Limited Offering Memorandum and hereby acknowledges (1) that the foregoing determinations do not result in a yield with respect to the Bonds, calculated for federal income tax purposes, exceeding nine percent (9%), and (2) the price at which the Bonds were sold, including the amounts of the original issue discount and underwriter's compensation with respect to the Bonds and acknowledges that the Initial Letter of Credit (as such term is defined in the Indenture) is acceptable notwithstanding the differences with it from that described in the Development Agreement.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 21st day of June, 2006.

.....

Charles E. Oldham, Chairman, District Board, Quail Creek Community Facilities District

.....

Sandra Olivas, Clerk, Quail Creek Community Facilities District

.....

James Stahle, Manager, Quail Creek Community Facilities District

.....

Daniel J. Hochuli, District Counsel, Quail Creek Community Facilities District

CLOSING CERTIFICATE OF WELLS FARGO BANK, N.A.
AS TRUSTEE AND DEPOSITORY

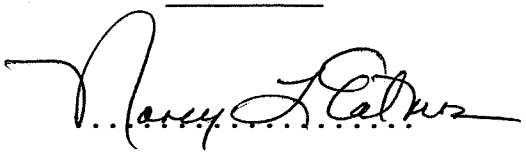
$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

The undersigned, a duly qualified and acting Assistant Vice President of Wells Fargo Bank, N.A. (the "Bank"), as trustee, pursuant to a Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "Indenture"), from Quail Creek Community Facilities District (the "Issuer") to the Bank, and as depository under a Series 2006 Depository Agreement, dated as of June 1, 2006 (the "Depository Agreement"), by and between the Issuer and the Bank, HEREBY CERTIFIES as follows:

1. That the Indenture and the Depository Agreement have been executed in five (5) counterparts each on behalf of the Bank by Nancy L. Eatros, one of its Corporate Officers (the "Document/Bond Officer") thereunto duly authorized and that the Indenture and the Depository Agreement have been duly delivered on behalf of the Bank as such trustee and depository, respectively.

2. That fully registered Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006, aggregating $12,660,000 in total principal amount (the "Bonds"), have been duly authenticated by the Bank as such trustee by the Document/Bond Officer thereunto duly authorized.

3. That the Document/Bond Officer was, at the date of the acts above-mentioned, and is at the date hereof, a duly qualified and acting officer of the Bank and that the signature below set opposite the name of the Document/Bond Officer is the genuine official signature of said officer:

NAME	TITLE	SIGNATURE
Nancy L. Eatros	Vice President	

4. That the Resolution of the Bank attached hereto as Exhibit A authorizes the Document/Bond Officer to execute documents such as the documents necessary for

the Bank to execute in connection with the transactions contemplated by the Indenture and the Depository Agreement and to authenticate bonds such as the Bonds.

5. That, as the Indenture and the Depository Agreement each provide that if the Issuer is of the opinion that it is necessary to restrict or limit the yield on the investment of any money paid to or held by the Bank pursuant to the Indenture or the Depository Agreement, the Issuer may issue to the Bank a written statement to such effect and, in that regard and as the Issuer has determined to restrict the yield on certain moneys as instructed in the Arbitrage Certificate, dated even date herewith and included with the Transcript of Proceeding of which this Certificate is a part,

(a) the Bank shall invest amounts held by it in the "Series 2006 Tax Account" established pursuant to the Indenture in Permitted Investments (as such term is defined in the Indenture) the yield on which is not in excess of 5.4829 percent and

(b) the Bank shall invest amounts held in the "Principal Account" established pursuant to the Depository Agreement in Permitted Investments the yield on which is not in excess of 5.4829 percent.

[The "yield" on investments which are subject to such restriction must be calculated in the manner set forth in the Treasury Regulations relating to Section 148 of the Internal Revenue Code of 1986, as amended. Such regulations generally define "yield" as that percentage rate which, when used in computing the present value of all payments of principal and interest to be paid on an obligation produces an amount equal to its market price (generally the mean of the bid and offered prices on an established market where Permitted Investments are traded). (The yield on investments must be computed on a 12 month - 360 day year basis, with interest compounding semiannually.)] Failure to comply with the investment yield restrictions described in such instruction could cause the Bonds to be considered "arbitrage bonds" by the Internal Revenue Service, making the interest income paid with regard to the Bonds includable in the gross incomes of the owners thereof for federal income tax purposes.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 21st day of June, 2006.

.....

Kathleen Jakubowicz, Vice President,
Wells Fargo Bank, N.A., as Trustee and
Depository

ATTACHMENTS:

Exhibit A - Resolution

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:

2. The following named persons are Signing Officers of the Bank as of the date hereof, and their correct titles and genuine signatures appear beside their names:

Name	Title	Signature
Brenda Black	Vice President	
Jeffrey B. Kassels	Assistant Vice President	
Kathleen Jakubowicz	Vice President	
Nancy Eatros	Vice President	

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

Paula N Boemer
Assistant Secretary

ARBITRAGE CERTIFICATE

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

The undersigned, the District Manager of Quail Creek Community Facilities District (the "Issuer"), an officer charged, with others, with the responsibility for issuing the hereinafter described Bonds, HEREBY CERTIFIES the following with regard to the $12,660,000 aggregate principal amount of General Obligation Bonds, Series 2006, dated the date hereof (the "Bonds"), issued on the date hereof (the "Issuance Date") by the Issuer:

1. Authority for Issuance of the Bonds. The Bonds are being issued pursuant to a Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee. Capitalized terms not otherwise defined shall have the meanings given to them in the Indenture and in the Code and related, applicable Treasury Regulations.

2. Purpose of the Bonds. The Bonds are being issued to: (i) pay the costs of certain "public infrastructure purposes" described in the Indenture (the "Projects"), (ii) pay certain interest and (iii) pay the costs of issuance of the Bonds.

3. Proceeds of the Bonds. (a) The net proceeds received by the Issuer from the sale of the Bonds will be $12,280,200.00 (the "Net Proceeds"), representing $12,660,000.00 face amount of the Bonds less underwriter's discount of $379,800.00.

(b) (i) $11,548,098.67 of the Net Proceeds will be deposited in the Acquisition and Construction Fund and used to pay costs of acquiring and constructing the Projects and costs of issuance of the Bonds and

(ii) $732,101.33 of the Net Proceeds will be deposited in the Series 2006 Tax Account of the Bond Fund and used on January 15, 2007, and July 15, 2007, to pay interest accrued on the Bonds.

4. Payment of the Bonds.

(a) For each year until the Bonds are paid or otherwise provided for, an ad valorem property tax based upon a tax rate of at least $3.00 per $100 of secondary assessed valuation on all taxable property within the boundaries of the Issuer, sufficient, with

moneys, if any, available pursuant to the Series 2006 Standby Contribution Agreement to pay Debt Service will be levied and collected; provided, however, that the Issuer may levy a lesser tax rate if such lower rate will produce tax revenues sufficient to pay in full Debt Service (and debt service with respect to any subsequently issued additional general obligation bonds of the Issuer) up to, and including, the final maturity of the Bonds and any such outstanding additional bonds. $5,500,000 will be available initially pursuant to the Series 2006 Depository Agreement to pay Debt Service if there has been levied and assessed an ad valorem property tax of at least $3.00 per $100 of secondary assessed valuation on all taxable property within the boundaries of the Issuer and amounts to pay Debt Service are not available pursuant to the Series 2006 Standby Contribution Agreement.

(b) Amounts deposited in the Series 2006 Tax Account of the Bond Fund will be expended within 13 months of their deposit to pay scheduled debt service on or to redeem the Bonds. Such Tax Account will be considered to be established to achieve a proper matching of revenues and debt service in each bond year. The Series 2006 Tax Account of the Bond Fund will be fully depleted at least annually, except for a reasonable carryover amount not to exceed the greater of (A) one year's earnings on such amounts for the immediately preceding bond year or (B) one-twelfth of annual debt service on the Bonds for the immediately preceding bond year. Amounts received from the investment of amounts in the Series 2006 Tax Account of the Bond Fund will be added to the Series 2006 Tax Account of the Bond Fund and expended within one year of their receipt.

(c) The Indenture and the Series 2006 Depository Agreement each provide that if the Issuer is of the opinion that it is necessary to restrict or limit the yield on the investment of any money paid to or held by the Trustee or the Depository, as the case may be, pursuant to the Indenture or the Series 2006 Depository Agreement, respectively, the Issuer may issue to the Trustee or the Depository, as the case may be, a written statement to such effect. In that regard, the Issuer has issued to the Trustee and the Depository a written statement that (i) the Trustee shall invest amounts held by it in the Series 2006 Tax Account of the Bond Fund in Permitted Investments the yield on which is not in excess of 5.4829 percent and (ii) the Depository shall invest amount held in the "Principal Account" established pursuant to the Series 2006 Depository Agreement in Permitted Investments the yield on which is not in excess of 5.4829 percent.

(d) Other than such Series 2006 Tax Account and Principal Account, there are no funds or accounts held under the Indenture or otherwise that are reasonably expected to be used to pay debt service on or to secure the Bonds.

6. Bond Yield. The yield on the Bonds (determined as the semiannual discount rate at which the present value of the payments of principal and interest equals the purchase price of the Bonds) is 5.4829 percent. For purposes of this calculation, $12,660,000.00, the

face amount of the Bonds, was used. See Exhibit A with respect to the issue price used in calculation of such amount.

7. Projects. (a) $11,548,098.67 of Net Proceeds will be used to acquire and construct the Projects and pay costs of issuance of the Bonds. At least 5 percent of the net sale proceeds of the Bonds will be spent towards the costs of the Projects within 6 months from the Issuance Date. The acquisition and construction of the Projects and the expenditure of the net sale proceeds of the Bonds will proceed with due diligence. The Net Proceeds to be used for the acquisition and construction of the Projects, together with investment earnings thereon, will be spent within three years from the Issuance Date.

(b) The weighted average maturity of the Bonds does not exceed 120 percent of the reasonably expected useful life of the Projects.

(c) Not more than 50 percent of the proceeds of the sale of the Bonds will be invested in nonpurpose investments having a substantially guaranteed yield for four years or more.

(d) No costs of the Projects (other than preliminary expenditures not exceeding 20 percent of the issue price of the Bonds) were incurred more than 60 days prior to the execution of any official intent to reimburse expenditures.

8. Arbitrage Rebate. The Issuer has covenanted to comply with certain arbitrage rebate covenants as indicated in the Indenture.

To the best of my knowledge and belief, the expectations stated in this Certificate are reasonable.

WITNESS my hand this 21st day of June, 2006.

.....

James Stahle, District Manager, Quail Creek Community Facilities District

EXHIBIT "A"

CERTIFICATE OF PURCHASER

I, the undersigned officer of RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets (the "Underwriter"), hereby certify in connection with the Certificate to which this is an exhibit that the Underwriter initially offered all of the Bonds described in such Certificate of each maturity to the public (excluding bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices not in excess of or yields not less than the initial public offering prices or yields as set forth in the Limited Offering Memorandum for the Bonds and, based on actual facts as of the sale date of the Bonds, reasonably expected to sell at least ten percent of the aggregate face amount of each maturity of the Bonds to the public (excluding bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices equal to or less than, or yields equal to or greater than, the initial public offering prices or yields.

Dated: June 21, 2006

By.....
Authorized Representative, RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets

Greenberg Traurig

June 21, 2006

District Board
Quail Creek Community Facilities District
c/o Town of Sahuarita, Arizona
7501 East Civic Circle
Sahuarita, Arizona 85629

Re: Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

We have acted as Bond Counsel in connection with the issuance by Quail Creek Community Facilities District (hereinafter referred to as the "Issuer") of bonds designated "General Obligation Bonds, Series 2006" (hereinafter referred to as the "Bonds"). The Bonds are dated the date hereof, mature on July 15 of the following years in the following respective principal amounts, bear interest from the date hereof, or from the most recent interest payment date to which interest has been paid or duly provided for, until maturity or prior redemption, at the following respective interest rates, payable on January 15, 2007, and each July 15 and January 15 thereafter and are subject to redemption as described therein:

Year of Maturity	Principal Amount Due	Interest Rate
2012	$1,375,000	4.85%
2016	1,665,000	5.15
2030	9,620,000	5.55

We have examined, and in rendering the opinions herein have relied upon, original or certified copies of the proceedings had in connection with issuance of the Bonds; certifications made by officers of the Issuer relating to, among other things, the expected use of proceeds of the sale of the Bonds and certain other funds of the Issuer and to certain other facts within the knowledge and control of such

ALBANY
AMSTERDAM
ATLANTA
BOCA RATON
BOSTON
CHICAGO
DALLAS
DENVER
FORT LAUDERDALE
LOS ANGELES
MIAMI
NEW JERSEY
NEW YORK
ORANGE COUNTY, CA
ORLANDO
PHILADELPHIA
PHOENIX
SILICON VALLEY
TALLAHASSEE
TYSONS CORNER
WASHINGTON, D.C.
WEST PALM BEACH
WILMINGTON
ZURICH

officer; representations made by the officers of Robson Ranch Quail Creek, LLC (hereinafter referred to as "Robson Ranch"), as to plans to develop and sell land owned within the boundaries of the Issuer and such other material and matters of law as we deem relevant to the matters discussed hereinbelow. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies and the accuracy of the statements contained in such certifications and representations. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings, certifications, representations, material and matters.

We are of the opinion, based upon such examination and subject to the reliances, assumptions and exceptions hereinabove and hereinafter set forth, that, under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Bonds are valid and legally binding obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein and are secured by a Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (hereinafter referred to as the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee"), except to the extent that the enforceability thereof and such provision of the security therefor may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The Issuer is to annually levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer, sufficient, together with any moneys from the sources described in Section 48-717, Arizona Revised Statutes, as amended, including amounts from a Series 2006 Standby Contribution Agreement, dated as of June 1, 2006, by and among the Issuer, the Trustee and Robson Ranch and a Series 2006 Depository Agreement, dated as of June 1, 2006, by and among the Issuer and Wells Fargo Bank, N.A., as depository, to pay debt service on the Bonds when due.

3. Subject to the reliance and assumption stated in the last sentence of this paragraph, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. (We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on or disposition of, the Bonds.) The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the Issuer and Robson Ranch must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the Issuer or Robson Ranch to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. Officers of the Issuer and Robson Ranch have either indicated their compliance with, or covenanted to take the actions required by, applicable provisions of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In rendering the opinion expressed hereinabove, we have relied on certifications of officers of the Issuer and Robson Ranch with respect to certain matters necessary for, and have assumed continuing compliance with certain covenants by the Issuer and Robson Ranch included in, respectively, the Indenture and a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005, by and among the Issuer, the Town of Sahuarita, Arizona, and Robson Ranch (which are, as to their enforceability, subject to the same exceptions described in paragraph 1 hereinabove) that must be met after the issuance of the Bonds in order that, interest on the Bonds not be included in gross income for federal tax purposes.

4. Assuming such interest is excludible for the purposes described in paragraph 3 hereinabove, the interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other State tax consequences resulting from the ownership, receipt or accrual of interest on or disposition of, the Bonds.)

Respectfully submitted,

Greenberg Traurig, LLP

Greenberg Traurig

June 21, 2006

RBC Capital Markets
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016

Re: Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

We have acted as Bond Counsel in connection with the issuance by Quail Creek Community Facilities District (hereinafter referred to as the "Issuer") this date of bonds designated "General Obligation Bonds, Series 2006," in the aggregate principal amount of $12,660,000 (hereinafter referred to as the "Bonds"). (You may rely on our approving opinion rendered as such counsel as if it were addressed to you.) The Bonds are issued pursuant to, and secured by, a Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (hereinafter referred to as the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee"); are the subject of a Limited Offering Memorandum, dated June 1, 2006 (hereinafter referred to as the "Offering Memorandum"), and are being sold pursuant to a Purchase Contract, dated June 1, 2006 (hereinafter referred to as the "Purchase Contract"), by and between the Issuer and RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets (hereinafter referred to as the "Purchaser"), in each case in accordance with a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on May 8, 2006 (hereinafter referred to as the "Resolution"), including a Series 2006 Standby Contribution Agreement, dated as of June 1, 2006 (hereinafter referred to as the "Standby Contribution Agreement"), by and among the Issuer, the Trustee, and Robson Ranch Quail Creek, LLC (hereinafter referred to as "Robson Ranch"); a Series 2006 Depository Agreement, dated as of June 1, 2006 (hereinafter referred to as the "Depository Agreement" and collectively with the Indenture, the Purchase Contract and the Standby Contribution Agreement as the

ALBANY
AMSTERDAM
ATLANTA
BOCA RATON
BOSTON
CHICAGO
DALLAS
DENVER
FORT LAUDERDALE
LOS ANGELES
MIAMI
NEW JERSEY
NEW YORK
ORANGE COUNTY, CA
ORLANDO
PHILADELPHIA
PHOENIX
SILICON VALLEY
TALLAHASSEE
TYSONS CORNER
WASHINGTON, D.C.
WEST PALM BEACH
WILMINGTON
ZURICH

"District Documents"), by and between the District and Wells Fargo Bank, N.A., as depository (hereinafter referred to as the "Depository").

In our capacity as Bond Counsel, we have examined and, and in rendering the opinions herein have relied upon:

(i) An executed copy of the Indenture;

(ii) An executed copy of the Offering Memorandum;

(iii) An executed copy of the Purchase Contract;

(iv) An executed copy of the Standby Contribution Agreement;

(v) An executed copy of the Depository Agreement;

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

(vii) An executed copy of a Series 2006 Continuing Disclosure Undertaking, dated of even date herewith (hereinafter referred to as the "Undertaking"), from the Issuer;

(viii) Such other agreements, certificates (including particularly, but not by way of limitation, certificates of the Issuer, the Purchaser, Robson Ranch, the Trustee and the Depository, dated of even date herewith), opinions (including particularly, but not by way of limitation, opinions of Counsel to Robson Ranch and Counsel to the Purchaser, each dated of even date herewith), letters and other documents, including documents delivered or distributed with respect to the original issuance and delivery of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein and

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

In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid documents and other matters. In connection with our representation of the Issuer in the capacities described above, we have also participated in conferences from time to time with representatives of, and counsel to, Robson Ranch, the Depository, the Trustee and the Purchaser relating to the District Documents and the Offering Memorandum.

We are of the opinion, based upon such examination and subject to the reliances, assumptions and exceptions hereinabove and hereinafter set forth, that, under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Issuer is duly organized and validly existing as a community facilities district pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the Undertaking, the District Documents and the Bonds, (c) to approve, execute and authorize the use and distribution of the Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum, dated May 12, 2006 (hereinafter referred to as the "Preliminary Offering Memorandum"), with respect to the Bonds) and (d) to carry out and consummate the transactions contemplated by the Offering Memorandum, the Resolution, the District Documents and the Bonds (including performing the applicable obligations thereunder).

2. To our actual knowledge, adoption of the Resolution; authorization, execution, delivery and issuance, as applicable, of, and the due performance of the obligations of the Issuer under, the District Documents and the Bonds and the approval, execution and authorization of the use and distribution of the Offering Memorandum (including, as applicable, the Preliminary Offering Memorandum) by the Issuer under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer

is a party or of any existing law, ordinance, administration regulation, court order or consent decree to which the Issuer is subject.

3. To our actual knowledge, no consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Bonds), is required in connection with the adoption by the Issuer of the Resolution or the authorization, execution, delivery, issuance and performance, as applicable, by the Issuer of the District Documents and the Bonds and the consummation of the transactions contemplated by the Offering Memorandum.

4. The Issuer has duly (a) adopted the Resolution and (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the District Documents and the Bonds and (ii) the taking of the actions required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by the Offering Memorandum, the Resolution, the District Documents and the Bonds. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents.

5. The District Documents have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by, and enforceability against, the other party or parties thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

6. Based solely upon a search of the computerized docket records available for review on June 20, 2006, in the office of the Pima County Superior Court and U.S. District Court, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, agency, public board or body, pending or overtly threatened against or affecting the Issuer, and there is no basis therefor, (i) which in any way questions the powers of the Issuer referred hereinabove or the validity of the proceedings by the Issuer in connection with the issuance

and sale of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transaction contemplated by the Offering Memorandum, the Resolution, the District Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Resolution, the District Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or by the Offering Memorandum), (iii) contesting in any way the completeness or accuracy of the Preliminary Offering Memorandum or the Offering Memorandum or (iv) which questions the right of the Issuer to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the Issuer which, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Offering Memorandum, the Resolution, the District Documents or the Bonds.

7. The information contained in the Offering Memorandum under the headings "THE BONDS" (except the information incorporated by reference to other headings or the appendices not otherwise included hereinbelow as to which we express no opinion), "SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS" (except the information incorporated by reference to other headings or the appendices not otherwise included hereinbelow, under the subheading "Ad Valorem Taxation in the District" and about projections relating to availability of amounts to pay debt service on the Bonds or to termination of the Standby Contribution Agreement, the Payment Agreement or the Depository Agreement as to which we express no opinion) and "TAX MATTERS" therein and in Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and Appendix C - "FORM OF LEGAL OPINION OF BOND COUNSEL", insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds, fairly summarizes the information which it purports to summarize. Otherwise, we have not undertaken to determine independently the accuracy, completeness or fairness of the information contained in the Offering Memorandum, and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information.

8. It is not necessary in connection with the issuance and sale of the Bonds to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution or the Indenture under the Trust Indenture Act of 1939, as amended, or the laws of the State of Arizona.

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

Our opinions expressed in paragraph 5 hereinabove are qualified to the extent that the enforceability of the District Documents is dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the District Documents by the other party or parties thereto and to the extent that the enforceability of the District Documents may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in accordance with general principles of equity, including possible refusal by a particular court to grant certain equitable remedies such as specific performance with respect to the enforcement of any provision of such documents. We express no opinion as to the enforceability of any provisions of the District Documents (i) restricting access to legal or equitable remedies, (ii) purporting to establish evidentiary standards or waiving or otherwise affecting any rights to notice, demand or exhaustion of collateral, (iii) relating to self-help, subrogation, indemnification, delay or omission to enforce rights or remedies, severability or marshalling of assets or (iv) purporting to grant to the owners of the Bonds or to any party to the District Documents (other than the Issuer) any rights or remedies not specifically set forth therein.

This opinion may be relied upon only by you and by persons to whom we grant written permission to do so.

Respectfully submitted,

Greenberg Traurig, LLP

SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

SQUIRE, SANDERS & DEMPSEY L.L.P.
Two Renaissance Square
40 North Central Avenue, Suite 2700
Phoenix, Arizona 85004-4498

Office: +1.602.528.4000
Fax: +1.602.253.8129

June 21, 2006

RBC Dain Rauscher Inc., doing business
under the trade name RBC Capital Markets
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016

Ladies and Gentlemen:

This opinion is rendered pursuant to Section 6(e)(4) of the Purchase Contract, dated June 1, 2006 (the "*Purchase Contract*"), between you and Quail Creek Community Facilities District (the "*District*"), relating to your purchase from the District of its $12,660,000 General Obligation Bonds, Series 2006 (the "*Bonds*"), and as counsel to you solely for your use in connection with the issuance and sale of the Bonds to you by the District. Terms defined in the Purchase Contract, which are not defined in this letter, are utilized as defined in the Purchase Contract.

We have examined (a) executed counterparts of the Purchase Contract and the Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "*Indenture*"), between the District and Wells Fargo Bank, N.A., as trustee; (b) the Limited Offering Memorandum, dated June 1, 2006, relating to the Bonds (the "*Offering Memorandum*"); (c) the written undertakings of the District and the Developer (the "*Undertakings*") for the purposes of paragraph (b)(5)(i) of the Rule (as defined below); and (d) the Securities Act of 1933, as amended (the "*1933 Act*"), the Trust Indenture Act of 1939, as amended (the "*1939 Act*"), and the applicable rules, regulations and interpretations under those Acts. We have also examined certain other documents, including certificates, opinions and records (but did not review any minutes of the meetings of the District or the Town of Sahuarita, Arizona (the "Town") other than those included in the transcript of proceedings for the Bonds), and we have made such investigations concerning applicable laws as we considered to be appropriate for the purpose of delivering this letter. For such purpose, we assume the authenticity of all original documents and the conformity to original documents of all copies of documents, the accuracy and completeness of all certificates and records as to factual matters, the authenticity of all signatures on documents and the legal capacity of signers to execute the documents.

Based on that examination and subject to the foregoing limitations, we are of the opinion that, under existing law, it is not necessary in connection with the primary offering and sale of the Bonds to the public to register the Bonds under the 1933 Act or to qualify the Indenture under the 1939 Act. For purposes of rendering the foregoing opinions, we have relied on the legal conclusions expressed by Greenberg Traurig, LLP, as Bond Counsel, as to the validity of the Bonds and the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

In accordance with the terms of our engagement as your counsel, we have rendered legal advice and provided assistance to you in the course of your investigations pertaining to, and your participation in the preparation of, the Offering Memorandum. In addition to reviewing the documents referred to above, certain of our lawyers responsible for this matter participated in telephone conferences and meetings with representatives of the Town, the District, the Developer, financial consultants to the Town and the District, Greenberg Traurig, LLP, as Bond Counsel, and your representatives, concerning the contents of the Offering Memorandum and related matters. While we have not undertaken to verify independently, and are not expressing any view upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the contents of the Offering Memorandum, our lawyers responsible for this matter are not aware at present of any information that came to their attention in the course of the performance of the services referred to herein that leads us to believe that the Offering Memorandum (other than financial statements and other financial and statistical information and data contained therein and the information set forth in Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," Appendix D – "FORMS OF INVESTOR LETTERS," Appendix F – "BOOK-ENTRY-ONLY SYSTEM," or Appendix G – "AUDITED FINANCIAL STATEMENTS OF ROBSON RANCH QUAIL CREEK LLC," as to all of which we express no opinion or belief), as of its date or as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements made in the Offering Memorandum, in light of the circumstances under which they were made, not misleading.

We have also rendered legal advice and provided assistance to you as to the requirement of Rule 15c2-12, adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "*Rule*"), in connection with your review, for the purposes of paragraph (b)(5)(i) of the Rule, of the Undertakings. Based upon our examination of the items referenced in this opinion, including the Undertakings and the Rule, and subject to the limitations expressed above, we are of the opinion that, under existing laws, the Undertakings comply as to form in all material respects with the applicable requirements of the Rule. For purposes of rendering the foregoing opinion, we have relied upon the legal conclusions expressed by Greenberg Traurig, LLP, as Bond Counsel, and Greenberg Traurig, LLP, as counsel to the Developer, as to the validity and enforceability against the District and the Developer of the Undertakings.

We have not investigated independently the accuracy of any legal conclusions upon which we have relied that are expressed by other counsel.

References in this letter to "our lawyers responsible for this matter" refer only those lawyers now with this Firm who rendered legal services in connection with our representation of you in this matter.

Our engagement with respect to the matters addressed in this letter is concluded upon the delivery of this letter. The views expressed in this letter are as of, and are based upon the law in effect on, the date of this letter. Those views may be affected by actions taken or omitted or events occurring after the date of this letter, and we assume no obligation to revise or supplement this letter or to determine or to inform any person if such law changes or if any such actions are taken or omitted or any such events occur.

This letter is furnished solely for your benefit in connection with your purchase of the Bonds, and this letter may not, without our prior express consent, be used, circulated, quoted or otherwise referred to (except in lists or sets of closing documents), or be relied upon by any other person or for any other purpose.

Respectfully submitted,

Squire, Sanders & Dempsey L.L.P.

Greenberg Traurig

June 21, 2006

RBC Capital Markets
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Quail Creek Community Facilities District
c/o Town of Sahuarita, Arizona
725 West Via Rancho Sahuarita
Box 879
Sahuarita, Arizona 85629

Re: $12,660,000 Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

Ladies and Gentlemen:

We have acted as counsel to Robson Ranch Quail Creek, LLC, a Delaware limited liability company (hereinafter referred to as the "**Developer**"), in connection with the transactions provided for by the documents referred to herein, including the issuance and sale of the Bonds, sold pursuant to a Purchase Contract, dated June 1, 2006 (hereinafter referred to as the "**Purchase Contract**"), by and between RBC Dain Rauscher Inc., doing business as RBC Capital Markets (hereinafter referred to as the "**Purchaser**") and Quail Creek Community Facilities District (hereinafter referred to as the "**District**"). Any capitalized term used and not defined herein shall have the meaning assigned to it in the Purchase Contract.

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

1. The District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated September 1, 2005 and recorded December 20, 2005, in Docket 12704, page 2353, official records of Pima County, Arizona (hereinafter referred to as the "**Development Agreement**"), executed by the Town of Sahuarita, Arizona, the District and the Developer;

2. Limited Offering Memorandum, dated June 1, 2006 (hereinafter referred to as the "**Offering Memorandum**"), executed by the District;

ALBANY
AMSTERDAM
ATLANTA
BOCA RATON
BOSTON
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LOS ANGELES
MIAMI
MILAN*
NEW JERSEY
NEW YORK
ORANGE COUNTY, CA
ORLANDO
PHILADELPHIA
PHOENIX
ROME*
SACRAMENTO
SILICON VALLEY
TALLAHASSEE
TOKYO*
TYSONS CORNER
WASHINGTON, D.C.
WEST PALM BEACH
ZURICH
*Strategic Alliances
Tokyo-Office/Strategic Alliance

3. The executed Series 2006 Standby Contribution Agreement, dated as of June 1, 2006, by and among the District, Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "**Trustee**") and the Developer (hereinafter referred to as the "**Standby Contribution Agreement**");

4. The executed Series 2006 Continuing Disclosure Undertaking, dated as of June 21, 2006, by the Developer (hereinafter referred to as the "**Undertaking**");

5. The executed Dissemination Agency Agreement, dated as of June 1, 2006, by and between the Developer and the Purchaser (hereinafter referred to as the "**Agency Agreement**");

6. The executed Indemnity Letter, dated as of June 1, 2006, by the Developer to the Purchaser and the District (hereinafter referred to as the "**Indemnity Letter**");

7. The executed Closing Certificate of the Developer, dated June 21, 2006;

8. Certificate of Steven M. Soriano, Vice President and Assistant Secretary of Arlington Property Management Company, an Arizona corporation ("**Arlington**"), the Manager of the Developer (hereinafter referred to as the "**Developer Certificate**");

9. Certificate of Formation of the Developer, dated June 23, 1999, as filed with the Delaware Secretary of State on June 23, 1999, in File No. 3060780, and Application for Registration of a Foreign Limited Liability Company for the Developer, dated July 27, 1999, and filed with the Arizona Corporation Commission on July 27, 1999, in File No. R-0882973-8;

10. Operating Agreement of the Developer, dated June 23, 1999, as amended by Assignment of Membership Interest and First Amendment to Operating Agreement of the Developer, dated January 1, 2001, and as further amended by Assignment of Membership Interest and Second Amendment to Operating Agreement of the Developer, dated July 1, 2004;

11. Certificate of Good Standing of the Developer, issued by the Delaware Secretary of State on June 6, 2006;

12. Certificate of Good Standing of the Developer, issued by the Arizona Corporation Commission on June 6, 2006;

13. Limited Liability Company Authorization of the Developer, dated June 21, 2006, authorizing this transaction;

14. Articles of Incorporation of Arlington, dated June 13, 1994, and filed with the Arizona Corporation Commission on June 14, 1994, in File No. 0720154-3;

15. Bylaws of Arlington, adopted on June 15, 1994;

16. Joint Consent to Resolutions of the Board of Directors and the Sole Shareholder of Arlington, dated October 19, 2005, naming the current officers and current members of the Board of Directors of Arlington;

17. Unanimous Written Consent of the Board of Directors and the Sole Shareholder of Arlington, dated June 21, 2006, authorizing this transaction;

18. Certificate of Incumbency of Arlington, dated June 21, 2006; and

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

In addition, we have received such other information from representatives of the Developer as we have deemed necessary for the purposes of this opinion (hereinafter referred to, collectively, as "**due inquiry**"). The Development Agreement, Offering Memorandum, Standby Contribution Agreement, Undertaking, Agency Agreement, and Indemnity Letter are hereinafter collectively referred to as the "**Bond Documents**." The documents listed in paragraphs 7 through 19 above are hereinafter collectively referred to as the "**Developer Documents**." Whenever any portion of this opinion is limited to the existence or absence of fact based upon our actual knowledge, it is limited to our actual knowledge of the existence or absence of such fact after due inquiry.

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Bond Documents and the Developer Documents (except for the signatures of the Developer on the Bond Documents) and the legal capacity of each natural person executing any of the Bond Documents or the Developer Documents;

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

(c) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Bond Documents with regard to the parties to those agreements other than the Developer;

(d) The Bond Documents accurately describe and contain the agreement and mutual understanding of the parties thereto and that there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of the Bond Documents;

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

(f) That, with respect to the enforceability of the Bond Documents by a court of another jurisdiction, such court would apply Arizona law (except for applicable Delaware limited liability company law), and would determine that the application of Arizona substantive law is not contrary to a fundamental policy of the law of such other jurisdiction; and

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

1. The Developer is a limited liability company, duly organized and existing under the laws of the State of Delaware, and is qualified to do business in the State of Arizona.

2. The Developer has the requisite limited liability company power and authority under the laws of the State of Delaware: (i) to execute and deliver the Bond Documents, and carry out the terms and conditions applicable to it under, and consummate all transactions contemplated by, the Bond Documents; and (ii) to own and operate its properties and assets as described in the Offering Memorandum, and (iii) to carry out its business as such business is currently being conducted as described in the Offering Memorandum.

3. The execution, delivery and performance of the Bond Documents by the Developer and the carrying out, giving effect to and consummation of the transactions contemplated thereby have been duly authorized by all necessary limited liability company and corporate action on the part of the Developer and Arlington (in its capacity as Manager of the Developer), and the Bond Documents have been duly executed and delivered by the Developer.

4. The Bond Documents are in full force and effect as of the date hereof and constitute legal, valid and binding obligations of the Developer, enforceable in accordance with their terms.

5. The execution and delivery of the Bond Documents by the Developer, and the performance of its obligations thereunder, do not and will not conflict with or result in a violation of, or a default pursuant to, the Developer Documents.

6. To our actual knowledge, the execution and delivery of the Bond Documents by the Developer will not conflict with or result in a violation of (i) any contract, indenture, instrument or other agreement to which the Developer is a party or by which it or its properties are bound, or (ii) the laws of the State of Arizona or any court order by which the Developer or its properties are bound.

7. To our actual knowledge, no consent, approval, authorization, or other action by, or filing with, any federal, State or local governmental authority is required in connection with the execution and delivery by the Developer of the Bond Documents, or consummation of the transaction contemplated thereby and, to our actual knowledge, the Developer has obtained all consents, approvals and authorizations, and has made all filings, required by applicable federal, state and/or local governmental authorities in order to own and operate its properties and assets as described in the Offering Memorandum and to carry out its business as such business is currently being conducted as described in the Offering Memorandum.

8. We have no actual knowledge that the Developer is in violation of any provision of, or in default under, its organizational documents or any other agreement or instrument, the violation of which or default under which would materially and adversely affect the execution, delivery and/or performance of the agreements and obligations of the Developer under the Bond Documents.

9. We have no actual knowledge of any legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to which the Developer is a party or of which any property of the Developer is subject, which would materially and adversely affect (i) the execution, delivery and/or performance of the agreements and obligations of the Developer under the Bond Documents, or (ii) the financial condition or operations of the Developer as described in the Offering Memorandum.

10. To our actual knowledge, the information contained in the Offering Memorandum under the headings "THE PUBLIC INFRASTRUCTURE," "LAND DEVELOPMENT BY THE DEVELOPER," "LITIGATION – The Developer" does not contain any untrue statement of material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our participation with the Offering Memorandum, we have not undertaken to independently determine the accuracy, completeness or fairness of the statements contained therein, except as and to the extent provided in this

paragraph, and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, on the basis of such participation, we have acquired no actual knowledge that the information contained in the Offering Memorandum (except for the financial information and notes thereto and the schedules and other financial or statistical data included therein or in any appendix thereto, as to which we express no opinion) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The opinions set forth above are subject to the following qualifications and limitations: (i) enforceability of the Bond Documents may be limited by bankruptcy, insolvency, fraudulent transfer or conveyance, reorganization, moratorium, arrangement or laws or court decisions affecting the enforcement of creditors' rights generally; (ii) enforceability of the Bond Documents is subject to general principles of equity, whether remedies are sought in equity or at law; (iii) enforceability of the Bond Documents is further subject to the qualification that certain waivers, procedures, remedies, indemnities and other provisions thereof may be unenforceable under or limited by Arizona law; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Bond Documents (except that the principles of guaranty and suretyship may present the practical realization of the benefits intended by indemnity and guarantee provisions in the Bond Documents); (iv) we are expressing no opinion as to the enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or misconduct of any indemnitee or the failure of any indemnitee to act in a commercially reasonable manner; (v) we are expressing no opinion as to the compliance of the Bond Documents or the offer and sale of the Bonds with any securities law or regulation; (vi) with the sole exception of those matters addressed in our opinion to our actual knowledge, we are expressing no opinion as to any federal or state securities laws, any environmental or health or safety laws, rules or regulations, or any county or municipal ordinances; and (vii) the term "actual knowledge" as used herein means solely the knowledge of attorneys in this firm who have performed services in respect of the transactions provided for by the documents referred to herein, including knowledge ascertained from our review of the Bond Documents, the Developer Documents, including the Developer Certificate, as well as the results of third-party searches of the records of the Arizona Federal District Court and the Pima County Superior Court concerning the Developer.

Except for applicable Delaware limited liability company law, we do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona. With respect to the laws of the State of Arizona, our opinions are as to what the law is or might reasonably be expected to be at the date hereof, and we assume no obligation to revise or supplement this opinion due to any change in the law by legislative action, judicial decision or otherwise. Any opinion as to the enforceability of any document is limited to enforceability as between the

original parties thereto. We do not render any opinion with respect to any matters other than those expressly set forth above.

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

Respectfully submitted,

Greenberg Traurig, LLP

ISSUER REQUEST TO AUTHENTICATE AND DELIVER
THE BONDS

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

TO: Wells Fargo Bank, N.A., as Trustee

There are handed to you herewith, duly executed on behalf of Quail Creek Community Facilities District (the "Issuer"), Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006 in the aggregate principal amount of $12,660,000, dated the date hereof, issuable under the Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "Indenture"), from the Issuer to you. The Bonds bear interest and mature as follows:

Year of Maturity	Principal Amount Due	Interest Rate
2012	$1,375,000	4.85%
2016	1,665,000	5.15
2030	9,620,000	5.55

Pursuant to the Section 3.03(B) of the above-mentioned Indenture, the Issuer hereby requests that you authenticate the Bonds by manually affixed signatures and deliver them through the facilities of The Depository Trust Company for the credit of RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets, the purchaser of the Bonds (the "Underwriter"), upon payment by the Underwriter of $12,280,200 being the principal amount of the Bonds, less underwriting compensation of $379,800.

You are hereby instructed to deposit the above-described amounts as provided in the Indenture.

DATED: June 21, 2006

.....

James Stahle, District Manager, Quail Creek Community Facilities District

RECEIPT OF THE TRUSTEE

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

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

1. That $12,660,000 principal amount of Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006 (the "Bonds"), maturing in each of the years, in the principal amounts and bearing interest from the date hereof (payable semiannually on January 15 and July 15 in each year, commencing on January 15, 2007), at the rates as follows:

Year of Maturity	Principal Amount Due	Interest Rate
2012	$1,375,000	4.85%
2016	1,665,000	5.15
2030	9,620,000	5.55

have this day been delivered upon the order of RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets, upon payment to the Trustee of the purchase price as follows:

Principal Amount	$12,660,000.00
Underwriter's Compensation	379,800.00
Total Purchase Price	$12,280,200.00

2. That pursuant to the provisions of Section 5.05 of the Series 2006 Indenture of Trust And Security Agreement, dated as of June 1, 2006, from Quail Creek Community Facilities District (the "Issuer") to the Trustee, proceeds (including accrued interest) of the Bonds have been applied by deposit of the following amounts to the following funds or accounts:

Fund or Account	Amount
Series 2006 Tax Account of the Bond Fund	$ 732,101.33
Acquisition and Construction Fund	11,548,098.67

DATED: June 21, 2006

.....

Nancy L. Eatros, ~~Assistant~~ Vice President, Wells Fargo Bank, N.A., as Trustee

RECEIPT OF THE UNDERWRITER

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

The undersigned, does HEREBY ACKNOWLEDGE for and on behalf of RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets, the underwriter of the hereinafter described Bonds, receipt from Wells Fargo Bank, N.A., as trustee (the "Trustee"), of $12,660,000 principal amount of Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006 (the "Bonds"), issued under the Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006, from Quail Creek Community Facilities District to the Trustee, securing the Bonds.

DATED: June 21, 2006

Shawn Dralle, Managing Director, RBC Dain Rauscher Inc., doing business under the trade name RBC Capital Markets

"QUALIFIED INVESTOR LETTER"

....., ...

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest, or is the authorized investment advisor to the purchaser of a beneficial ownership interest, in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $2,000,000.00. **The undersigned hereby agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer in an amount of not less than $100,000 of principal amount.**

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

(1) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, is one of the following:

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

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

with total assets of at least $100,000,000 invested in municipal securities in the aggregate in its portfolio and/or under management.

(2) Such purchase of such interest in the Bonds is for the account of the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, has obtained information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned, or if the undersigned is an investment advisor, the purchaser

therefrom, 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 concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the addressee District and the possible transfer of such land by such taxpayer, failure or inability of such owner as developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds and bankruptcy and foreclosure delays.

(4) Neither the addressee District nor the Town of Sahuarita, Arizona (the "Town"), nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, requested, information that may have been furnished to the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, by any third party in connection with investment in the Bonds.

(5) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, 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 other than the information included in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Bonds, did not rely on the addressee District or the Town, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

Wells Fargo

By: George Wick

Printed Name: GEORGE WICK

Title: EVP

"QUALIFIED INVESTOR LETTER"

....., ...

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest, or is the authorized investment advisor to the purchaser of a beneficial ownership interest, in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $2,000,000. **The undersigned hereby agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer in an amount of not less than $100,000 of principal amount.**

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

(1) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, is one of the following:

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

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

with total assets of at least $100,000,000 invested in municipal securities in the aggregate in its portfolio and/or under management.

(2) Such purchase of such interest in the Bonds is for the account of the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, has obtained information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned, or if the undersigned is an investment advisor, the purchaser

therefrom, 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 concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the addressee District and the possible transfer of such land by such taxpayer, failure or inability of such owner as developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds and bankruptcy and foreclosure delays.

(4) Neither the addressee District nor the Town of Sahuarita, Arizona (the "Town"), nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, requested, information that may have been furnished to the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, by any third party in connection with investment in the Bonds.

(5) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, 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 other than the information included in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Bonds, did not rely on the addressee District or the Town, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

Oppenheimer Rochester National Fund

Oppenheimer AMT-Free Municipals Fund

By .....

Printed Name: Scott Cottier

Title:VP/Portfolio Manager

"QUALIFIED INVESTOR LETTER"

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest, or is the authorized investment advisor to the purchaser of a beneficial ownership interest, in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $2,690,000. **The undersigned hereby agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer in an amount of not less than $100,000 of principal amount.**

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

(1) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, is one of the following:

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

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

with total assets of at least $100,000,000 invested in municipal securities in the aggregate in its portfolio and/or under management.

(2) Such purchase of such interest in the Bonds is for the account of the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, has obtained information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, 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 concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the addressee District and the possible transfer of such land by such taxpayer, failure or inability of such owner as developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds and bankruptcy and foreclosure delays.

(4) Neither the addressee District nor the Town of Sahuarita, Arizona (the "Town"), nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, requested, information that may have been furnished to the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, by any third party in connection with investment in the Bonds.

(5) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, 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 other than the information included in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Bonds, did not rely on the addressee District or the Town, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

Wells Fargo Advantage National Limited Term Tax-Free Fund, Wells Fargo Advantage National Tax-Free Fund and Wells Fargo Advantage Municipal Bond Fund

By.....

Printed Name:.....GILBERT L. SOUTHWELL III

Title:.....

WELLS CAPITAL MANAGEMENT
VICE PRESIDENT

"QUALIFIED INVESTOR LETTER"

June 9, 2006

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest, or is the authorized investment advisor to the purchaser of a beneficial ownership interest, in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of Two Million Dollars ($2,000,000). **The undersigned hereby agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer in an amount of not less than $100,000 of principal amount.**

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

(1) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, is one of the following:

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

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

with total assets of at least $100,000,000 invested in municipal securities in the aggregate in its portfolio and/or under management.

(2) Such purchase of such interest in the Bonds is for the account of the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, has obtained information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned, or if the undersigned is an investment advisor, the purchaser

therefrom, 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 concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the addressee District and the possible transfer of such land by such taxpayer, failure or inability of such owner as developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds and bankruptcy and foreclosure delays.

(4) Neither the addressee District nor the Town of Sahuarita, Arizona (the "Town"), nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, requested, information that may have been furnished to the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, by any third party in connection with investment in the Bonds.

(5) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, 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 other than the information included in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Bonds, did not rely on the addressee District or the Town, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

Susquehanna Fixed Income, LP

By.....

Printed Name: Andrew Lutz

Title: President

"QUALIFIED INVESTOR LETTER"

June 12, 2006

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest, or is the authorized investment advisor to the purchaser of a beneficial ownership interest, in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $1,620,000. The undersigned hereby agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer in an amount of not less than $100,000 of principal amount.

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

(1) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, is one of the following:

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

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

with total assets of at least $100,000,000 invested in municipal securities in the aggregate in its portfolio and/or under management.

(2) Such purchase of such interest in the Bonds is for the account of the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, has obtained information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned, or if the undersigned is an investment advisor, the purchaser

therefrom, 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 concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the addressee District and the possible transfer of such land by such taxpayer, failure or inability of such owner as developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds and bankruptcy and foreclosure delays.

(4) Neither the addressee District nor the Town of Sahuarita, Arizona (the "Town"), nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, requested, information that may have been furnished to the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, by any third party in connection with investment in the Bonds.

(5) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, 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 other than the information included in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Bonds, did not rely on the addressee District or the Town, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

Capital Research & Mgmt Co.

By: [signature]

Printed Name: Abner Goldstine

Title: Officer CRMC

"QUALIFIED INVESTOR LETTER"

....., ...

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

WELLS FARGO BANK, N.A., as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest, or is the authorized investment advisor to the purchaser of a beneficial ownership interest, in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $2,350,000. **The undersigned hereby agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer in an amount of not less than $100,000 of principal amount.**

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

(1) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, is one of the following:

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

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

with total assets of at least $100,000,000 invested in municipal securities in the aggregate in its portfolio and/or under management.

(2) Such purchase of such interest in the Bonds is for the account of the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, for the purpose of investment and not with a present intent for distribution or resale.

(3) An opportunity was available to obtain and that the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, has obtained information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned, or if the undersigned is an investment advisor, the purchaser

therefrom, 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 concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the addressee District and the possible transfer of such land by such taxpayer, failure or inability of such owner as developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds and bankruptcy and foreclosure delays.

(4) Neither the addressee District nor the Town of Sahuarita, Arizona (the "Town"), nor the respective officials, officers, directors, council members, advisors, employees and agents of either have undertaken to furnish, nor has the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, requested, information that may have been furnished to the undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, by any third party in connection with investment in the Bonds.

(5) The undersigned, or if the undersigned is an investment advisor, the purchaser therefrom, 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 other than the information included in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Bonds, did not rely on the addressee District or the Town, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

S&T Investment Associates, Inc.

By: Paul J. Jaquet

Printed Name: Paul J. Jaquet

Title: Vice President

ATTN:
SHAWN

74732CAA Muni DES dg? mubig2 Muni **DES**
Enter 66 <GO> to Msg DES.

MUNICIPAL BOND DESCRIPTION

Page 1/ 4

QUAIL CREEK CMNTY FACS DIST ARIZ CUSIP:74732CAA(1)

TICKER: QULFAC CPN: 4.85 MATURITY: 7/15/2012 DATED: 6/21/2006 STATE:AZ

18) $100,000 MINIMUM DENOMINATION & $5,000 INCREMENTS TO SOPHISTICATED MUNICIPA

9) TDH MSRB Trades

SECURITY INFORMATION	
ISSUE TYPE	GENERAL OBLIGATION UNLTD
MATURITY TYPE	3) SINK
COUPON TYPE	FIXED
PRICE/YIELD @	ISSUE 100.000/ 4.849
COUPON FREQ.	SEMI-ANNUAL
TAX PROVISION	FED & ST TAX-EXEMPT
FORM	BOOK-ENTRY

TRADING INFORMATION	
1ST SETTLE DATE	6/21/2006
NEXT SETTLEMENT DATE	6/26/2006
INTEREST ACCRUAL DATE	6/21/2006
1ST COUPON DATE	1/15/2007
NEXT SINK DATE	7/15/2009 @ 100 FOR $ 320M
AVERAGE LIFE	2/04/2011
WEEK OF SALE	5/29/2006

NOTES: Personal 24) NOT Office 25) ONTS Firm 26) FNTS

11) CF View Documents

Hit page for additional des, sinking fund sch, series os notes information.

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2006 Bloomberg L.P.
G660-855-3 21-Jun-06 10:36:19

JUN-21-2006 10:41 RBC DAIN RAUSCHER 312 559 1765 P.01

18 dg? mubig2 Muni **DES**

Enter 66 <GO> to Msg DES.

MUNICIPAL BOND DESCRIPTION

QUAIL CREEK CMNTY FACS DIST ARIZ CUSIP:74732CAA(1)

TICKER: QULFAC CPN: 4.85 MATURITY: 7/15/2012 DATED: 6/21/2006 STATE:AZ
$100,000 MINIMUM DENOMINATION & $5,000 INCREMENTS TO SOPHISTICATED MUNICIPAL MARKET PARTICIPANTS

No further pages on this bond.

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2006 Bloomberg L.P.
G660-855-3 21-Jun-06 10:36:25

RECEIPT OF THE DEPOSITORY

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

The undersigned, does HEREBY ACKNOWLEDGE for and on behalf of the "Depository" with respect to the hereinafter described Depository Agreement that the "Initial Letter of Credit" is being held pursuant to the terms of the Series 2006 Depository Agreement, dated as of June 1, 2006, by and between Quail Creek Community Facilities District and the Depository.

DATED: June 21, 2006

.....

Nancy L. Eatros, ~~Assistant~~ Vice President, Wells Fargo Bank, N.A., as Depository

ITEM 36

ISSUER REQUEST FOR PAYMENT
OF
COSTS OF ISSUANCE

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

Pursuant to Section 5.04 of the Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "Indenture"), from Quail Creek Community Facilities District to Wells Fargo Bank, N.A., as trustee (the "Trustee"), the Trustee is hereby requested to disburse from the Acquisition and Construction 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 Acquisition and Construction Fund.

Dated: XXXXXXXXXXXX , 200XXX

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

EXHIBIT A

COSTS OF ISSUANCE

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

Payee	Amount
	$

ITEM 37

ISSUER REQUEST FOR PAYMENT
OF
COSTS OF ACQUISITION AND CONSTRUCTION

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

Pursuant to Section 5.04 of the Series 2006 Indenture of Trust and Security Agreement, dated as of June 1, 2006 (the "Indenture"), from Quail Creek Community Facilities District to Wells Fargo Bank, N.A., as Trustee (the "Trustee"), the Trustee is hereby requested to disburse from the Acquisition and Construction Fund established in the Indenture to the persons named on Exhibit A hereto, the respective amounts set forth thereon in payment of the Costs of Acquisition and Construction (as such term is defined in the Indenture), which amounts are for Costs of Acquisition and Construction properly chargeable to the Acquisition and Construction Fund.

Dated: XXXXXXXXXXXX , 200XXX

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

EXHIBIT A

COSTS OF ACQUISITION

Name of Payee	Purpose of Payment	Amount

[redacted]

SECRETARY OF STATE

2006 JUN 21 PM 3:07

FILED

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

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

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Michael Cafiso, Esq.
Greenberg Traurig, LLP
2375 East Camelback Road, Suite 700
Phoenix, Arizona 85016

06/21/2006 2:52PM 000004#1611 ****
UCC 1/DISP COLL $5.00

200614224627

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: **Quail Creek Community Facilities District**

OR

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

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
725 West Rio Rancho Sahuarita	Sahuarita	AZ	85629	USA

1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
		Special district	Arizona	☐ NONE

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

2a. ORGANIZATION'S NAME

OR

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

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				☐ NONE

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

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

OR

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

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
MAC S4101-22E 100 West Washington Street, 22nd Floor	Phoenix	AZ	85003	USA

4. This FINANCING STATEMENT covers the following collateral:

All right, title and interest of Debtor in and to amounts on deposit from time to time in the funds and accounts created pursuant to the Series 2006 Indenture Of Trust And Security Agreement (the "Indenture"), dated as of June 1, 2006, between Debtor and Secured Party, as trustee, and the Series 2006 Depository Agreement (the "Depository Agreement"), dated as of June 1, 2006, by and between Debtor and Secured Party, as depository, subject to the provisions of the Indenture and the Depository Agreement, as the case may be, permitting the application thereof for the purposes and on the terms and conditions set forth therein.

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

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

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

8. OPTIONAL FILER REFERENCE DATA

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

AFFIDAVIT OF MAILING OF IRS FORM 8038-G

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

Salim Mangoli, being first duly sworn, upon his oath deposes and says:

1. That on June 29, 2006, at 7:00 p.m., he placed in the United States Post Office, postage prepaid, certified mail, return receipt requested, an envelope addressed to Internal Revenue Service Center, Ogden, Utah 84201.

2. A copy of Form 8038-G which was enclosed in said envelope is attached hereto.

Salim Mangoli

SUBSCRIBED AND SWORN TO before me this 30 day of July, 2006.

Carolyn Gersh
Notary Public

OFFICIAL SEAL
CAROLYN GERSH
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Comm. Expires Jan. 9, 2009

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com®
OFFICIAL USE

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 4.64

PHOENIX AZ 85028 JUN 29 2006 USPS Postmark Here

Sent To
Internal Revenue Service Center
Street, Apt. No.; or PO Box No.
Ogden, UT 84201
City, State, ZIP+4

Form **8038-G**
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1	Issuer's name **Quail Creek Community Facilities District**	2	Issuer's employer identification number **32 : 0174730**
3	Number and street (or P.O. box if mail is not delivered to street address) **725 West Rio Rancho Sahuarita**	Room/suite	4 Report number **301**
5	City, town, or post office, state, and ZIP code **Sahuarita, Arizona 85629**	6	Date of issue **June 21, 2006**
7	Name of issue **General Obligation Bonds, Series 2006**	8	CUSIP number **74732C AD 5**
9	Name and title of officer or legal representative whom the IRS may call for more information **Mr. James Stahle, District Manager**	10	Telephone number of officer or legal representative **(520) 648-1972**

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐	Education	11	
12	☐	Health and hospital	12	
13	☐	Transportation	13	
14	☐	Public safety	14	
15	☐	Environment (including sewage bonds)	15	
16	☐	Housing	16	
17	☐	Utilities	17	
18	☒	Other. Describe ▶ **Miscellaneous public infrastructure**	18	$ 12,660,000.00
19		If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20		If obligations are in the form of a lease or installment sale, check box ▶ ☐		

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	July 15, 2030	$ 12,660,000.00	$ 12,660,000.00	15.6 years	5.4829%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	$ 0.00
23	Issue price of entire issue (enter amount from line 21, column (b))			23	12,660,000.00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	707,648.67		
25	Proceeds used for credit enhancement	25	0.00		
26	Proceeds allocated to reasonably required reserve or replacement fund.	26	0.00		
27	Proceeds used to currently refund prior issues	27	0.00		
28	Proceeds used to advance refund prior issues	28	0.00		
29	Total (add lines 24 through 28)			29	707,648.67
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	$ 11,952,351.33

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

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	0.00
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	0.00
b	Enter the final maturity date of the guaranteed investment contract ▶ **N/A**		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	0.00
b	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the Issuer ▶ **N/A** and the date of the issue ▶ **N/A**		
38	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box. ▶ ☐		
39	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐		
40	If the issuer has identified a hedge, check box ▶ ☐		

Sign Here

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

▶ Charles E. Oldham — 06/21/06 — ▶ Charles E. Oldham, Chairman

Signature of issuer's authorized representative — Date — Type or print name and title

REGISTERED REGISTERED

NO. ..... $.....

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

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

United States of America
State of Arizona

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BOND, SERIES 2006

SPECIMEN

Interest Rate	Maturity Date	Original Issue Date	CUSIP NO.:
.....%	July 15, ...	June 21, 2006	74732C ....

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT ..... DOLLARS

Quail Creek Community Facilities District, a community facilities district 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 (hereinafter 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 defined in the hereinafter described "Indenture"), semiannually on each January 15 and July 15 commencing January 15, 2007 (each an "Interest Payment Date"), at the per annum "Interest Rate" specified above.

As provided in the Indenture hereinafter referred to, the interest so payable on any Interest Payment Date shall be paid to the Person (as such term is defined in the Indenture) in whose name this Bond (or one or more Predecessor Bonds evidencing the same debt) is registered in the Bond Register (as such term is defined in the Indenture) of the Issuer at the close of business on the "Regular Record Date" therefor, which shall be the 1st day (whether or not a Business Day as such term is defined in the Indenture) of the calendar month of such Interest Payment Date. Any such interest not so punctually paid or duly provided for within 15 days after such Interest Payment Date shall forthwith cease to be payable to the Holder on such Regular Record Date and shall be paid to the Person in whose name this Bond (or one or more such Predecessor Bonds) is registered at the close of business on a "Special Record Date" for the payment of such defaulted interest to be fixed by the hereinafter referred to "Trustee" in accordance with the Indenture, notice whereof being given to the Holder hereof not less than 10 days prior to such Special Record Date. All such interest shall be payable at the agency of the Issuer for such purpose (hereinafter referred to as the "Paying Agent") which shall initially be the designated corporate trust office of Wells Fargo Bank, N.A., by check mailed to the Holder as of the relevant record date at the address specified in the Bond Register or pursuant to customary arrangements made by such Holder acceptable to the Paying Agent. The principal and Redemption Price (as such term is defined in the Indenture) of this Bond are payable at the designated corporate trust office of the Paying Agent, upon presentation and surrender of this Bond.

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

This Bond is one of a duly authorized issue of bonds of the Issuer having the designation specified in its title (hereinafter referred to as the "Bonds"), issued and to be issued in one series under, and all equally and ratably secured by, a Series 2006 Indenture

of Trust and Security Agreement, dated as of June 1, 2006 (hereinafter, together with all indentures supplemental thereto, referred to as the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter 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. The Bonds are authorized to be issued by a Resolution of the District Board of the Issuer adopted on May 8, 2006 (hereinafter referred to as the "Bond Resolution"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Enabling Act").

The Bonds are payable, equally and ratably with, with the limitations described herein, such other general obligation bonds of the Issuer from the proceeds of an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer, sufficient together with any other moneys from sources available pursuant to the Enabling Act (including the Standby Contribution Agreement described hereinbelow) to pay debt service on the Bonds when due. Robson Ranch Quail Creek, LLC, a Delaware limited liability company (the "Owner"), has entered into a Series 2006 Standby Contribution Agreement, dated as of June 1, 2006 (the "Standby Contribution Agreement"), with the Issuer and the Trustee pursuant to which the Owner will make payments to the Trustee to supplement tax revenues to pay principal and interest with respect to the Bonds. The Issuer and Wells Fargo Bank, N.A., as depository, have entered into a Series 2006 Depository Agreement, dated as of June 1, 2006 (hereinafter referred to as the "Depository Agreement"), pursuant to which certain other amounts will be available to the Trustee for payment of principal and interest with respect to the Bonds to the extent moneys are not otherwise available. THE STANDBY CONTRIBUTION AGREEMENT AND THE DEPOSITORY AGREEMENT MAY BE TERMINATED PRIOR TO THE MATURITY OF THE BONDS BY THE ISSUER UPON SATISFACTION OF CERTAIN CONDITIONS SET FORTH THEREIN.

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 Governmental Obligations (as such term is defined in the Indenture) sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of principal amount of $100,000 and any integral multiple of $5,000 in excess thereof.

The Bonds are subject to redemption, at the option of the Issuer as a whole or from time to time in part, on July 15, 2016, and any date thereafter, upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price (as such term is defined in the Indenture), which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date (as such term is defined in the Indenture), without a premium.

The Bonds maturing on July 15 of the following years shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date:

Redemption Date (July 15)	Principal Amount
MATURING 2012	
2009	$320,000
2010	335,000
2011	350,000
MATURING 2016	
2013	$385,000
2014	405,000
2015	425,000
MATURING 2030	
2017	$470,000
2018	500,000
2019	525,000
2020	555,000
2021	585,000
2022	620,000
2023	655,000
2024	690,000
2025	725,000
2026	770,000
2027	810,000
2028	855,000
2029	905,000

Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 of principal amount or an integral multiple thereof) and upon any partial redemption of any such Bond the same shall, except as otherwise permitted by the Indenture, be surrendered in

exchange for one or more new Bonds of the same Stated Maturity (as such term is defined in the Indenture) in authorized form for the unredeemed portion of principal. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds of a Stated Maturity are to be redeemed, the particular Bonds of that Stated Maturity to be redeemed shall be selected not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to $5,000 of principal amount or a multiple thereof) of the principal of Bonds of a denomination larger than $5,000. The Trustee shall promptly notify the Issuer in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

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

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the designated corporate trust office thereof 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 Stated Maturity and aggregate

principal amount shall be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Bonds are exchangeable for a like Stated Maturity and original 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 designated corporate trust office thereof.

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

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

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

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

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

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By.....
Chairperson, District Board

ATTEST:

.....
District Clerk

SPECIMEN

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: June 21, 2006

"QUALIFIED INVESTOR LETTER"

....., ...

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

....., as Trustee

Re: Quail Creek Community Facilities District (Sahuarita, Arizona) General Obligation Bonds, Series 2006

Please be advised that the undersigned is purchasing a beneficial ownership interest in the captioned bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of $..... 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 undersigned 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, in that regard, **agrees to only offer and sell such interest to or through a broker, dealer or broker-dealer.** The undersigned agrees that a "Qualified Investor Letter" in the identical form hereof will be provided to the addressee Trustee if as a result of such offer and sale of such interest in the Bonds (i) an amount less than $100,000 of principal amount will be transferred or (ii) the broker, dealer or broker-dealer involved therein indicates to the undersigned that the proposed transferee is not a "sophisticated municipal market professional" (as such term is used in the context of the rules of the Municipal Securities Rulemaking Board).

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

(1) The undersigned is one of the following:

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

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

(iii) a director or executive officer of Robson Ranch Quail Creek, LLC;

(iv) any officer of RBC Dain Rauscher Inc. or

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

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

(3) An opportunity was available to obtain and that the undersigned has obtained all information which was regarded as necessary to evaluate and has evaluated the merits and risks of investment in the Bonds, and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds, the concentration of ownership of land subject to taxation for payment of the Bonds in one owner of property within the addressee District and the possible transfer of such land by such taxpayer, failure or inability of such owner as developer to complete proposed development of such land, investment risk related to sources of payment of the Bonds, bankruptcy and foreclosure delays and the probable lack of any secondary market for the Bonds.

(4) Neither the addressee District nor the Town of Sahuarita, Arizona (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 in the Bonds.

(5) The undersigned 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, or any official, officer, director, council member, advisor, employee or agent of either in making its decision to invest in the Bonds.

.....

By.....

Printed Name:.....

Title:.....

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(s) guaranteed:
[Insert proper legend]

.....
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.

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

UNIF GIFT MIN ACT

TEN COM	--	as tenants in common	..... Custodian .....
TEN ENT	--	as tenants by the Entireties under Uniform Gifts to Minors Act	(Cust.) (Minor)
JT TEN	--	as joint tenants with Right of survivorship and not as tenants in common	..... State

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

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

Quail Creek Community Facilities District
[Name of Issuer]

June 21, 2006
[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:
THE DEPOSITORY TRUST COMPANY
By: _____

Very truly yours,

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(Issuer)

By: _____
(Authorized Officer's Signature)

James Stahle, District Manager
(Print Name)

725 Rio Rancho Sahuarita
(Street Address)

Sahuarita, Arizona 85629
(City) (State) (Country) (Zip Code)

(520) 648-1972
(Phone Number)

(E-mail Address)

DTCC

The Depository Trust & Clearing Corporation

[2/02]

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the"Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue,and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner")is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[**6.** Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[**9.** A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

$12,660,000

Quail Creek Community Facilities District

(Sahuarita, Arizona)

General Obligation Bonds, Series 2006

Dated: 06/21/2006 **Delivered: 06/21/2006**

Date	Principal (a)		Interest	Total Debt Service	Capitalized Interest	Net Debt Service	Fiscal Total	CUSIP: 74732C
6/21/2006								
1/15/2007			$388,928.83	$388,928.83	($388,928.83)	$0.00		
7/15/2007			343,172.50	343,172.50	(343,172.50)	0.00	$0.00	
1/15/2008			343,172.50	343,172.50		343,172.50		
7/15/2008			343,172.50	343,172.50		343,172.50	686,345.00	
1/15/2009			343,172.50	343,172.50		343,172.50		
7/15/2009	$320,000.00	4.850% (b)	343,172.50	663,172.50		663,172.50	1,006,345.00	AA1
1/15/2010			335,412.50	335,412.50		335,412.50		
7/15/2010	335,000.00	4.850% (b)	335,412.50	670,412.50		670,412.50	1,005,825.00	AA1
1/15/2011			327,288.75	327,288.75		327,288.75		
7/15/2011	350,000.00	4.850% (b)	327,288.75	677,288.75		677,288.75	1,004,577.50	AA1
1/15/2012			318,801.25	318,801.25		318,801.25		
7/15/2012	370,000.00	4.850% (b)	318,801.25	688,801.25		688,801.25	1,007,602.50	AA1
1/15/2013			309,828.75	309,828.75		309,828.75		
7/15/2013	385,000.00	5.150% (c)	309,828.75	694,828.75		694,828.75	1,004,657.50	AB9
1/15/2014			299,915.00	299,915.00		299,915.00		
7/15/2014	405,000.00	5.150% (c)	299,915.00	704,915.00		704,915.00	1,004,830.00	AB9
1/15/2015			289,486.25	289,486.25		289,486.25		
7/15/2015	425,000.00	5.150% (c)	289,486.25	714,486.25		714,486.25	1,003,972.50	AB9
1/15/2016			278,542.50	278,542.50		278,542.50		
7/15/2016	450,000.00	5.150% (c)	278,542.50	728,542.50		728,542.50	1,007,085.00	AB9
1/15/2017			266,955.00	266,955.00		266,955.00		
7/15/2017	470,000.00	5.550% (d)	266,955.00	736,955.00		736,955.00	1,003,910.00	AD5
1/15/2018			253,912.50	253,912.50		253,912.50		
7/15/2018	500,000.00	5.550% (d)	253,912.50	753,912.50		753,912.50	1,007,825.00	AD5
1/15/2019			240,037.50	240,037.50		240,037.50		
7/15/2019	525,000.00	5.550% (d)	240,037.50	765,037.50		765,037.50	1,005,075.00	AD5
1/15/2020			225,468.75	225,468.75		225,468.75		
7/15/2020	555,000.00	5.550% (d)	225,468.75	780,468.75		780,468.75	1,005,937.50	AD5
1/15/2021			210,067.50	210,067.50		210,067.50		
7/15/2021	585,000.00	5.550% (d)	210,067.50	795,067.50		795,067.50	1,005,135.00	AD5
1/15/2022			193,833.75	193,833.75		193,833.75		
7/15/2022	620,000.00	5.550% (d)	193,833.75	813,833.75		813,833.75	1,007,667.50	AD5
1/15/2023			176,628.75	176,628.75		176,628.75		
7/15/2023	655,000.00	5.550% (d)	176,628.75	831,628.75		831,628.75	1,008,257.50	AD5
1/15/2024			158,452.50	158,452.50		158,452.50		
7/15/2024	690,000.00	5.550% (d)	158,452.50	848,452.50		848,452.50	1,006,905.00	AD5
1/15/2025			139,305.00	139,305.00		139,305.00		
7/15/2025	725,000.00	5.550% (d)	139,305.00	864,305.00		864,305.00	1,003,610.00	AD5
1/15/2026			119,186.25	119,186.25		119,186.25		
7/15/2026	770,000.00	5.550% (d)	119,186.25	889,186.25		889,186.25	1,008,372.50	AD5
1/15/2027			97,818.75	97,818.75		97,818.75		
7/15/2027	810,000.00	5.550% (d)	97,818.75	907,818.75		907,818.75	1,005,637.50	AD5
1/15/2028			75,341.25	75,341.25		75,341.25		
7/15/2028	855,000.00	5.550% (d)	75,341.25	930,341.25		930,341.25	1,005,682.50	AD5
1/15/2029			51,615.00	51,615.00		51,615.00		
7/15/2029	905,000.00	5.550% (d)	51,615.00	956,615.00		956,615.00	1,008,230.00	AD5
1/15/2030			26,501.25	26,501.25		26,501.25		
7/15/2030	955,000.00	5.550% (d)	26,501.25	981,501.25		981,501.25	1,008,002.50	AD5
Total	$12,660,000.00		$10,893,588.83	$23,553,588.83	($732,101.33)	$22,821,487.50	$22,821,487.50	

(a) The Bonds are subject to optional redemption on July 15, 2016 at a redemption price of 100%.

(b) Represents mandatory sinking fund amounts for term bond due July 15, 2012.

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

(d) Represents mandatory sinking fund amounts for term bond due July 15, 2030.

DEBT LIMITATION CALCULATION

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

The debt limitation, as provided by Section 48-708, Arizona Revised Statutes, as amended, for Quail Creek Community Facilities District (the "District"), is 60 percent of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed, plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the captioned bonds. Based on the hereinafter indicated estimated valuation and additional valuation determined upon independent investigation by the undersigned, the undersigned hereby certifies that the remaining debt limit of the District would be calculated as follows:

Estimated 2005/06 Secondary Assessed Valuation ("SAV"):	$ 639,462
Assumed 2005/06 Estimated Market Value based on SAV and a ratio of 16%:	$ 3,996,638
Plus 1,248 acres at $3,561 average per acre:	4,444,128
Plus Public Infrastructure:	12,660,000
Total Estimated Market Value	$21,100,766
60% of Total Estimated Market Value	$12,660,460
Principal Amount of the Bonds	12,660,000
Remaining Debt Limit	$ 460

DATED: June 21, 2006

ROBSON RANCH QUAIL CREEK, LLC

By.....

Printed Name: Steven M. Soreng

Title: VP

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2006

AFFIDAVIT OF MAILING OF REPORT RELATING TO ISSUANCE OF BONDS FOR ARIZONA DEPARTMENT OF REVENUE

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

Salim Mangoli, being first duly sworn, upon his oath deposes and says:

1. That on June 29, 2006, at 7:00 p.m., he placed in the United States Post Office, postage prepaid, certified mail, return receipt requested, an envelope addressed to Arizona Department of Revenue, Ninth Floor, 1600 West Monroe Street, Phoenix, Arizona 85007.

2. A copy of Report Relating to Issuance of Bonds for Arizona Department of Revenue under Section 35-501, Arizona Revised Statutes, As Amended, which was enclosed in said envelope is attached hereto.

Salim Mangoli

SUBSCRIBED AND SWORN TO before me this 3rd day of July, 2006.

Carolyn Gersh
Notary Public

OFFICIAL SEAL
CAROLYN GERSH
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Comm. Expires Jan. 9, 2009

U.S. Postal Service™
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(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com®
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Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 7.04

USPS PHOENIX AZ 85026 JUN 29 2006 Postmark Here

Sent To: Arizona Dept. of Revenue
Street, Apt. No.; or PO Box No.: 1600 W Monroe, 9th Fl.
City, State, ZIP+4: Phoenix, AZ 85007

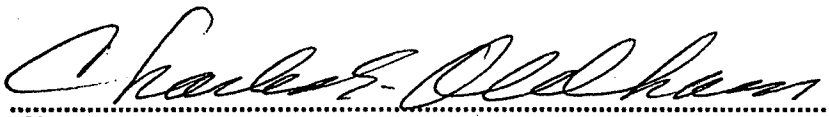
PS Form 3800, June 2002 See Reverse for Instructions

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: Quail Creek Community Facilities District	
2. Issue name / title: General Obligation Bonds, Series 2006	
3. Dated Date: June 21, 2006 Closing Date: June 21, 2006	4. Par amount: $ 12,660,000
5. Overall interest rate (TIC OR NIC): 5.6902% TIC 5.7903% NIC	6. Type of Bond or Security: General obligation bond
7. Repayment sources: Secondary ad valorem property taxes; contract revenues	
8. Total amount outstanding: $ 12,660,000	9. Total amount outstanding of senior or subordinate bonds: $ 0
10. Original issue price: Attach Schedule 1 a. Par Amount (Principal Amount) $ 12,660,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: **For general obligation Bonds:**
b. Original Issue Discount (–) $ 0.00	a. Estimated MV: $ 21,100,766
c. Premium Amount (+) $ 0.00	b. Debt limit percentage: 60%
d. Original Issue Price (=) $ 12,660,000.00	c. Total debt limit: $ 12,660,460
e. Underwriter Compensation (Discount) (–) $ 379,800.00	12. Available debt limit: $ 460
f. Net Proceeds (=) $ 12,280,200.00	13. Total amount authorized: $ 30,000,000
14. Remaining authorized amount: $ 17,340,000.00	15. If voter authorized, Election date: November 8, 2005

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



Signature

June 21, 2006
Date

Title, address and phone number/Political Subdivision contact name, address and phone number

Mr. James Stahle
District Manager
725 Rio Rancho Sahuarita
Sahuarita, Arizona 85629

(520) 648-1972

Trustee name, address and phone number

Wells Fargo Bank, N.A.
Wells Fargo Plaza, MAC S4101-22E
100 West Washington Street, 22nd Floor
Phoenix, Arizona 85003
Attention: Corporate Trust Services

(602) 378-2337

Submit this form with attachments within 60 days of issuance to:

Arizona Department of Revenue
Attention Econometrics Section
1600 W Monroe
Phoenix AZ 85007

Arizona Department of Revenue
Report of Bond and Security Issuance

Schedule 1

Debt Service Schedule

Name of Issue: Quail Creek Community Facilities District (Sahuarita, Arizona)
General Obligation Bonds, Series 2006

Par Amount: $ 12,660,000

Date Closed: June 21, 2006

Maturity Date (July 15)	Par Amount (Principal Amount)	Coupon Rate	Yield	Original Issue Price	Premium or Discount
2012	$1,375,000	4.85%	4.85%	$1,375,000	$ --
2016	1,665,000	5.15	5.15	1,665,000	--
2030	9,620,000	5.55	5.55	9,620,000	--
Total	$12,660,000	N/A	N/A	$12,660,000	$ --

10e. Underwriter's Discount and/or Placement Agent Fee, if any	379,800
10f. Net Proceeds (as shown on issuance form)	$12,280,200

Arizona Department of Revenue
Report of Bond and Security Issuance

Schedule 2

Listing of Issuance Costs

Name of Issue: Quail Creek Community Facilities District (Sahuarita, Arizona)
General Obligation Bonds, Series 2006

Date Closed: June 21, 2006

(A)	Underwriter's compensation -	$	379,800.00
(B)	Bond Counsel fees -	$	200,000.00
(C)	Financial advisor fees -	$	50,000.00
(D)	Verification agent fees -	$	0.00
(E)	Placement agent fees -	$	0.00
(F)	Investment securities brokerage fees -	$	0.00
(G)	Registrar fees -	$	0.00
(H)	Trustee fees -	$	4,000.00
(I)	Credit enhancement fees -	$	0.00
(J)	Rating agency fees -	$	0.00
(K)	Printing costs -	$	3,813.64
(L)	Registration fees -	$	0.00
(M)	Transfer and recording fees -	$	0.00
(N)	Other – Underwriter's Counsel fees -	$	50,000.00
	Miscellaneous -	$	17,186.36

Arizona Department of Revenue
Report of Bond and Security Issuance

Form 8038-G

Name of Issue: Quail Creek Community Facilities District (Sahuarita, Arizona)
General Obligation Bonds, Series 2006

Date Closed: June 21, 2006

Attached

Form **8038-G**
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority — If Amended Return, check here ▶ ☐

1	Issuer's name **Quail Creek Community Facilities District**	2	Issuer's employer identification number **32 ¦ 0174730**
3	Number and street (or P.O. box if mail is not delivered to street address) **725 West Rio Rancho Sahuarita**	Room/suite	4 Report number **301**
5	City, town, or post office, state, and ZIP code **Sahuarita, Arizona 85629**	6	Date of issue **June 21, 2006**
7	Name of issue **General Obligation Bonds, Series 2006**	8	CUSIP number **74732C AD 5**
9	Name and title of officer or legal representative whom the IRS may call for more information **Mr. James Stahle, District Manager**	10	Telephone number of officer or legal representative **(520) 648-1972**

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐	Education	11	
12	☐	Health and hospital	12	
13	☐	Transportation	13	
14	☐	Public safety	14	
15	☐	Environment (including sewage bonds)	15	
16	☐	Housing	16	
17	☐	Utilities	17	
18	☒	Other. Describe ▶ **Miscellaneous public infrastructure**	18	$ 12,660,000.00
19		If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20		If obligations are in the form of a lease or installment sale, check box ▶ ☐		

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	July 15, 2030	$ 12,660,000.00	$ 12,660,000.00	15.6 years	5.4829%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	$ 0.00
23	Issue price of entire issue (enter amount from line 21, column (b))			23	12,660,000.00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	707,648.67		
25	Proceeds used for credit enhancement	25	0.00		
26	Proceeds allocated to reasonably required reserve or replacement fund.	26	0.00		
27	Proceeds used to currently refund prior issues	27	0.00		
28	Proceeds used to advance refund prior issues	28	0.00		
29	Total (add lines 24 through 28)			29	707,648.67
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	$ 11,952,351.33

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

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	0.00
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	0.00
b	Enter the final maturity date of the guaranteed investment contract ▶ N/A		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	0.00

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

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

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

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

Sign Here

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

▶ Charles E. Oldham — 06/21/06 — ▶ Charles E. Oldham, Chairman

Signature of issuer's authorized representative — Date — Type or print name and title

Arizona Department of Revenue
Report of Bond and Security Issuance

Final Official Statement

Name of Issue: Quail Creek Community Facilities District (Sahuarita, Arizona)
General Obligation Bonds, Series 2006

Date Closed: June 21, 2006

Attached

SEE ITEM 22

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: DG
DEPUTY RECORDER
9999 PE1

SAHUA
TOWN OF SAHUARITA
PO BOX 879
SAHUARITA AZ 85629
ATTN SANDRA

DOCKET: 12815
PAGE: 296
NO. OF PAGES: 5
SEQUENCE: 20061040056
05/31/2006
AG 10:44

MAIL
AMOUNT PAID $ 8.00

BRIDGE MAINTENANCE AGREEMENT

This Agreement is entered into this 8TH day of May, 2006, by QUAIL CREEK COUNTRY CLUB PROPERTY OWNERS ASSOCIATION, an Arizona nonprofit corporation (the "Association"), and the TOWN OF SAHUARITA, ARIZONA, a municipality incorporated pursuant to the laws of the State of Arizona (the "Town").

RECITALS

A. The Quail Creek Community Facilities District (the "District") was formed by the Town to provide for, among other things, the financing of the acquisition of certain public infrastructure within the boundaries of the District in accordance with Title 48, Chapter 4, Article 6, of the Arizona Revised Statutes (the "Act").

B. The real property within the District is described on Exhibit A to the District Development, Financing Participation And Intergovernmental Agreement (Quail Creek Community Facilities District) recorded in the Official Records of Pima County, Arizona on December 20, 2005, as Document No. 2005-2450633 (the "Development Agreement"), as same may be amended from time to time.

C. The public infrastructure to be acquired by the District includes certain bridges ("Bridges") over wash crossings located within Quail Creek Country Club, a master planned community being developed within the boundaries of the Town ("Quail Creek"). Although the Bridges constitute "public infrastructure" pursuant to the Act, the private roadways leading up to and going over the Bridges do not constitute public infrastructure and instead are or will be owned and maintained by the Association.

D. Pursuant to the Development Agreement, simultaneously upon acquisition of the Bridges, to the extent of the interest of Robson Ranch Quail Creek, LLC therein, the Bridges shall be accepted by the Town.

E. The Association and the Town now desire to enter into this Agreement to confirm their mutual understandings and agreements regarding maintenance of the Bridges.

AGREEMENTS

In consideration of the matters set forth in the Recitals and other valuable consideration, the Association and the Town agree as follows:

1. Recitals. The Recitals set forth above are incorporated into this Agreement. The parties each acknowledge the accuracy of the foregoing Recitals.

2. Confirmation of Ownership. The parties each acknowledge and agree that although the Bridges will constitute public infrastructure under the Act, the roads within the gated boundaries of Quail Creek that lead up to the Bridges, as well as the roads on the bridges themselves, do not constitute public infrastructure and will be owned and maintained by the Association. The Bridges referred to in this Agreement refer only to those bridges acquired by the District within the boundaries of Quail Creek (as such boundaries currently exist or as they may exist in the future) over which roads to be owned and maintained by the Association are constructed, and not any bridges outside Quail Creek. Without limiting the foregoing, the term "Bridges" does not include any bridge for Campbell Road or any other bridge over which a public street or road is constructed.

3. Maintenance by Association. The Association agrees to maintain the Bridges, in perpetuity, in accordance with all applicable governmental laws, rules and regulations and in accordance with such reasonable standards as may be specified by the Town from time to time.

4. Town's Right to Maintain. Notwithstanding the Association's agreement to maintain the Bridges, the Town shall have the right, but not the obligation, to maintain the Bridges, if (a) in the reasonable judgment of the Town, the Association fails to adequately maintain the Bridges after written notice from the Town and a reasonable opportunity to cure, or (b) the Town, in its reasonable discretion, determines that repairs are required immediately for public safety and there is insufficient time to provide the Association prior written notice and an opportunity to make the repair. In the event the Town makes any repairs to any of the Bridges pursuant to this paragraph, the Association shall reimburse the Town for the costs of the repairs within sixty (60) days after the Town provides the Association with an invoice for such repairs, together with reasonable documentation of the repairs performed and the costs incurred. Upon request by the Association, the Town will endeavor in good faith to provide such other information as the Association may reasonably request regarding the repairs made by the Town and the cost of such repairs.

5. Access. The Association hereby grants the Town and its agents, employees and contractors the right of access through Quail Creek gates and use of the Association's roads for purposes of access to the Bridges for purposes of inspection, repair or any other reasonable purpose relating to the Bridges.

6. Notices. All notices, filings, consents, approvals and other communications provided for in this Agreement or given in connection herewith shall be validly given, filed, made, delivered or served if in writing and delivered personally or by overnight carrier, or sent by United States first class (or registered or certified) mail, postage prepaid, addressed as follows:

If to the Town: Town of Sahuarita
P.O. Box 879 (for mail)

2020-0410 20200

725-2 West Via Rancho Sahuarita (for deliveries)
Sahuarita, Arizona 35629
Attention: Town Manager

If to the Association: Quail Creek Country Club Property Owners Association
9532 East Riggs Road
Sun Lakes, Arizona 85248-7411

or to such other addresses as either party hereto may from time to time designate in writing and delivery in a like manner. Notices, filings, consents, approvals and communication given by personal delivery, or by overnight carrier, shall be deemed given, received and effective upon delivery, and if given by mail shall be deemed delivered forty-eight (48) hours following deposit in the U.S. mail, postage prepaid and addressed as set forth above.

7. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signatures of all parties may be physically attached to a single document.

8. Headings. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

9. Inurement. This Agreement shall be binding upon and shall inure to the benefit of the parties to this Agreement and their respective successors and assigns.

10. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the parties, oral or written, relating to the subject matter of this Agreement are superseded by this Agreement.

11. Amendment. This Agreement may be amended only by a written amendment executed by the Town and the Association.

12. Severability. If any portion of this Agreement or of any provision of this Agreement is void or unenforceable, such portion shall be severed from this Agreement and the remainder of the provision and the remainder of this Agreement shall remain in full force and effect.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, and the parties consent to jurisdiction and venue in Pima County, Arizona. In particular, this Agreement is subject to the provisions of A.R.S. § 38-511.

20070100 04-10-2007

IN WITNESS WHEREOF, the Association and the Town have executed this Agreement as of the date first above written.

ASSOCIATION:

QUAIL CREEK COUNTRY CLUB PROPERTY OWNERS ASSOCIATION, an Arizona non-profit corporation

By _____

Its President

TOWN:

TOWN OF SAHUARITA, ARIZONA

By _____
Charles Oldham, Mayor

ATTEST:

_____
Sandra Olivas, City Clerk

TOWN ATTORNEY

20070360 05/10/07

STATE OF ARIZONA)
) ss.
County Of Pima)

The foregoing instrument was acknowledged before me this 8th day of May, 2006, by Charles Oldham, as Mayor of the Town of Sahuarita, Arizona, a municipal corporation under the laws of the State of Arizona, on behalf of the Town of Sahuarita, Arizona.

Sandra R. Olivas
Notary Public

My commission expires:

SANDRA R. OLIVAS
Notary Public - State of Arizona
PIMA COUNTY
My Comm. Expires Jan 30, 2007

STATE OF ARIZONA)
) ss
County of Maricopa)

The foregoing instrument was acknowledged before me this 26 day of April, 2006, by Michael R. Osborn, as _____ of Quail Creek Country Club Property Owners Association, an Arizona non-profit corporation, on behalf of the corporation.

Denene A. Till
Notary Public

My commission expires:

12/31/09

OFFICIAL SEAL
DENENE A. TILL
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Dec. 31, 2009

20060145 02/02

JPMorganChase

JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

JUN 20, 2006
OUR L/C NO.: CTCS-266994

BENEFICIARY:
WELLS FARGO BANK, N.A.
WELLS FARGO PLAZA, MAC-S4104-22E
100 WEST WASHINGTON, 22ND FLOOR
PHOENIX, ARIZONA 85003
ATTENTION: NANCY EATORS, PHOENIX CORPORATE TRUST OFFICE

LADIES AND GENTLEMEN:

AT THE REQUEST AND FOR THE ACCOUNT OF ROBSON RANCH QUAIL CREEK, A DELAWARE LLC, 9532 EAST RIGGS ROAD, SUN LAKES, ARIZONA 85248, WE HEREBY ISSUE OUR IRREVOCABLE LETTER OF CREDIT IN YOUR FAVOR IN THE AMOUNT OF FIVE MILLION FIVE HUNDRED THOUSAND UNITED STATES DOLLARS (U.S.$5,500,000.00) AVAILABLE WITH JPMORGAN CHASE BANK, N.A., 300 SOUTH RIVERSIDE PLAZA, MAIL CODE: IL1-0236, CHICAGO, IL 60606; PROVIDED, HOWEVER, THAT SUCH AMOUNT SHALL BE REDUCED AUTOMATICALLY FROM TIME TO TIME UPON DELIVERY OF A REDUCTION CERTIFICATE IN THE FORM OF ANNEX A, SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE BENEFICIARY (SIGNING AS SUCH), TOGETHER WITH THE ORIGINAL OF THIS LETTER OF CREDIT. EACH REDUCTION WILL BE EVIDENCED BY OUR ENDORSEMENT OF THIS LETTER OF CREDIT, OR, AT OUR OPTION, BY THE ISSUANCE OF A REPLACEMENT ~~LETTER OF CREDIT REFLECTING SUCH REDUCTION~~. YOU MAY DRAW UNDER THIS LETTER OF CREDIT BY PRESENTATION TO US AT 300 SOUTH RIVERSIDE PLAZA, MAIL CODE: IL1-0236, CHICAGO, IL 60606, ATTN:STANDBY LETTER OF CREDIT UNIT, BEFORE THE HEREINAFTER DEFINED EXPIRATION DATE, OF YOUR DRAFT DRAWN ON US AT SIGHT ACCOMPANIED BY YOUR SIGNED AND DATED STATEMENT WORDED AS FOLLOWS:

"THE UNDERSIGNED, AN AUTHORIZED REPRESENTATIVE OF WELLS FARGO BANK, N.A. ("BENEFICIARY") OF JPMORGAN CHASE BANK, N.A., LETTER OF CREDIT NO. CTCS-266994 (THE "CHASE CREDIT") HEREBY CERTIFIES THAT THE AMOUNT DRAWN UNDER THE CHASE CREDIT IS AN AMOUNT DUE TO BENEFICIARY, AS DEPOSITORY IN CONNECTION WITH THE SERIES 2006 DEPOSITORY AGREEMENT DATED AS OF JUNE 1, 2006 (AS SUCH AGREEMENT MAY BE AMENDED, RESTATED OR REPLACED) BY AND ~~BETWEEN~~ ~~ROBSON RANCH~~ QUAIL CREEK ~~A DELAWARE LLC~~ AND BENEFICIARY."

COMMUNITY FACILITIES DISTRICT

THIS LETTER OF CREDIT EXPIRES AT OUR ABOVE-SPECIFIED OFFICE ON JUNE 1, 2007 (THE "EXPIRATION DATE"). IF THIS LETTER OF CREDIT IS NOT EXTENDED BY THE 60TH DAY BEFORE THE EXPIRATION DATE, THEN YOU MAY ALSO DRAW UNDER THIS LETTER OF CREDIT BY PRESENTATION TO US AT 300 SOUTH RIVERSIDE PLAZA, MAIL

JPMorganChase

JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

JUN 20, 2006
OUR L/C NO.: CTCS-266994

CODE: IL1-0236, CHICAGO, IL 60606, ATTN: STANDBY LETTER OF CREDIT UNIT, BEFORE THE EXPIRATION DATE, OF YOUR DRAFT DRAWN ON US AT SIGHT ACCOMPANIED BY YOUR SIGNED AND DATED STATEMENT WORDED AS FOLLOWS:

"THE UNDERSIGNED, AN AUTHORIZED REPRESENTATIVE OF WELLS FARGO BANK, N.A. ("BENEFICIARY") OF JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. CTCS-266994 (THE "CHASE CREDIT") HEREBY CERTIFIES THAT THE CHASE CREDIT WILL EXPIRE IN LESS THAN 60 DAYS AND THAT AS OF THE DATE OF THIS STATEMENT (I) BENEFICIARY HAS NOT RELEASED QUAIL CREEK COMMUNITY FACILITIES DISTRICT FROM ITS OBLIGATIONS TO BENEFICIARY UNDER THE SERIES 2006 DEPOSITORY AGREEMENT DATED AS OF JUNE 1, 2006 (AS SUCH AGREEMENT MAY BE AMENDED, RESTATED OR REPLACED) BY AND BETWEEN ROBSON RANCH QUAIL CREEK, A DELAWARE LLC AND BENEFICIARY AND (II) BENEFICIARY HAS NOT RECEIVED A LETTER OF CREDIT OR OTHER INSTRUMENT ACCEPTABLE TO BENEFICIARY AS A REPLACEMENT FOR THE CHASE CREDIT."

ANY DRAWING MADE UNDER THIS LETTER OF CREDIT MUST BE MADE ON A BUSINESS DAY (AS HEREINAFTER DEFINED) TO JPMORGAN CHASE BANK, N.A.. 300 SOUTH RIVERSIDE PLAZA, MAIL CODE: IL1-0236, CHICAGO, IL 60606, ATTN: STANDBY LETTER OF CREDIT UNIT AT OR BEFORE 5:00 P.M., CENTRAL STANDARD TIME, ON OR BEFORE THE EXPIRATION DATE. IF THE EXPIRATION DATE FALLS ON A DAY WHICH IS NOT A BUSINESS DAY, THEN SUCH EXPIRATION DATE SHALL BE AUTOMATICALLY EXTENDED TO THE NEXT BUSINESS DAY AFTER SUCH EXPIRATION DATE. AS USED HEREIN, THE TERM "BUSINESS DAY" MEANS ANY DAY OTHER THAN A SATURDAY, SUNDAY, OR A DAY ON WHICH BANKS IN THE STATE OF ILLINOIS ARE AUTHORIZED OR REQUIRED TO BE CLOSED, AND A DAY ON WHICH PAYMENTS CAN BE EFFECTED ON THE FEDWIRE SYSTEM.

ONLY ONE DRAFT MAY BE DRAWN AND PRESENTED UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT, AND SUCH DRAFT MUST BE FOR THE THEN AVAILABLE AMOUNT OF THIS LETTER OF CREDIT.

IN ADDITION TO THE OTHER REQUIREMENTS OF THIS LETTER OF CREDIT, EACH DRAFT MUST ALSO BE ACCOMPANIED BY THE ORIGINAL OF THIS LETTER OF CREDIT.

THE DRAFT MUST BE MARKED "DRAWN UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. CTCS-266994."

JPMorganChase

JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

JUN 20, 2006
OUR L/C NO.: CTCS-266994

IF ANY INSTRUCTIONS ACCOMPANYING A DRAWING UNDER THIS LETTER OF CREDIT REQUEST THAT PAYMENT IS TO BE MADE BY TRANSFER TO AN ACCOUNT WITH US OR AT ANOTHER BANK, WE AND/OR SUCH OTHER BANK MAY RELY ON AN ACCOUNT NUMBER SPECIFIED IN SUCH INSTRUCTIONS EVEN IF THE NUMBER IDENTIFIES A PERSON OR ENTITY DIFFERENT FROM THE INTENDED PAYEE.

THIS LETTER OF CREDIT IS TRANSFERABLE ONE OR MORE TIMES, BUT IN EACH INSTANCE TO A SINGLE TRANSFEREE AND ONLY IN THE FULL AMOUNT AVAILABLE TO BE DRAWN UNDER THE LETTER OF CREDIT AT THE TIME OF SUCH TRANSFER. ANY SUCH TRANSFER MAY BE EFFECTED ONLY THROUGH OURSELVES AND ONLY UPON PAYMENT OF OUR USUAL TRANSFER FEE AND UPON PRESENTATION TO US AT OUR ABOVE-SPECIFIED OFFICE OF A DULY EXECUTED INSTRUMENT OF TRANSFER IN THE FORM ATTACHED HERETO TOGETHER WITH THE ORIGINAL OF THIS LETTER OF CREDIT. ANY TRANSFER OF THIS LETTER OF CREDIT MAY NOT CHANGE THE PLACE OF EXPIRATION OF THIS LETTER OF CREDIT FROM OUR ABOVE-SPECIFIED OFFICE. EACH TRANSFER SHALL BE EVIDENCED BY OUR ENDORSEMENT ON THE REVERSE OF THE ORIGINAL OF THIS LETTER OF CREDIT SO ENDORSED TO THE TRANSFERRED, OR, AT OUR OPTION, BY THE ISSUANCE OF A REPLACEMENT LETTER OF CREDIT ON THE TERMS AND WITH THE EXPIRATION DATE SPECIFIED HEREIN.

WE ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED ON PRESENTATION IF PRESENTED AT OUR OFFICE AT 300 SOUTH RIVERSIDE PLAZA, MAIL CODE IL1-0236, STANDBY LETTER OF CREDIT UNIT, CHICAGO, IL 60606-0236 ON OR BEFORE THE EXPIRATION DATE OF THIS LETTER OF CREDIT. THE ORIGINAL LETTER OF CREDIT MUST ACCOMPANY THE DOCUMENTS PRESENTED FOR PAYMENT HEREUNDER FOR ENDORSEMENT.

EXCEPT AS OTHERWISE PROVIDED IN THIS LETTER OF CREDIT, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500, AND ENGAGES US IN ACCORDANCE THEREWITH.

PLEASE ADDRESS ALL CORRESPONDENCE REGARDING THIS LETTER OF CREDIT TO THE ATTENTION OF THE STANDBY LETTER OF CREDIT UNIT, 300 S. RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, IL 60606-0236, INCLUDING THE LETTER OF CREDIT NUMBER MENTIONED ABOVE. FOR TELEPHONE ASSISTANCE, PLEASE CONTACT THE STANDBY CLIENT SERVICE UNIT AT 1-800-634-1969, SELECT OPTION 1, AND HAVE

JPMorganChase

JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

JUN 20, 2006
OUR L/C NO.: CTCS-266994

THIS LETTER OF CREDIT NUMBER AVAILABLE.

VERY TRULY YOURS,
JPMORGAN CHASE BANK, N.A.

AUTHORIZED SIGNATURE

JPMorganChase

JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

JUN 20, 2006
OUR L/C NO.: CTCS-266994

ANNEX A
REDUCTION CERTIFICATE
LETTER OF CREDIT NO. CTCS-266994

DATE: _____

TO:
JPMORGAN CHASE BANK, N.A.
300 S. RIVERSIDE PLAZA
MAIL CODE: IL1-0236
CHICAGO, IL 60606

LADIES AND GENTLEMEN:

REFERENCE IS MADE TO THAT CERTAIN IRREVOCABLE LETTER OF CREDIT NO. CTCS-266994 DATED JUNE 20, 2006 (THE "LETTER OF CREDIT"), ISSUED TO WELLS FARGO BANK, N.A. ("BENEFICIARY"). THIS CERTIFICATE IS A REDUCTION CERTIFICATE REFERRED TO IN THE LETTER OF CREDIT. THE UNDERSIGNED CERTIFIES, REPRESENTS AND WARRANTS THAT THE UNDERSIGNED IS AN AUTHORIZED REPRESENTATIVE OF THE BENEFICIARY. THE UNDERSIGNED, IN SUCH CAPACITY, FURTHER AUTHORIZES AND DIRECTS THE REDUCTION IN THE AMOUNT OF THE LETTER OF CREDIT FROM U.S.$_____ TO U.S$_____.

THIS REDUCTION CERTIFICATE IS DELIVERED TOGETHER WITH THE LETTER OF CREDIT IN ACCORDANCE WITH THE TERMS OF THE LETTER OF CREDIT.

VERY TRULY YOURS,

WELLS FARGO BANK, N.A.

BY: _____

ITS: _____
TITLE

Request for a Full Transfer of the below referenced Standby Letter of Credit

JPMorganChase

Date: _____ Reference: CTCS-26994

(Issuing Bank's Letter of Credit Number)

To: JPMorgan Chase Bank, N.A. and/or its subsidiaries and/or affiliates. " Transferring Bank"

_____
(Advising Bank's Reference Number, if applicable)

We, the undersigned "First Beneficiary", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit ("Credit") in its entirety to:

_____
(Print Name and complete address of the Transferee) "Second Beneficiary"

_____

_____

_____

Advise through: _____
(Print Name/address of Second Beneficiary's Bank, if known - If left blank, the Transferring Bank will select the advising bank)

_____

_____

In accordance with UCP 500 Article 48 or ISP 98, Rule 6 regarding transfer of drawing rights (whichever set of rules the Credit is subject to), all rights of the undersigned First Beneficiary in such Credit are transferred to the Second Beneficiary. The Second Beneficiary shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Second Beneficiary without necessity of any consent of or notice to the undersigned First Beneficiary.

The original Credit, including amendments to this date, is attached and the undersigned First Beneficiary requests that you endorse an acknowledgment of this transfer on the reverse thereof. The undersigned First Beneficiary requests that you notify the Second Beneficiary of this Credit in such form and manner as you deem appropriate, and the terms and conditions of the Credit as transferred. The undersigned First Beneficiary acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Second Beneficiary.

If you agree to these instructions, please advise the Second Beneficiary of the terms and conditions of the transferred Credit and these instructions.

Payment of transfer fee calculated at the greater of ⅛ of 1% of the amount of the transfer or US$150.00.

☐ Debit our DDA with JPMorgan Chase Bank, N.A. Account No. _____.

☐ Cashier check enclosed for $ _____.

☐ Remitting by Fed Funds to JPMorgan Chase Bank, N.A., New York ABA No.021000021 for Account No. 324331754 under JPMorgan Chase Bank, N.A. Reference No. _____.

We, the undersigned First Beneficiary, agree to pay you on demand any expense or cost you may incur in connection with the transfer. Receipt of such shall not constitute consent by you to effect the transfer.

First Beneficiary represents and warrants to Transferring Bank that (i) our execution, delivery, and performance of this request to Transfer (a) are within our powers and have been duly authorized (b) constitute our legal, valid, binding and enforceable obligation (c) do not contravene any charter provision, by-law, resolution, contract, or other undertaking binding on or affecting us or any of our properties and (d) do not require any notice, filing or other action to, with, or by any governmental authority (ii) we have not presented any demand or request for payment or transfer under the Credit affecting the rights to be transferred, and (iii) the Second Beneficiary's name and address are correct and complete and the transactions underlying the Credit and the requested Transfer do not violate applicable United States or other law, rule or regulation, including without limitation U.S. Foreign Asset Control regulations.

We further agree to indemnify and hold harmless you and each of your directors, officers and employees (each an "Indemnitee" and



Barry M. Hornstein
Vice President and Assistant General Counsel
Office of the General Counsel
Law and Compliance Department

June 21, 2006

District Board
Quail Creek Community Facilities District
c/o Town of Sahuarita, Arizona
725 West Via Rancho Sahuarita
Box 879
Sahuarita, Arizona 85629

Ladies and Gentlemen:

I am a Vice President and Assistant General Counsel of JPMorgan Chase Bank, National Association (the "Bank") and in such capacity have provided legal services to the Bank in connection with issuance of that Irrevocable Letter of Credit No. CTCS-266994 in favor of Wells Fargo Bank, N.A. as beneficiary ("Letter of Credit").

In rendering this opinion, I have reviewed copies of the Letter of Credit, as well as such corporate records, agreements, certificates and other documents, and such provisions of law, as I have deemed relevant and appropriate as a basis for the opinions hereinafter expressed. In such review I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals, and the conformity to the original documents of all documents submitted to me as copies. In making my examination of any documents, I have assumed that all parties to such documents other than the Bank had the requisite limited liability company power and authority to enter into and to perform all obligations thereunder, and as to such parties, I have also assumed the due authorization by all requisite limited liability company action and the due execution and delivery of such documents and the validity and binding effect thereof. I have relied as to matters of fact upon statements of officers of the Bank and others without any independent investigation or verification thereof.

Based upon the foregoing review, and subject to the qualifications expressed herein, I am of the opinion that:

(a) The Bank is a national banking association validly existing under the laws of the United States of America and has the corporate power to issue the Letter of Credit.

(b) The Letter of Credit has been duly authorized, executed and delivered by the Bank.

(c) The Letter of Credit is a legal, valid and binding obligation of the Bank, enforceable against the Bank in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, liquidation, receivership, moratorium, fraudulent conveyance and transfer, and similar laws affecting creditors' rights and remedies generally, and subject to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), including, without limitation, the availability against the Bank of equitable remedies and the equitable power of a court to restrain temporarily, or to enjoin a drawing under the Letter of Credit or

JPMorgan Chase & Co. • AZ1-1317, 201 N. Central Avenue, Phoenix, Arizona 85004

Telephone: 602 221 2261 • Facsimile: 602 221 2961
barry_m_hornstein@bankone.com

payment thereof. In this regard, I call your attention to *Wysco Investment Co v. Great American Bank,* 131 B.R. 146 (D. Ariz. 1991) and *In Re Delaware River Stevedores, Inc.,* 129 B.R. 38 (Bankr. E.D. Pa. 1991).

I am admitted to practice only in the State of Arizona, and the opinions expressed above are limited to the laws of the State of Arizona and the federal laws of the United States of America.

This opinion letter is limited to the matters expressly set forth herein, and no opinion is implied or may be inferred beyond such matters. I am furnishing this opinion to you solely for your benefit in connection with the Letter of Credit, and no other person is entitled to rely hereon. This opinion may not be used, circulated, quoted or otherwise referred to for any other purpose without my prior written consent.

Very truly yours,

Barry M. Hornstein

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2006

SERIES 2006 CONTINUING DISCLOSURE UNDERTAKING

This Undertaking is executed and delivered by Quail Creek Community Facilities District (hereinafter referred to as the "*Issuer*"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "*Securities*") for the benefit of the owners of the Securities, being the registered owners thereof or any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"*Annual Report*" shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

"*Dissemination Agent*" shall mean any agent that has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

"*Central Post Office*" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

Disclosure USA
P.O. Box 684667
Austin, Texas 78768-4667
Fax: (512) 476-6403
http://www.disclosureUSA.org

"*Listed Events*" shall mean any of the events listed in Section 3(a).

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.) Currently, the following are National Repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Telephone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/rates/municontacts.html
E-mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Telephone: (212) 771-6999;
(800) 689-8466
Fax: (212) 771-7390
http://www.ftid.com
E-mail: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
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

One Executive Drive
Fort Lee, New Jersey 07024
Telephone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
E-mail: nrmsir@dpcdata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking.

"*Notice of Material Event*" shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

"*Repository*" shall mean each National Repository and each State Repository.

"*Resolution*" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Series 2006 Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A., as trustee, with respect to the Securities.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State Repository*" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as such as a state repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.) Currently, no State Repositories exist for the State of Arizona. The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.

"*Tax-exempt*" shall mean that interest on the Securities is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 2. Contents and Provision of Annual Reports.

(a) (i) SUBJECT TO ANNUAL APPROPRIATION WITH RESPECT TO THE PURPOSES HEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2007, PROVIDE TO EACH REPOSITORY AN ANNUAL

REPORT THAT IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.

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

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

(A) Information of the type in TABLES 2, 3, 4 and 6 (but as to any valuations required, only the actual amount of the current valuation) of the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities.

(B) Audited financial statements of the Issuer for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles as applied to governmental units. (The Issuer does not currently prepare audited financial statements, and execution of this Undertaking shall not obligate the Issuer to prepare audited financial statements for any fiscal year.) IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN AN ANNUAL REPORT AND THEREAFTER THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.

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

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

Section 3. Reporting of Material Events.

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

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

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

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

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

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

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

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

(I) Any audit, investigation or other challenge of the Tax-exempt status of the Securities by the Internal Revenue Service or in any administrative or judicial proceeding or

(II) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the Tax-exempt status of the Securities or securities of the same type as the Securities or financing structures of the same type as financed by the Securities.)

(vii) Modifications to rights of holders (i.e. owners).

(viii) Bond calls (which are other than mandatory or scheduled redemptions, not otherwise contingent upon the occurrence of an event).

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Securities (including property leased, mortgaged or pledged as such security).

(xi) Rating changes.

(b) IF KNOWLEDGE OF THE OCCURRENCE OF A LISTED EVENT WOULD BE MATERIAL AS INTERPRETED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (PROVIDED, HOWEVER, THAT ANY EVENT UNDER SUBSECTION (a)(viii), (ix) OR (xi) OF THIS SECTION SHALL ALWAYS BE DEEMED TO BE MATERIAL) AND SUBJECT TO ANNUAL APPROPRIATION WITH RESPECT TO THE PURPOSES HEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE, A NOTICE OF MATERIAL EVENT OF SUCH OCCURRENCE WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY.

Section 4. Termination of Reporting Obligation.

(a) The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.

(b) To the extent applicable by provision of law, this Undertaking is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provision of which are incorporated herein.

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Resolution at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN AN ANNUAL REPORT AND THEREAFTER THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Resolution, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 8. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the notices of any Listed Event and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 9. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities that the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: June 21, 2006

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By. _____
District Manager

ATTEST:

_____
Clerk

APPROVED AS TO FORM:

_____
District Counsel

$12,660,000
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
(SAHUARITA, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2006

SERIES 2006 CONTINUING DISCLOSURE UNDERTAKING

This Undertaking is executed and delivered by Robson Ranch Quail Creek, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as the "*Developer*"), acting in its own capacity, 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 that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"*Annual Report*" shall mean any annual report provided by the Developer pursuant to, and as described in, Section 2.

"*Central Post Office*" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

Disclosure USA
P.O. Box 684667
Austin, Texas 78768-4667
Fax: (512) 476-6403
http://www.disclosureUSA.org

"*Dissemination Agent*" shall mean any agent that has executed a dissemination agency agreement with the Developer and the successors and assigns of such agent.

"*Issuer*" shall mean Quail Creek Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona.

"*Material Events*" shall mean any of the events listed in Section 3(a).

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Developer shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.) Currently, the following are National Repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Telephone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/ratesmunicontacts.html
E-mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Telephone: (212) 771-6999;
(800) 689-8466
Fax: (212) 771-7390
http://www.ftid.com
E-mail: NRMSIR@interactivedata.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

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Telephone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
E-mail: nrmsir@dpcdata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking.

"*Notice of Material Event*" shall mean any notice provided by the Developer pursuant to, and as described in, Section 3.

"*Repository*" shall mean each National Repository and each State Repository.

"*Resolution*" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Series 2006 Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A., as trustee, with respect to the Securities.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State Repository*" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as such as a state repository for purposes of the Rule at the time any information is provided as required by this Undertaking. (The Developer shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.) Currently, no State Repositories exist for the State of Arizona. The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.

Section 2. Contents and Provision of Annual Reports.

(a) (i) THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN MAY 1 OF EACH YEAR, COMMENCING MAY 1, 2007, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT FOR THE DEVELOPER THAT IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH ANNUAL REPORT TO THE ISSUER.

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

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

(A) Information with respect to any conveyance from the Trust (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities) of five percent or more of the net developable acreage within the boundaries of the Issuer to any single entity other than the Developer and information with respect to home closings and average sales prices thereof within the District for the previous 12-month period.

(B) Audited financial statements of the Developer for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles; provided, however, execution of this Undertaking shall not obligate the Developer to prepare audited financial statements for any fiscal year. IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN A REPORT REQUIRED TO BE PROVIDED PURSUANT TO SUBSECTION (a)(i) OF THIS SECTION AND THEREAFTER THE FISCAL YEAR OF THE DEVELOPER CHANGES, THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.

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

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

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of the following Material Events with respect to the Securities: (i) any change of ownership or control of the Developer;

(ii) any conveyance from the Trust (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities) of 20 percent or more of the net developable acreage within the boundaries of the Issuer to any single entity other than the Developer; or (iii) any failure by the Developer to pay, prior to delinquency, general property taxes, special taxes or assessments with respect to property of the Developer or the Trust (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities) within the boundaries of the Issuer or any amount due pursuant to the Standby Contribution Agreement (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities).

(b) THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF THE OCCURRENCE OF A MATERIAL EVENT WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE OF MATERIAL EVENT TO THE ISSUER.

Section 4. Termination of Reporting Obligation. The obligations of the Developer pursuant to this Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of all of the Securities, (ii) after the end of the first fiscal year of the Issuer in which the Developer no longer is responsible to pay taxes on land within the boundaries of the Issuer, the secondary assessed valuation of which equals or exceeds 20 percent of the secondary assessed valuation of all land within the boundaries of the Issuer, or (iii) the release of the Standby Contribution Agreement (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities). THE DEVELOPER, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE. THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Developer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Developer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Developer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Resolution at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the

impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Developer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. IF AUDITED FINANCIAL STATEMENTS ARE PREPARED AND INCLUDED IN AN ANNUAL REPORT AND THEREAFTER THE ACCOUNTING PRINCIPLES OF THE DEVELOPER CHANGE, THE DEVELOPER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Developer chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Developer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 7. Default. In the event of a failure of the Developer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Developer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Resolution, and the sole remedy under this Undertaking in the event of any failure of the Developer to comply with this Undertaking shall be an action to compel performance.

Section 8. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the notices of any Listed Event and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 9. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist it in satisfying the obligations of the Developer hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Recordkeeping. The Developer shall maintain copies of each Annual Report and Notice Material Event as well as the names of the entities with whom the same was filed and the date of filing thereof.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and the Developer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities that the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 12. Copies for Issuer. Any copy provided by this Undertaking to be given or furnished to the Issuer by the Developer 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 Sahuarita, Arizona, 725 West Via Rancho Sahuarita, Box 879, Sahuarita, Arizona 85629, Attention: District Clerk or at any other address furnished previously in writing to the Developer by the Issuer.

Section 13. Subsequent Transfers of Land. Upon any sale of land within the boundaries of the Issuer from the Trust (described in the Limited Offering Memorandum, dated June 1, 2006, with respect to the Securities) such that the acquiring owner (hereinafter referred to as the "*Transferee*") shall become an owner of land within the boundaries of the Issuer, the secondary assessed valuation of which (as of the date on which the Transferee becomes an owner) equals or exceeds 20 percent of the secondary assessed valuation of all land within the boundaries of the Issuer, the Developer shall require the Transferee to execute an Undertaking substantially similar to this Undertaking and in compliance with the Rule prior to the conveyance of title to the Transferee.

Dated: June 21, 2006

ROBSON RANCH QUAIL CREEK, LLC,

A DELAWARE LIMITED LIABILITY COMPANY

By: Arlington Property Management Company,
an Arizona corporation
Its: Member

By: _____
Its: VP

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

and

RBC CAPITAL MARKETS

DISSEMINATION AGENCY AGREEMENT

Dated as of June 1, 2006

$12,660,000
Quail Creek Community Facilities District
(Sahuarita, Arizona)
General Obligation Bonds, Series 2006

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DISSEMINATION AGENCY AGREEMENT

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

W I T N E S S E T H:

WHEREAS, pursuant to a Resolution of the district board of the Issuer (hereinafter referred to as the "*Board*") adopted on May 8, 2006, the Board has authorized the issuance of certain general obligation bonds (hereinafter referred to as the "*Securities*") to provide funds for certain public infrastructure purposes provided for in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Enabling Act*"); and

WHEREAS, in order to provide 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 Issuer to execute and deliver 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 Issuer and the Agent have 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 their powers, and in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, the parties hereto recite and agree that:

ARTICLE ONE

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

(a) The terms in this Agreement have the meanings assigned to them hereinabove and in the Section 1 of the Undertaking.

(b) The terms used herein 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,

(i) 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 Sahuarita, 725 West Via Rancho Sahuarita, Box 879, Sahuarita, Arizona 85629, Attention: District Manager or at any other address furnished previously in writing to such person by the Issuer, and

(ii) 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: Shawn Dralle, or at any other address furnished previously in writing to such person by the Agent.

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

SECTION 1.03. Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.04. Successors and Assigns. All covenants and agreements in this Agreement by the Issuer and the Agent shall bind their successors and assigns, whether so expressed or not.

SECTION 1.05. Severability Clause. In case any provision in this Agreement or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

SECTION 1.06. Benefits of Agreement. Nothing in this Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

SECTION 1.07. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

SECTION 1.08. Notice of Arizona Revised Statutes Section 38-511. The Issuer may, within three years after its execution, cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer is, at any time while this Agreement is in effect, an employee or agent of the Agent in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer from the Agent arising as the result of this Agreement. The Agent has not taken and shall not take any action that would cause any person described in the preceding sentence to be or become an employee or agent of the Agent in any capacity or a consultant to any party to this Agreement with respect to the subject matter of this Agreement.

SECTION 1.09. Further Assurances; Recording. The Agent shall do, execute, acknowledge and deliver all and every such further acts, conveyances and assurances as shall be reasonably required for accomplishing the purposes of this Agreement.

SECTION 1.10. Amendments. This Agreement may be amended by an instrument in writing executed and delivered by each of the Issuer and the Agent.

SECTION 1.11. Termination. The Issuer or the Agent may terminate this Agreement by giving written notice to the other party at least 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 its responsibilities 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 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 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 Sections 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 business day prior to the date the Issuer is required to file information with a Repository or the Municipal Securities Rulemaking Board, as applicable, the Agent shall determine, in the manner the Agent deems appropriate, the names and addresses of the then existing Repositories and the manner and medium by which information is to be transmitted and filed with such Repository or the Municipal Securities Rulemaking Board.

SECTION 2.07. Consequences of Default by Agent; Standard of Care.

(a) In the event of a failure of the Agent to comply with any provisions of this Agreement, the Issuer may take any action at law or in equity to enforce the obligations of the Agent hereunder.

(b) In the absence of bad faith on its part, the Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Agent or matters of public record.

(c) The Agent shall have only such duties as are specifically set forth in this Agreement and the Undertaking.

(d) To the extent permitted by applicable law, the Issuer shall indemnify and save the Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities that the Agent may incur arising out of or in the exercise or performance of the powers and duties of the Agent pursuant to this Agreement and the Undertaking, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Agent and payment of the Securities.

SECTION 2.08. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from delivering any other information to the Agent, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any such information, then the Issuer shall have no obligation pursuant to this Agreement to update such information or include it in any future disclosure or notice.

SECTION 2.09. Compensation. The Issuer shall compensate the Agent for the services provided and the expenses incurred pursuant to this Agreement in an amount to be agreed upon from time to time.

SECTION 2.10. Recordkeeping. The Agent shall maintain records of the Annual Reports and the Notices of Material Events including the names of the entities with which the same were filed and the date of filing, and copies thereof shall be available to the Issuer upon reasonable request and the payment of reasonable copying and delivery charges.

SECTION 2.11. Counterparts. 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.

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

By_____
District Manager

ATTEST:

_____
District Clerk

RBC CAPITAL MARKETS

By_____
Name SHAWN DRALLE
Title MANAGING DIRECTOR

ROBSON RANCH QUAIL CREEK, LLC

and

RBC CAPITAL MARKETS

DISSEMINATION AGENCY AGREEMENT

Dated as of June 1, 2006

$12,660,000
Quail Creek Community Facilities District
(Sahuarita, Arizona)
General Obligation Bonds, Series 2006

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DISSEMINATION AGENCY AGREEMENT

THIS DISSEMINATION AGENCY AGREEMENT, dated as of June 1, 2006 (hereinafter referred to as this "*Agreement*"), by and between Robson Ranch Quail Creek, LLC, a limited liability company duly formed and validly existing pursuant to the laws of the State of Delaware (hereinafter together with its successors referred to as the "*Developer*"), and RBC Dain Rauscher Inc., a corporation duly incorporated and validly existing pursuant to the laws of the State of Texas, doing business as RBC Capital Markets (hereinafter together with its successors referred to as the "*Agent*");

W I T N E S S E T H:

WHEREAS, pursuant to a Resolution of the district board of Quail Creek Community Facilities District (hereinafter referred to as the "*Issuer*") adopted on May 8, 2006, the Issuer 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; and

WHEREAS, in order to provide 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 Developer 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 Developer in complying with the Undertaking, the Developer and the Agent have determined to enter into this Agreement;

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

ARTICLE ONE

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

(a) The terms in this Agreement have the meanings assigned to them hereinabove and in the Section 1 of the Undertaking.

(b) The terms used herein 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 Developer or the Agent to be made upon, given or furnished to or filed with,

(i) the Developer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Developer addressed to it at 9532 East Riggs Road, Sun Lakes, Arizona 85248-7411, Attention: Peter Gertsman, or at any other address furnished previously in writing to such person by the Developer, and

(ii) the Agent shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Agent addressed to it at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016, Attention: Shawn Dralle, or at any other address furnished previously in writing to such person by the Agent; and

(iii) 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 Sahuarita, 725 West Via Rancho Sahuarita, Box 879, Sahuarita, Arizona 85629, Attention: District Manager, or at any other address furnished previously in writing to such person 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 Developer 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 Developer and the Agent.

SECTION 1.10. Termination. The Developer or the Agent may terminate this Agreement by giving written notice to the other party at least 30 days prior to such termination. Otherwise, this Agreement shall terminate coincident with the termination of the Undertaking. The Developer 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 Developer of its responsibilities 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 Developer 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 Developer by March 1 of each year for review by the Developer, and the Developer shall thereafter deliver to the Agent any revisions to each Annual Report by the next succeeding April 15 for dissemination as set forth in Section 2.03.

SECTION 2.02. Material Events.

(a) The Developer shall provide a written description to the Agent of the occurrence of any Material Event in a timely manner, signed by an appropriate representative of the Developer. Upon the Agent becoming aware of any Material Event, the Agent shall promptly notify the Developer of such Material Event. (The Agent shall have no duty or responsibility to review the written description of such Material Event.)

(b) The Agent shall disseminate Notices of Material Events as set forth in Section 2.04.

SECTION 2.03. Dissemination of Annual Reports.

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

(b) The Agent shall disseminate such information in the form delivered to the Agent by the Developer 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 Developer and the Issuer, along with a notice stating the date and the identities of the entities with which such Annual Report was filed.

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

SECTION 2.06. Duty to Update. One business day prior to the date the Developer 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 Developer 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 Developer 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 Developer 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 Developer 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 Developer chooses to include any such information, then the Developer 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 Developer 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 Developer and the Issuer upon reasonable request and the payment of reasonable copying and delivery charges.

SECTION 2.11. Counterparts. 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 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.

ROBSON RANCH QUAIL CREEK, LLC,
a Delaware limited liability company

By: Arlington Property Management Company,
an Arizona corporation
Its: Member

By: _____
Its: VP

RBC CAPITAL MARKETS

By _____
Name SHAWN DRALLE
Title MANAGING DIRECTOR