

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

DISCLOSURE STATEMENT

Robson Ranch Quail Creek, LLC, a Delaware limited liability company (the "Developer"), in conjunction with the Town of Sahuarita, Arizona (the "Town"), has established a community facilities district ("CFD") at the development known as "Quail Creek." The CFD will finance certain public infrastructure improvements, which will result in a property tax liability for each property owner of Quail Creek within the CFD.

HOW THE CFD WORKS

On September 12, 2005, the Mayor and Council of the Town formed the CFD, which includes a significant portion of Quail Creek, pursuant to the Arizona Community Facilities District Act. 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 certain public infrastructure improvements, including certain roadways, bridges, drainage improvements, landscaping, sewer and park improvements. The improvements have been or will be dedicated to the Town after acquisition or construction of such public infrastructure by the District. The Town will operate and maintain most of such improvements, although the bridges within Quail Creek will be maintained by the Quail Creek Country Club Property Owners Association. The initial bond issue is expected to be approximately \$12,500,000. In addition, it is anticipated that approximately \$17,500,000 in bonds will be issued in the future for future phases of infrastructure at Quail Creek and in the vicinity of the CFD. The bond issues by the CFD will benefit residents within the CFD by providing roadways, bridges, drainage improvements, landscaping, sewer and park improvements.

PROPERTY OWNERS' TAX LIABILITY

Each owner of property within the CFD will participate in the repayment of the bonds by means 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. It is expected that beginning in fiscal year 2006-07, the CFD will levy a tax, not to exceed \$3.30 per \$100.00 of secondary assessed valuation, to provide for repayment of the bonds and for the payment of certain administrative and other expenses associated therewith. **(PLEASE NOTE THAT THE ADDITIONAL TAXES LEVIED TO REPAY THE CFD BONDS WILL CAUSE PROPERTY TAXES WITHIN THE CFD TO BE HIGHER THAN IN THE REST OF THE TOWN.)**

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 debt service for as long as the bonds are outstanding. The tax rate for debt service 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 Developer 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 \$3.30 tax rate:

Market Value of Residence	Estimated Annual Additional Tax Liability*
200,000	\$ 561.00
250,000	\$ 701.25
300,000	\$ 841.50
350,000	\$ 981.75
400,000	\$1,122.00

***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 Town 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

.....
Unit/Lot No.