

"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 approve.

(b) The total aggregate principal amount of all of the series of the General Obligation Bonds shall not exceed \$150,000,000, leaving \$50,000,000 aggregate principal amount of general obligation bonds to be approved at the election described in the recitals to this Agreement which are not controlled by the terms of this Agreement.

(c) A series of the General Obligation Bonds shall only be issued if the debt service therefor can be amortized with substantially equal amounts of annual debt service from amounts generated by a tax rate of not to exceed \$3.25 per one hundred dollars of secondary assessed valuation of property within the boundaries of the District as indicated on the tax roll for the current tax year. For purposes of the foregoing, a delinquency factor for tax collections equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such Fiscal Year shall be assumed; all property in the District owned by the Owners or any entity owned or controlled (as such term is used in the Securities Act) by the Owners shall be assigned the last value such property had when categorized as "vacant" for purposes of secondary assessed valuation and the debt service for any outstanding series of the General Obligation Bonds theretofore issued shall be taken into account in determining whether such tax rate will produce adequate debt service tax collections; provided, however, that the first series of the General Obligation Bonds shall be issued no later than necessary to have the debt service tax costs therefor appear on the first tax bill applicable to any single family residential dwelling unit to be located within the boundaries of the District to be owned by other than the Owners or any entity owned or controlled (as such term is used in the Securities Act) by the Owners or any homebuilder to whom the Owners or any entity owned or controlled (as such term is used in the Securities Act) by the Owners sells property within the boundaries of the District.

(d) If necessary in the discretion of the District Board, the "sale proceeds" of the sale of each series of the General Obligation 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 General Obligation 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.

Section 6.3. (a) Notwithstanding any provision hereof to the contrary, this Section shall apply to the Assessment Bonds to the exclusion of any conflicting provision herein. The District Board shall, from time to time and in its discretion, take all such reasonable action necessary for the District to issue and sell, pursuant to the provisions of the Act, the Assessment Bonds, in one series, in an amount not to exceed the Financeable Amount.

(1) (A) The Assessments shall be levied based on the Financeable Amount, but in any case shall, subject to Section 6.3(f)(1), not exceed \$6,500 (adjusted from the date hereof by the Consumer Price Index promulgated by the United States Department of Commerce) per typical equivalent dwelling unit lot.

(B) The Assessments shall be levied pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as amended, as nearly as practicable and except as otherwise provided herein, upon all of the Assessed Property in an amount equal to the Financeable Amount based on the benefits to be received by and as allocated to the parcels into which the Assessed Property is or is to be divided, as determined by the District Board herein, and shall be collected pursuant to the procedures prescribed by Sections 48-599 and 600, Arizona Revised Statutes, as amended, as nearly as practicable.

(C) The Owners shall accept the Assessments which are in an amount not more than the Financeable Amount against the Assessed Property and have the