NEW ISSUE
BOOK-ENTRY ONLY

NOT RATED

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations by the District and continuing compliance by the District with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purpose of the federal alternative minimum tax. Interest on the Bonds is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date of delivery of the Bonds. See "TAX MATTERS."

$14,725,000
GRANBY RANCH METROPOLITAN DISTRICT
(IN THE TOWN OF GRANBY, COLORADO)
LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2006

$14,725,000 6.75% TERM BONDS DUE DECEMBER 1, 2036 – PRICE: 100%

Dated: Date of Delivery **CUSIP Number: † 385184 AA 4**

The Granby Ranch Metropolitan District Limited Tax General Obligation Bonds, Series 2006 (the "Bonds") are issued as fully registered bonds in denominations of $500,000, or any integral multiple of $1,000 in excess thereof pursuant to an Indenture of Trust dated as of June 1, 2006, between Granby Ranch Metropolitan District (the "District") and American National Bank, Denver, Colorado, as Trustee. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS - Book-Entry Only System." The Bonds bear interest at the rate set forth above, payable on December 1, 2006, and semiannually thereafter on June 1 and December 1 of each year, to and including the maturity date shown above, unless the Bonds are redeemed earlier, by check or draft mailed to the registered owner of the Bonds, initially Cede & Co. The principal of, and premium, if any, on the Bonds will be payable upon presentation and surrender at the American National Bank, Denver, Colorado, or its successor, as the paying agent for the Bonds. See "THE BONDS."

INVESTMENT IN THE BONDS INVOLVES RISK. THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. POTENTIAL INVESTORS SHOULD READ THIS ENTIRE LIMITED OFFERING MEMORANDUM AND SHOULD GIVE PARTICULAR ATTENTION TO THE SECTION ENTITLED "RISK FACTORS." THE BONDS ARE BEING OFFERED AND SOLD ONLY TO "FINANCIAL INSTITUTIONS AND INSTITUTIONAL INVESTORS" AS DEFINED IN SECTION 32-1-103(6.5), COLORADO REVISED STATUTES.

The Bonds constitute limited tax general obligations of the District payable from the Pledged Revenue and the Additional Security. Pledged Revenue is defined in the Indenture as, generally, the moneys derived by the District from the following sources: (a) the Required Mill Levy, which is defined generally as a minimum mill levy of 41.5 mills and a maximum mill levy of 50 mills, both as adjusted; (b) the SolVista Tax Revenues; (c) the Capital Fee; and (d) Specific Ownership Taxes received by the District that are attributable to the Required Mill Levy. Additional Security is defined in the Indenture as amounts on deposit in the Surplus Fund, amounts collected under the Guaranty Agreement (pursuant to which the Developer guarantees the payment of debt service on the Bonds), amounts on deposit in the Lot Sale Escrow and amounts on deposit in the Reserve Fund. The Bonds are also secured in certain circumstances by funds on deposit, if any, in the Project Fund. See "SECURITY FOR THE BONDS." The Bonds are not obligations of the Town of Granby, Grand County, the State of Colorado or any political subdivision of the State of Colorado other than the District.

The Bonds are subject to redemption prior to maturity at the option of the District and are also subject to mandatory sinking fund redemption and extraordinary mandatory redemption as described in "THE BONDS – Prior Redemption."

Proceeds of the Bonds will be used to: (i) reimburse the Developer for the cost of constructing public improvements and for certain other costs permitted to be reimbursed to the Developer under the Indenture; (ii) finance the cost of additional public improvements; (iii) fund capitalized interest; (iv) fund the Reserve Fund; and (v) pay the costs of issuing the Bonds. See "USES OF PROCEEDS."

The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter subject to the approval of legality of the Bonds by Kutak Rock LLP, Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Sherman & Howard L.L.C. has acted as counsel to the Underwriter. Certain legal matters will be passed upon for the District by its general counsel, White, Bear & Ankele, Professional Corporation, Highlands Ranch, Colorado, and for the Developer by its counsel, Holme Roberts & Owen LLP, Denver, Colorado. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about July 5, 2006.

DAVIDSON COMPANIES | D.A. Davidson & Co.
member SIPC

This Limited Offering Memorandum is dated June 28, 2006.

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USE OF INFORMATION IN THIS LIMITED OFFERING MEMORANDUM

This Limited Offering Memorandum, which includes the cover page and the Appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Limited Offering Memorandum in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the District or the Underwriter.

The information set forth in this Limited Offering Memorandum has been obtained from the District, from the sources referenced throughout this Limited Offering Memorandum and from other sources believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of information received from parties other than the District. In accordance with its responsibilities under federal securities laws, the Underwriter has reviewed the information in this Limited Offering Memorandum but does not guarantee its accuracy or completeness. This Limited Offering Memorandum contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Limited Offering Memorandum are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or in the information, estimates, or opinions set forth herein, since the date of this Limited Offering Memorandum.

This Limited Offering Memorandum has been prepared only in connection with the original offering of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. In making an investment decision, investors must rely on their own examination of the District, the Bonds and the terms of the offering, including the merits and risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

GRANBY RANCH METROPOLITAN DISTRICT
(In the Town of Granby, Colorado)

Board of Directors

Julie Krueger, President
Mary Lane Packer, Secretary/Treasurer
Lance C. Badger, Vice President
Charles Mayfield, Vice President
Kyle Harris, Director

Trustee, Registrar and Paying Agent

American National Bank
Denver, Colorado

General Counsel

White, Bear & Ankele, Professional Corporation
Highlands Ranch, Colorado

Bond Counsel

Kutak Rock LLP
Denver, Colorado

Underwriter's Counsel

Sherman & Howard L.L.C.
Denver, Colorado

Developer's Counsel

Holme Roberts & Owen LLP
Denver, Colorado

Underwriter

D.A. Davidson & Co.
Denver, Colorado

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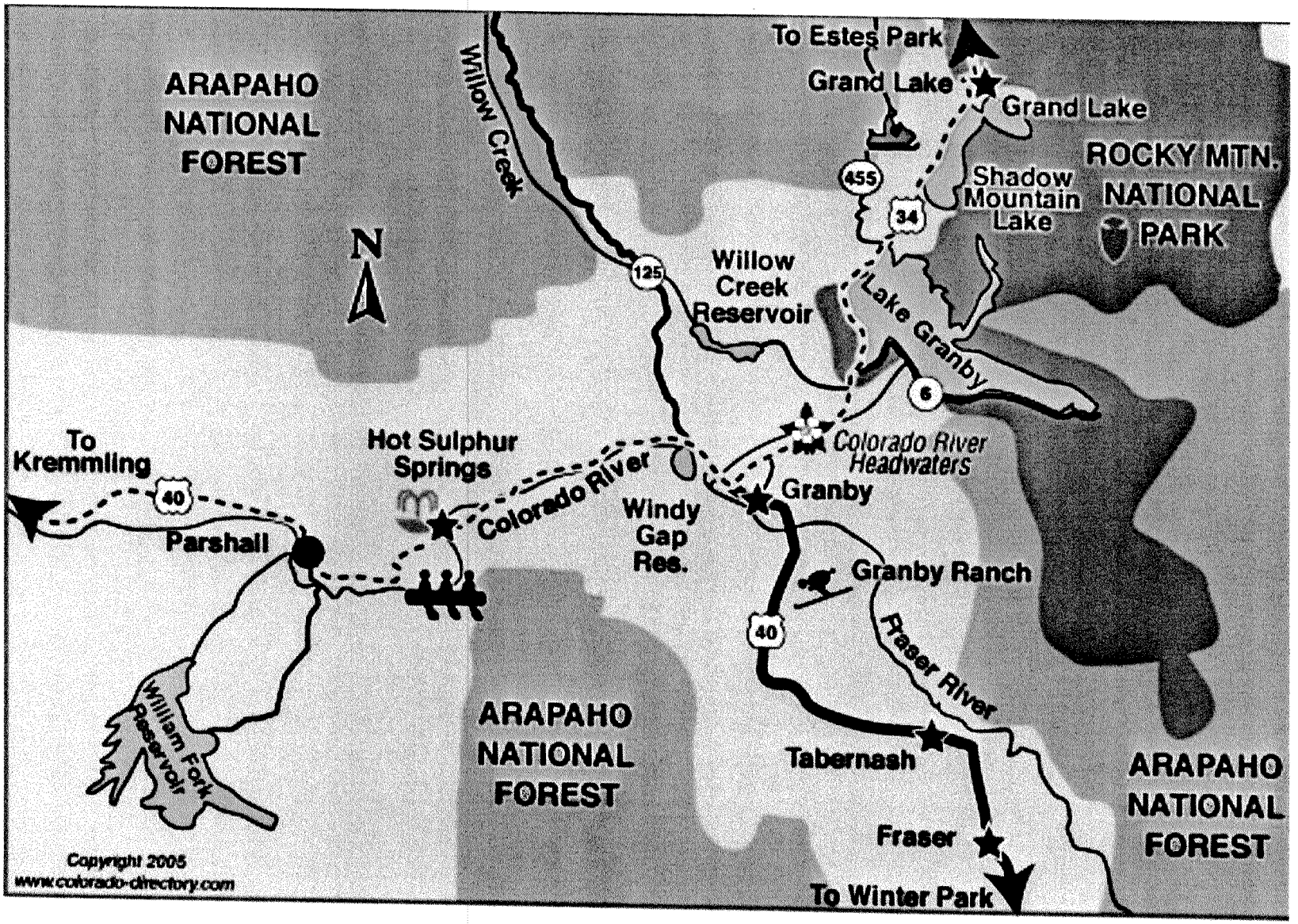
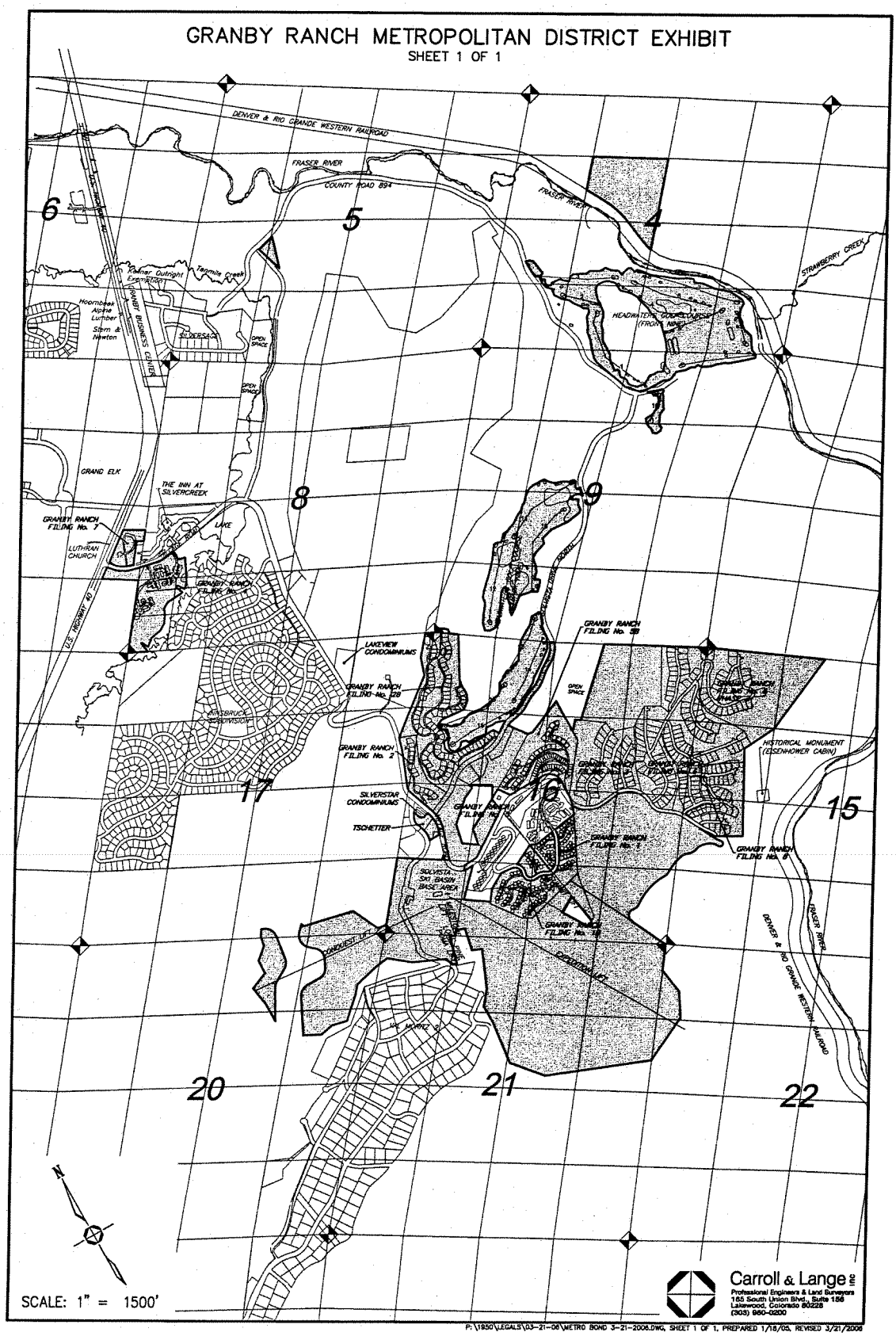
REGIONAL MAP



DISTRICT MAP



LIMITED OFFERING MEMORANDUM

$14,725,000
GRANBY RANCH METROPOLITAN DISTRICT
(IN THE TOWN OF GRANBY, COLORADO)
LIMITED TAX GENERAL OBLIGATION BONDS
SERIES 2006

INTRODUCTION

General

This Limited Offering Memorandum, which includes the cover page and the appendices, provides information in connection with the offer and sale of the Granby Ranch Metropolitan District, Limited Tax General Obligation Bonds, Series 2006 (the "Bonds"), issued by Granby Ranch Metropolitan District (the "District"), a political subdivision of the State of Colorado (the "State"), in the total aggregate principal amount of $14,725,000. The Bonds will be issued pursuant to a resolution (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board") on June 21, 2006, and pursuant to an Indenture of Trust (the "Indenture") dated as of June 1, 2006, between the District and American National Bank, Denver, Colorado (the "Trustee").

The offering of the Bonds is made only by way of this Limited Offering Memorandum, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Limited Offering Memorandum. A full review should be made of the entire Limited Offering Memorandum and the documents summarized or described herein, particularly the section entitled "RISK FACTORS." Detachment or other use of this "INTRODUCTION" without the entire Limited Offering Memorandum, including the cover page and appendices, is unauthorized. Undefined capitalized terms have the meanings given in the Indenture.

Changes from Preliminary Limited Offering Memorandum

This Limited Offering Memorandum includes certain information which was not available for inclusion in the Preliminary Limited Offering Memorandum dated May 19, 2006 (the "Original PLOM"), as supplemented by the Supplement to Preliminary Limited Offering Memorandum dated June 20, 2006 (the "Supplement, and together with the Original PLOM, the "PLOM"), including the final use of proceeds of the Bonds and the maturity date, interest rate, prices, redemption provisions, and other terms of the Bonds. In addition, the following information in this Limited Offering Memorandum has been changed from the information provided in the PLOM:

Village Homes Closing. As stated in the Supplement, the Village Homes closing of 95 lots was previously anticipated by the Developer to occur on or about June 16, 2006; it is now anticipated by the Developer that closing on 67 of these lots will occur on or before June 30, 2006, and closing on the other 28 lots will occur in October 2006. Further, the Second Amendment to the Village Homes Contract, which was in draft form as of the date of the

Original PLOM and as of the date of the Supplement, was executed by the Developer and Village Homes on June 23, 2006. These changes are reflected under the following captions in this Limited Offering Memorandum: (a) "INTRODUCTION – The Development – Zoning and Planned Lots," (b) "INTRODUCTION – The Development – Status of Property Sales – Village Homes," (c) "INTRODUCTION – Security – Additional Security – Lot Sale Escrow," (d) "RISK FACTORS – Risks Associated with the Development Loan" and (e) "THE DEVELOPMENT – Current and Proposed Development Activity – Village Homes Property." The changes to the Village Homes closing schedule have reduced the $2.6 million in sales revenue expected to be received by the Developer on or about June 16, 2006, to the amount of approximately $2.0 million expected to be received on or before June 30, 2006, and the amount of approximately $0.6 million expected to be received in October 2006. See "RISK FACTORS – Risks Related to the Development Loan" and "THE DEVELOPMENT – The Developer's Business Plan - Sources of Funding for Capital and Operational Needs."

Development Loan. The Development Loan was amended on June 23, 2006. Pursuant to this amendment, the amount available to the Developer was increased and the terms of the loan were modified. The description of the Development Loan herein reflects the material terms of this amendment. See "RISK FACTORS – Risks Associated with the Development Loan," "RISK FACTORS – Risks Related to the Guaranty Agreement – Existing Developer Obligations," "THE DEVELOPMENT – The Developer's Business Plan – Sources of Funding for Capital and Operational Needs," "THE DEVELOPMENT – Development Financing," Appendix A – Forecasted Surplus Cash Balances and Cash Receipts and Disbursements, and Appendix K – Summary of the Development Loan.

Service Plan Amendment. The Original PLOM states that, as of May 19, 2006, the District was negotiating a Service Plan amendment which would permit the District to increase the Required Mill Levy to reflect the impact of a change in the State law's residential assessment rate which took effect on May 22, 2003. At the time the Original PLOM was distributed and the Indenture was adopted by the Board, it was uncertain whether this amendment would be approved prior to the issuance of the Bonds. Accordingly, a portion of the Bond proceeds are required by the Indenture to be deposited to the Restricted Account of the Project Fund, and such funds are to be transferred to the Unrestricted Account at the time the Service Plan amendment is approved by the Town or, alternatively, such funds are to be used to redeem a portion of the Bonds if the amendment was not approved by September 30, 2006. Further, "Required Mill Levy" is defined in the Indenture to change automatically if the Service Plan amendment is approved by the Town after the Bonds are issued. On June 27, 2006, the Town approved the Service Plan amendment. Accordingly, the Limited Offering Memorandum has been revised to reflect this amendment and states that: (a) the Required Mill Levy definition will now be applied to take into account the change in the residential assessment rate which took effect on May 22, 2003, and (b) the condition permitting the Trustee to transfer the funds in the Restricted Account to the Unrestricted Account has now been satisfied, and accordingly the District expects to request the Trustee to transfer such funds soon after the issuance of the Bonds. See "RISK FACTORS – Possibility of Mandatory Redemption," "THE BONDS – Funds and Accounts – Project Fund," "SECURITY FOR THE BONDS – Pledged Revenue – Required Mill Levy," "DISTRICT FINANCIAL INFORMATION – Sources of District Revenue – District Mill Levy."

Changes to the Forecast. The Forecast attached as Appendix A has been revised from the Forecast attached to the Original PLOM. The Forecast attached hereto confirms the final terms of the Bonds and the effect of the change in the Village Homes lot closing schedule described above.

Plat Approvals and Recordings. On June 13, 2006, the final plat for Filing No. 5B was approved by the Town's Board of Trustees. Such plat has not yet been recorded, however, and will not be effective until such time as it is recorded. In addition, on June 15, 2006, the final plats for Filings No. 1B and 2B were recorded, and such plats are now in effect. This updated information is reflected in "INTRODUCTION – The Development – Zoning and Planned Lots" and the table "Subdivision and Platting Summary – Property Within the District" in "THE DEVELOPMENT – Land Uses Within the Development - Final Planned Development Plan, Subdivision and Platting."

Surplus Fund Initial Balance. The Surplus Fund is now anticipated to have an initial balance on the date of issuance of the Bonds of $324,847, rather than $237,577 as stated in the Original PLOM. The increase is due to additional Capital Fees which the District has received since May 19, 2006. See "INTRODUCTION – Security – Surplus Fund," "THE BONDS – Funds and Accounts – Surplus Fund" and "SECURITY FOR THE BONDS – Pledged Revenue – Capital Fees."

Granby Sanitation District Loan. As stated in the Supplement, on May 24, 2006, the loan from the Colorado Water Resources and Power Development Authority to the Granby Sanitation District closed in the amount of $4,810,728. See "RISK FACTORS – Completion of Facilities" and "FACILITIES AND SERVICES – Description of the Public Improvements – Sanitation."

Lot Sale Escrow Initial Deposit. The Lot Sale Escrow is now anticipated to have an initial balance on the date of issuance of the Bonds of $167,500, rather than $237,500 as stated in the Original PLOM. The decrease is due to the expected reduction in the Village Home lot closing from 95 lots to 67 lots prior to the issuance of the Bonds. See "INTRODUCTION – Security – Lot Sale Escrow" and "RISK FACTORS – Risks Related to the Lot Sale Escrow."

Skier Visit Data. Additional skier visitor data has become available since the date of the Original PLOM and is provided herein. See "RISK FACTORS – Dependence Upon the Ski Area and the Golf Course" and "THE DEVELOPMENT – Recreational Amenities – The Ski Area."

Property Tax Collections. The tables "Property Tax Collections in the District" and "Property Tax Collections in the SolVista District" have been updated to reflect collections through May 31, 2006.

Approval of District Agreements. The Original PLOM states that the following agreements and resolutions were expected to be executed prior to the date of issuance of the Bonds: the Headwaters IGA, the SolVista Funding Agreement, the Fee Resolution, and the Operations Fee Resolution. On June 7, 2006, the Board approved each of these agreements or

resolutions in forms materially consistent with the descriptions set forth in the Original PLOM, and each of the agreements or resolutions has been executed and is now in effect.

Village Homes Building Permits. Village Homes has obtained additional building permits since the date of the Original PLOM. As of June 15, 2006, Village Homes had obtained a total of 67 building permits. See "INTRODUCTION – The Development – Status of Property Sales" and "THE DEVELOPMENT – Current and Proposed Development Activity – Village Homes Property."

The Issuer

The District is a quasi-municipal corporation and a political subdivision of the State formed on November 25, 2003, and located in the Town of Granby, Colorado (the "Town"). The District was formed contemporaneously with Headwaters Metropolitan District (the "Headwaters District"). The purpose of the Headwaters District is to provide certain public facilities and services for the use and benefit of the inhabitants and taxpayers of the Granby Ranch development (the "Development" or "Granby Ranch"), and the purpose of the District is to finance the construction or acquisition of such facilities within the portion of the Development that is located within the District's boundaries.

Pursuant to the Service Plan for the District, which was approved by the Town on July 22, 2003, and amended on June 27, 2006, the District is authorized to construct, operate and maintain the following public improvements: streets, roadways and drainage; traffic and safety protection; parks and recreation; sanitation; water; transportation; mosquito control; and television relay and translator systems. See "THE DISTRICT" and "FACILITIES AND SERVICES." The District currently contains approximately 972 acres of property, which has an estimated 2005 assessed valuation of $3,344,625. *Due to recent material exclusions of property from, and inclusions of property into, the District, such amount represents an estimate prepared by the District's accountants, and is not an official certified valuation from the Grand County Assessor.* See "RISK FACTORS – Lack of Operating History," "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT - Ad Valorem Property Tax Data of the District" and "THE DISTRICT – General Description" for additional information.

The Development

General Description. The Development contains approximately 5,000 acres of primarily undeveloped mountain property. In March 2003, the property in the Development was annexed into the Town. Currently, the Development contains primarily undeveloped land which is planned principally for residential development. The Development also contains the SolVista Basin at Granby Ranch ski area (the "Ski Area"), the Headwaters Golf Course (the "Golf Course") and a segment of the Fraser River.

Of the approximately 5,000 acres within the Development, approximately 972 acres, or 19%, is within the District. Generally, this property consists of (i) the Ski Area (270 acres), the Golf Course (151 acres) and open space (72 acres, for a total of 493 acres in this category); and (ii) property which is either under development for residential uses or is planned

for the development of residential property (479 acres). The residential property includes a small amount of mixed use property which is also planned for commercial development.

For purposes of this financing, the 479 acres of residential property is described by the Developer as having two components. First, approximately 409 acres, or 42% of the District, are either under development currently or are planned for development as part of the initial phase of the development of property in the District, and are included within the financing plan for the repayment of the Bonds which is reflected in the Phase I Forecast attached as Appendix A. Such property is planned for the development of 741 residential units. Second, approximately 70 acres, or 7% of the District, are planned for future residential and commercial development and are not part of the financing plan for the repayment of the Bonds (although all 70 acres, and any development which occurs on such property, is subject to the Required Mill Levy and the Capital Fees like any other property in the District). Such remaining development is reflected, however, in the Build-Out Projection attached as Appendix A, which shows that approximately 235 residential units may be constructed on this property, as well as 109,000 square feet of commercial development. Based upon the 741 residential units included in the Phase I Forecast, and the 235 residential units included in the Build-Out Projection, a total of 976 residential units are currently planned by the Developer for the property in the District. See "DISTRICT FINANCIAL INFORMATION – Forecast" and RISK FACTORS – Forecast." The actual rate of development within the District depends upon market activity, governmental regulations, general economic conditions and other factors, over which the District and the Developer may have little or no control. See "RISK FACTORS."

Zoning and Planned Lots. The property in the District has been zoned by the Town for a variety of uses. Development of such property requires, among other steps, the approval by the Town of subdivision plats and Final Planned Development Plans. In 2005, the Town approved seven plats, and thus far in 2006, the Town has approved four plats. These eleven approved plats total approximately 272 acres and subdivide such property into 623 residential units (or 84% of the 741 total planned units included in the Phase I Forecast). An additional plat is currently under review by the Town pertaining to approximately 65 acres. As currently drafted, this plat would subdivide such property into 48 additional residential units (or 6% of the 741 total planned units included in the Phase I Forecast). There is no assurance, however, that the pending plat will be approved by the Town in its current form or at all. An additional 70 single family lots (or 9% of the 741 total planned units included in the Phase I Forecast) are planned for a 72 acre parcel and are included within the financing plan for the repayment of the Bonds, however, the property upon which these lots are to be located is not yet platted and no plat has yet been submitted to the Town for review (the Developer currently plans to submit a plat for these 70 lots later in the Summer of 2006). The seven plats approved in 2005 and three of the plats approved in 2006 have been recorded and are in effect, and the other plat approved in 2006 (specifically, Filing No. 5B, approved by the Town on June 13, 2006) has not yet been recorded and is not yet in effect. The Developer expects the plat for Filing No. 5B to be recorded in the Fall of 2006; however, such recordation is not assured. See the table "Subdivision and Platting Summary – Property Within the District" in "THE DEVELOPMENT – Land Uses Within the Development."

Status of Property Sales. A portion of the residential units in the District are intended to be constructed by builders unrelated to the Developer, and a portion are intended to be constructed by individual lot purchasers. The Developer has entered into two sales contracts with home builders and has sold one parcel to a multi-family builder. An additional parcel is already owned by a separate multi-family builder, as described below. Currently, the only residential construction activity taking place in the District is within the first 88 lots purchased by Village Homes, as described below. Additional information regarding each of the areas listed below is provided in "THE DEVELOPMENT – Current and Proposed Development Activity."

Village Homes. On November 24, 2004, the Developer and Village Homes of Colorado, Inc. ("Village Homes") entered into a contract (as amended, the "Village Homes Contract") pursuant to which Village Homes purchased 88 single family lots in the District and has an option to purchase an additional 203 lots, or 291 lots in total. Village Homes closed on the first 88 lots on June 3, 2005, and is currently constructing homes on a portion of those lots. As of June 15, 2006, Village Homes had obtained building permits for 67 homes. As of May 15, 2006, Village Homes had entered into sales contracts for 14 homes, at an average sales price of approximately $430,000. The Village Homes Contract provides for three options to purchase the remaining lots. The first option is for 95 lots, 67 of which are anticipated to close on or before June 30, 2006, and 28 of which are anticipated to close in October 2006. The second, which expires on June 3, 2007, is for 78 lots, and the third option, which expires on June 3, 2008, is for 30 lots. The 88 lots that Village Homes has purchased, together with the 203 lots that Village Homes has options to purchase, constitute 39% of the total 741 planned residential units included in the Phase I Forecast.

Eisenhower Camp. In August 2005, the Developer and Eisenhower Cabins LLC (the "Eisenhower Cabins Developer") entered into a contract (the "Original Contract") pursuant to which the Eisenhower Cabins Developer agreed to purchase 25 single family lots in the District and has an option to purchase an additional 46 lots, or 71 lots in total. Such lots constitute the proposed Eisenhower Camp neighborhood. On May 3, 2006, the closing of the initial 25 lots occurred, and on the same day, the Original Contract was amended (the "First Amendment"). The Original Contract provided for two option periods, which can be exercised not later than May 3, 2007 (25 lots), and May 3, 2008 (21 lots). The First Amendment states that under certain circumstances, the Eisenhower Cabins Developer may elect to revise the option schedule so that it will contain three option periods, which can be exercised not later than May 3, 2007 (12 lots), May 1, 2008 (25 lots), and May 1, 2009 (9 lots). The Eisenhower Camp lots constitute approximately 10% of the total 741 planned residential units included in the Phase I Forecast.

Aspen Meadows. On July 30, 2004, the Developer sold an approximately 22.6 acre parcel located near U.S. Highway 40 to Aspen Meadows Condominiums, LLC, which has announced plans to construct 141 condominium units on this parcel. The developer of this project has indicated that groundbreaking for the first 45 units is expected to occur in 2006. To account for unforeseen delays, the Phase I Forecast assumes that construction of the first 45 units will not occur until 2007. The Aspen Meadows condominiums constitute 19% of the total 741 planned residential units included in the Phase I Forecast.

Silver Star. The District contains a 2.57 acre parcel known as the Silver Star Townhome property, which is not owned by the Developer. This parcel is currently vacant, but is planned for the construction of 26 townhomes. The developer of this project has indicated that groundbreaking for the first five units is expected to occur in 2006. To account for unforeseen delays, the Phase I Forecast assumes that construction of the first five units will not occur until 2007. The planned Silver Star townhomes constitute 4% of the total 741 planned residential units included in the Phase I Forecast.

Developer Lot Sales. In addition to the bulk sales of lots and the multi-family parcels described above, which are to be developed by parties other than the Developer, the Developer is currently offering single family lots for sale within the District to individuals, and as of May 15, 2006, had entered into sales contracts for 23 lots, of which 16 had closed as of such date. A total of 212 single family homes and duplexes are expected by the Developer to be constructed, which constitute 28% of the total 741 planned residential units included in the Phase I Forecast. See "THE DEVELOPMENT" and "RISK FACTORS – Development Not Assured; Competition."

Ski Area and Golf Course. The Ski Area opened in the late 1970's and the Golf Course opened in 2003. Both are located within the District, and are owned by the Developer, leased to the Headwaters District and operated by the Developer. The Ski Area contains 33 downhill runs on approximately 270 acres, and five chairlifts. During the 2005-06 ski season, the Ski Area had 64,882 skier visits. The Golf Course consists of an 18-hole golf course, driving range, putting green, clubhouse, grille and similar facilities. In 2005, approximately 9,395 rounds were played on the Golf Course. See "THE DEVELOPMENT – Recreational Amenities."

SolVista District and Kicking Horse Lodge. The Pledged Revenue includes the SolVista Tax Revenues, which consist of amounts payable by the SolVista Metropolitan District (the "SolVista District") to the District pursuant to the SolVista Funding Agreement. See "SECURITY FOR THE BONDS – Pledged Revenue – SolVista Tax Revenues." The SolVista District contains approximately 54 acres of property, consisting of approximately 41 acres of vacant property and approximately 13 acres upon which the Kicking Horse Lodge condominiums ("Kicking Horse") are located. Kicking Horse consists of eight condominium buildings constructed in approximately 2002 containing 115 units. See "THE DEVELOPMENT – Current and Proposed Development Activity – Property in the SolVista District (Kicking Horse)."

The Developer. The Development is a project of Granby Realty Holdings LLC, a Colorado limited liability company (the "Developer"). The Developer was formed on July 28, 2004, for the purpose of owning and developing the property in the Development, and the property in the Development was contributed by SolVista Corp. to the Developer on March 21, 2005, when the Developer commenced operations. SolVista Corp. acquired the property in the Development in 1995. Since that time, SolVista Corp. has operated the Ski Area, constructed the Golf Course, and prepared the property for development, including rezoning the property, annexing the property into the Town, and forming the Districts. SolVista Corp. also participated in the development of Kicking Horse. See "THE DEVELOPMENT - The Developer."

Security

General. The Bonds are secured by the Bond Fund (into which the Pledged Revenue is required to be deposited) and the funds and accounts described below, which constitute the Additional Security. See "SECURITY FOR THE BONDS." The Bonds are not obligations of the Town, Grand County, the State or any political subdivision of the State other than the District.

At elections held within the District in 2003 and 2004 (the "2003 Election" and the "2004 Election," respectively, and together, the "Elections"), the electors of the District approved the issuance of general obligation bonds for purposes of constructing capital improvements in an amount not to exceed $64,000,000, with a total repayment cost not to exceed $237,000,000. The electors also approved increased ad valorem property taxes to pay debt service on such bonds, provided that the annual amount of such taxes cannot exceed $34,560,000. Finally, the electors approved the issuance of general obligation bonds for refunding purposes, intergovernmental agreements and operations and maintenance purposes, and the issuance of revenue bonds for capital improvement and refunding purposes. See "DISTRICT DEBT STRUCTURE" and "LEGAL MATTERS - Certain Constitutional Limitations." The District will allocate a portion of the 2003 Election authorization limitations (consisting of par amount, annual repayment costs and maximum repayment costs) toward the issuance of the Bonds. The District may not exceed such limitations without additional voter approval. See "RISK FACTORS – No Mortgage Lien; Limited Tax Pledge." The District may issue additional bonds under the circumstances described in "SECURITY FOR THE BONDS - Additional Bonds."

Pledged Revenue. The Bonds constitute limited tax general obligations of the District payable solely from and to the extent of the Pledged Revenue, which is defined in the Indenture as, generally, the moneys derived by the District from the following sources: (a) the Required Mill Levy, which is defined generally as a minimum mill levy of 41.5 mills and a maximum mill levy of 50 mills, both as adjusted; (b) the SolVista Tax Revenues; (c) the Capital Fee; and (d) Specific Ownership Taxes received by the District that are attributable to the Required Mill Levy. The SolVista Tax Revenues consist of the revenues generated by a mill levy of 25 mills imposed by the SolVista District upon the taxable property in such district and paid to the District pursuant to the SolVista Funding Agreement. The Capital Fee is a one-time fee in the amount of $6,255 per residential dwelling unit or, in the case of commercial uses, per single family equivalent, which is collected by the District from the owner of each lot or parcel of property at the time a building permit is issued. The Specific Ownership Tax is a tax imposed by State law upon motor vehicle registrations, the revenue of which is shared with local governments, including the District. See "RISK FACTORS" and "SECURITY FOR THE BONDS – Pledged Revenue."

Additional Security. The Bonds are secured by the funds on deposit, if any, in the following funds and accounts, and by the Guaranty Agreement. See "THE BONDS – Funds and Accounts – Summary of Fund Priority" for a description of the priority of these funds for the payment of the Bonds.

Surplus Fund. The Bonds are additionally secured by the Surplus Fund. The Surplus Fund is expected to be funded in the amount of $324,847 on the date of issuance of the Bonds with funds on hand of the District. Thereafter, the Surplus Fund is required to be funded with excess Pledged Revenue, if any, pursuant to the flow of funds set forth in the Indenture and described in "THE BONDS – Flow of Funds." *There is no guaranty that any funds will ever be deposited to the Surplus Fund other than the initial deposit of $324,847. No Bond proceeds will be deposited to the Surplus Fund.* See "THE BONDS – Funds and Accounts - Surplus Fund."

Project Fund. Upon an Event of Default, funds in the Project Fund, if any, are required to be transferred to the Bond Fund and used to pay debt service on the Bonds. See "THE BONDS – Funds and Accounts – Project Fund."

Lot Sale Escrow. The Bonds are additionally secured by amounts on deposit, if any, in the Lot Sale Escrow, which is an account established under the Lot Sale Escrow Agreement and is expected to be funded by the Developer with a portion of the proceeds of each lot that is sold within the District. The Developer expects to sell 67 additional lots to Village Homes on or about June 30, 2006, and has agreed to deposit $167,500 to the Lot Sale Escrow on the date of issuance of the Bonds, which is the amount of $2,500 for each of the 67 lots. See "RISK FACTORS – Risks Related to the Lot Sale Escrow Agreement" and "SECURITY FOR THE BONDS – Additional Security – Lot Sale Escrow Agreement."

Reserve Fund. The Bonds are additionally secured by the Reserve Fund, which will be funded in the amount of $1,234,412.50 with proceeds of the Bonds. See "USES OF PROCEEDS" and "THE BONDS – Funds and Accounts - Reserve Fund."

Guaranty Agreement. Pursuant to the Guaranty Agreement, the Developer has guaranteed the payment of principal and interest on the Bonds to the extent that Pledged Revenue from the Bond Fund, the Surplus Fund, and the Lot Sale Escrow, in that order of priority, are not sufficient to make such payments on the Bonds when due. See "RISK FACTORS – Risks Related to the Guaranty Agreement" and "SECURITY FOR THE BONDS – Additional Security – Guaranty Agreement."

Purpose

Proceeds of the Bonds will be used to: (i) reimburse the Developer for the cost of constructing public improvements and for certain other costs permitted to be reimbursed to the Developer under the Indenture; (ii) finance the cost of additional public improvements; (iii) fund capitalized interest; (iv) fund the Reserve Fund; and (v) pay the costs of issuing the Bonds. See "USES OF PROCEEDS."

The Bonds; Prior Redemption

The Bonds are issued solely as fully registered certificates in the denomination of $500,000, or any integral multiple of $1,000 in excess thereof. See "THE BONDS – Authorized Denominations of the Bonds." The Bonds mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the cover page hereof. The

payment of principal and interest on the Bonds is described in "THE BONDS - Payment of Principal and Interest."

The Bonds are subject to redemption prior to maturity at the option of the District and are also subject to mandatory sinking fund redemption and extraordinary mandatory redemption as described in "THE BONDS – Prior Redemption."

Authority for Issuance

The Bonds are issued in full conformity with the constitution and laws of the State of Colorado, particularly Title 32, Article 1, Colorado Revised Statutes ("C.R.S.") (the "Special District Act") and Title 11, Article 57, Part 2 (the "Supplemental Public Securities Act"), and pursuant to the Bond Resolution, the Indenture and the 2003 Election.

Book-Entry Registration

The Bonds initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS - Book-Entry System" and Appendix B.

Tax Status

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations by the District and continuing compliance by the District with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purpose of the federal alternative minimum tax. Interest on the Bonds is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date of delivery of the Bonds. See "TAX MATTERS."

Professionals

Kutak Rock LLP, Denver, Colorado, has acted as Bond Counsel. Sherman & Howard L.L.C., Denver, Colorado, has acted as counsel to the Underwriter. White, Bear & Ankele, Professional Corporation, Highlands Ranch, Colorado, represents the District as general counsel. D.A. Davidson & Co., Denver, Colorado will act as the underwriter for the Bonds (the "Underwriter"). See "UNDERWRITING." American National Bank, Denver, Colorado, will act as trustee under the Indenture (the "Trustee"), and as escrow agent under the Lot Sale Escrow Agreement (the "Escrow Agent"). Holme Roberts & Owen LLP, Denver, Colorado, represents the Developer. Chadwick, Steinkirchner, Davis & Co. P.C., Certified Public Accountants, Grand Junction, Colorado, is the District's and the SolVista District's auditor. See "INDEPENDENT AUDITORS." Robertson & Marchetti, P.C., Certified Public Accountants, Avon, Colorado, serves as the District's administrative manager and accountants. Clifton Gunderson LLP, Certified Public Accountants, Greenwood Village, Colorado, has been retained by the District

for the purpose of compiling the Forecast. See "DISTRICT FINANCIAL INFORMATION – Forecast," "RISK FACTORS – Forecast" and Appendix A.

Continuing Disclosure Undertaking

Although the Underwriter has determined that the Bonds are exempt from the requirements of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, §240.15c2-12), the District and the Developer will agree, pursuant to the provisions of the Continuing Disclosure Agreement dated on July 5, 2006 (the "Continuing Disclosure Agreement"), to provide certain information to the Trustee on a quarterly basis, and the Trustee has agreed to provide such information to each Beneficial Owner of the Bonds which has provided its name and address to the Trustee. In addition to the foregoing information, the Continuing Disclosure Agreement provides that the Trustee will provide the amounts then on deposit in the Reserve Fund, the Bond Fund, the Surplus Fund, the Project Fund and the Lot Sale Escrow. The form of the Continuing Disclosure Agreement is set forth in Appendix F hereto.

Delivery Information

The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter, subject to: prior sale, the approving legal opinion of Bond Counsel, and certain other matters. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about July 5, 2006.

Additional Information

All references herein to the Bond Resolution, the Indenture and other documents are qualified in their entirety by reference to such documents. Additional miscellaneous information and copies of the documents referred to herein are available from the following sources.

The District:	The Underwriter:
Granby Ranch Metropolitan District 999 Village Road Granby, CO 80446 Telephone: (303) 970-887-0506	D.A. Davidson & Co. 1600 Broadway, Suite 1100 Denver, CO 80202 Telephone: (303) 764-6000.

FORWARD-LOOKING STATEMENTS

This Limited Offering Memorandum, including but not limited to the Forecasted Cash Balances and Cash Receipts and Disbursements attached hereto as Appendix A and the Developer Budget attached as Appendix J, contains statements relating to future results that are "forward-looking statements." When used in this Limited Offering Memorandum, the words "estimate," "intend," "expect," "anticipate," "plan," and similar expressions identify forward-looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statement will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material. For a discussion of certain of such risks, see the following section, "RISK FACTORS."

RISK FACTORS

Each prospective purchaser of the Bonds should consider carefully, along with other matters referred to herein, the following risks of investment. The ability of the District to meet the debt service requirements of the Bonds is subject to various risks and uncertainties which are discussed throughout this Limited Offering Memorandum. Certain of such investment considerations are set forth below. This section of this Limited Offering Memorandum does not purport to summarize all of the risks. Investors should read this Limited Offering Memorandum in its entirety.

The Bonds are offered only to financial institutions and institutional investors in minimum denominations of $500,000, will not receive a credit rating from any source, and are not suitable investments for all investors. Each prospective purchaser is responsible for assessing the merits and risks of an investment in the Bonds and must be able to bear the economic risk of such investment in the Bonds. By purchasing the Bonds, each purchaser represents that it is a financial institution or an institutional investor with sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations, to be able to evaluate the merits and risks of an investment in the Bonds.

Lack of Operating History

The District was organized on November 25, 2003, and therefore has a very limited operating history. The Grand County Assessor (the "County Assessor") first certified an assessed value for the District in 2004 (for the collection of taxes in 2005), and the District first levied ad valorem property taxes in December 2004 for collection in 2005. In addition, a substantial amount of property was included within, and excluded from, the District in 2005 and 2006. As a result, the District's accountants have estimated the 2005 assessed valuation of the property currently in the District. The next certified assessed valuation from the County Assessor, which pursuant to State law will be issued on or before August 25, 2006 (and pursuant to law will be subject to change on or before December 10, 2006), is expected to reflect the 2006 assessed valuation of the property currently in the District. See "DISTRICT FINANCIAL

INFORMATION - Forecast" and "RISK FACTORS - Forecast," below. Due to its recent formation and boundary changes, there is a very limited amount of historical financial and property tax data available for the District.

Continuation of Development Not Assured

General Development Risks. The amount of Pledged Revenue collected by the District each year will depend upon the development of the property within the District. The timing and level of development will determine the amount and timing of Required Mill Levy revenue and Capital Fee revenue received by the District. *Other than the Ski Area and the Golf Course, the property within the District is presently primarily undeveloped, and there can be no assurance that any greater tax base will ever be established.* The development of the property within the District will largely depend upon the ability of the Developer to accomplish its development objectives, and, for certain property, upon the ability of builders to build and sell single family homes and multi-family units in the District. Also, bulk sales or the sale of finished lots by the Developer would not automatically result in the construction of residences thereon. There is no obligation on the Developer or any other party, including any subsequent owners, to develop the property within the District within any time frame, or at all.

A number of factors may affect the ability of the Developer and others to develop or build upon the property within the District, including the national economy in general and the economy of the Grand County region and Denver metropolitan area in particular. The building industry is cyclical in nature and is subject to substantial government regulation. The rate of additional development in the District will be impacted by many factors such as governmental policies with respect to land development, the availability of water, sanitary sewer and other utilities, construction costs, interest rates, competition from other developments, competition from development elsewhere in Granby Ranch other than the property within the District, and other political, legal and economic conditions. The rate of development in the District may also be affected in the event of changes in the federal income tax treatment of interest on home mortgages. See "THE DEVELOPMENT." The status of water and sanitary sewer facilities for the property in the District is described in "Completion of Facilities – Sanitary Sewage Treatment" below, and in "FACILITIES AND SERVICES - Description of the Public Improvements – Water System" and "- Sanitation."

Funding Required for Infrastructure. Additional infrastructure must be completed in order for all the property in the District to be developed, and neither the District nor the Developer presently has adequate cash reserves or access to funding to complete such infrastructure. See "Completion of Facilities" and "Risks Associated With the Development Loan," below, and "THE DEVELOPMENT – Developer's Business Plan."

Proposed Projects Not Owned by the Developer. Of the 741 planned residential units included within the Phase I Forecast, 141 units consist of the proposed Aspen Meadows condominiums, 26 units consist of the proposed Silver Star townhomes, 291 units consist of the lots which are owned by or are under option to Village Homes, and 71 units consist of the lots which are owned by or under option to the Eisenhower Cabins Developer. None of these projects is owned by the Developer, and accordingly, the Developer has no control over whether or when those projects will be constructed. Based upon representations of the owners of those

projects to the District and the Developer, the development of these projects has been included in the Forecast. There is no assurance, however, that these projects will be constructed at the times set forth in the Forecast, or at all.

Competition. The Development competes, or will compete, with other developments now or hereafter being developed in the area, both within and outside of Granby Ranch, including some which are in near proximity to the District. See "THE DEVELOPMENT - Competition." The impact of this competition on future development within the District cannot be assessed at the present time because future demand cannot be predicted with accuracy and the factors influencing the success of each development are speculative.

Second Home and Resort Market

The District is located in a mountainous area of Grand County, which is primarily a tourist destination. The Developer's marketing plan for the Development contemplates that a significant portion of lot sales will be to second homeowners. The economy of the Grand County area is dependent upon the tourism and resort industry, particularly skiing, golf and other forms of recreation, and the real estate, retail sales, restaurant and lodging businesses. Accordingly, the local economy is particularly susceptible to general economic conditions, and is impacted by the cost, accessibility, and continued desirability of recreational facilities. See "THE DEVELOPMENT" and "ECONOMIC AND DEMOGRAPHIC INFORMATION."

In addition, many of the lots for sale or planned to be for sale within the District are being offered or are planned to be offered by the Developer on an individual lot basis. There are no deed restrictions, sales contract provisions or other covenants in place which would require lot purchasers to build homes on their lots within a certain time period or at all. The Developer expects that some of these individual lot sales will be made to speculators or others who may not build a home on their lot for one or more years after the lot is purchased. The Phase I Forecast assumes that protracted construction periods will occur in each neighborhood planned for the District, as follows: Tall Timbers (101 units constructed over 9 years); Fairway (102 units constructed over 9 years); Peakview (88 units constructed over 8 years); Aspen Meadows (141 units constructed over 8 years); Eisenhower Camp (71 units constructed over 9 years); Ranch View (39 units constructed over 14 years); Saddle Ridge (30 units constructed over 10 years); Eagle Crest (32 units constructed over 11 years); Mountain Vista (70 units constructed over 14 years); Silver Star (26 units constructed over 5 years); Saddle Ridge II (34 units constructed over 17 years); Seven Eagles (7 units constructed over 7 years). See "DISTRICT FINANCIAL INFORMATION – Forecast," "RISK FACTORS - Forecast" below and Appendix A.

Dependence Upon the Golf Course and Ski Area

According to the Developer's development plans for Granby Ranch, a primary selling point is the location of the residential property within the Granby Ranch community, which includes close access to the Golf Course and the Ski Area. Purchasers of residential property within Granby Ranch are required to pay the Amenity Fee to the Headwaters District, which entitles them to use certain amenities, including the Golf Course and the Ski Area, on a preferential basis. Both the Golf Course and the Ski Area are currently owned and operated by

the Developer, subject to the Lease Purchase Agreement (defined in "THE DISTRICT – Description of the Headwaters District – Ski Area and Golf Course Lease and Management"), pursuant to which the Golf Course and Ski Area are being leased to the Headwaters District.

Skier visits to the Ski Area decreased 40% from the 1997-98 ski season to the 2005-06 ski season, although from the 2004-05 season to the 2005-06 season, skier visits increased over 12%. See "THE DEVELOPMENT – Recreational Amenities – The Ski Area." The Developer states that the overall decrease in skier visits since the 1997-98 ski season is due primarily to decreased marketing efforts as SolVista changed the emphasis of the Development from a stand-alone ski area to a residential development with a ski area amenity. Also, golf course rounds decreased 18% from 2004 to 2005. Further, both the Ski Area and the Golf Course operated at a loss during the year ended December 31, 2005, and are projected to operate at a loss in 2006. There is no guaranty that the Golf Course, the Ski Area or other amenities will continue to operate or, if operated, will be operated, maintained and improved in a manner which is deemed to be advantageous to home buyers, nor is there any guaranty that the operating deficits will not continue. If the Golf Course, the Ski Area or the other amenities cease operations, or diminish the level of services and amenities offered, sales of property within the District could be materially adversely affected. The Developer has agreed to advance funds to the Headwaters District to cover operating deficits for the Ski Area and the Golf Course, subject to certain limitations described in "THE DISTRICT - Description of the Headwaters District – Ski Area and Golf Course Lease and Management" and "THE DISTRICT - Description of the Headwaters District - Developer Funding Agreements with the Headwaters District – Operation Funding Agreement;" however, there is no guaranty that the Developer will have sufficient ongoing funds to cover such deficits. Further, the Ski Area and the Golf Course are expected to be transferred to the Headwaters District in 2029, as described below in "Risk of Reductions in Assessed Value; Market Value of Land; Tax-Exempt Uses." There is no guaranty that the Headwaters District will have sufficient funds to cover any shortfalls at that time or in subsequent years.

Present Concentration of Taxpayers in the District; Dependence Upon Timely Payment of Property Tax

The Developer and SolVista own real and personal property within the District which has a combined estimated assessed valuation of $3,102,115. Such amount constitutes approximately 93% of the District's total 2005 estimated assessed valuation. Stated in terms of acreage, the Developer or SolVista own approximately 915 acres within the District, or 94% of the total acreage within the District. The Developer is currently offering property for sale in the District; however, there can be no assurance as to the rate at which such property will be sold. Further, bulk sales of lots to homebuilders could result in such homebuilders becoming major taxpayers in the District.

Delinquency in the payment of property taxes by property owners within the District and the SolVista District could impair the District's ability to meet its debt service requirements on the Bonds in a timely manner. Property taxes on land are not personal obligations of the Developer, a homebuilder or any other property owner. While the current year's taxes constitute a lien upon assessed property and the Grand County Treasurer is required by statute to offer for sale delinquent property to satisfy the District's or the SolVista District's

tax liens for the year in which the taxes are in default, this remedy can be time-consuming. Furthermore, any such tax sale would be only for the amount of taxes due and unpaid for the particular tax year in question.

Risk of Reductions in Assessed Value; Market Value of Land

Potential Reductions in Assessed Value. The assessed value of property in the District for ad valorem property tax purposes is determined according to a procedure described under "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT - Ad Valorem Property Taxes." Assessed valuations may be affected by a number of factors beyond the control of the District. Under certain circumstances, Colorado statutes permit the owners of vacant residential property to apply to the County Assessor for discounted valuation of such property for ad valorem property tax purposes, which could cause a reduction in assessed value. Property owners are also entitled to challenge the valuations of their property, and no assurance can be given that the Developer or other owners of property in the District will not seek to do so. Should the actions of the Developer or of property owners result in lower actual or assessed valuations of property in the District, the security for the Bonds would be diminished, increasing the risk of default.

Tax-Exempt Uses. Property used for tax-exempt purposes is not subject to taxation by the District. The Developer is not prohibited from selling property to tax-exempt purchasers, although no such other sales are currently planned or anticipated.

The Golf Course and the Ski Area, which have historically been owned by a private entity and have been subject to taxation by the District, are being leased to the Headwaters District pursuant to the Lease Purchase Agreement. The Lease Purchase Agreement permits the Headwaters District to purchase the Golf Course and Ski Area at any time upon the payment of the purchase option price. If the Headwaters District acquires the Golf Course and the Ski Area, such assets will be removed from the District's tax rolls. According to information provided by the County Assessor, the District's accountants have estimated the assessed valuation of the Golf Course as $527,710 for levy year 2005, and the assessed valuation of the Ski Area as $1,634,540 for levy year 2005. As reflected in the Forecast, the District does not expect the Headwaters District to have sufficient funds to purchase the Ski Area and Golf Course prior to 2029, although it is possible that such funds could become available. The Forecast assumes that the Headwaters District will exercise its option in 2029 and that the Golf Course and the Ski Area will transfer to the Headwaters District at that time.

Personal Property Component of Assessed Valuation. Pursuant to State law, both real property and certain types of personal property are subject to taxation by the District and are included in the District's estimated assessed valuation. The District's estimated 2005 assessed valuation is $3,344,625. Of this amount, $1,100,970, or 33%, is estimated to consist of personal property. Such personal property consists primarily of the equipment necessary to operate the Ski Area and the Golf Course, and the computers, furniture and other business personal property located in the Developer's sales office and administrative building, and in the ski lodge. Numerous factors, including an economic downturn, the closure of the Ski Area or Golf Course, the reduction in services in the facilities listed above, or other events may cause the removal of

this personal property from the District. Should that occur, the assessed valuation will decrease by a corresponding amount.

Market Value of Land. The amount of revenue generated by the Required Mill Levy depends upon the County Assessor's determination of the market value of the taxable property of the District, pursuant to the procedures described in "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Taxes." No assurance can be given as to the current or future market value of the 972 acres of property within the District's boundaries. The Developer has obtained appraisals of the property within the Development, but such appraisals should not be relied upon as a determinative indicator of the value of the property within the District, or as having any relationship to the County Assessor's determination of the market value of the property and should not be used in attempting to estimate the amount of property taxes that are or will be payable with respect to all or any portion of the property within the District, or the District's ability to repay the Bonds. Further, the Bonds are not secured by any lien on the property within the District. Prospective purchasers of the Bonds are cautioned against placing any undue reliance on the appraisals. See "THE DEVELOPMENT - Property Acquisition Price and Appraisals."

No Mortgage Lien; Limited Tax Pledge

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien or security interest on any property within the District. Further, the Bonds are not secured by a pledge of an unlimited District mill levy; rather, the Bonds are limited obligations of the District payable from the Pledged Revenue, which is expected to consist primarily, over the term of the Bonds, of revenue from the Required Mill Levy. See "SECURITY FOR THE BONDS – Pledged Revenue." The Required Mill Levy is limited to a maximum amount of 50 mills (as adjusted), and the registered owners of the Bonds (the "Owners") and the beneficial owners of the Bonds (the "Beneficial Owners") cannot require the District to impose a property tax in excess of the Required Mill Levy.

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Bond; provided, however, that the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds, and all Bonds will be deemed defeased upon the payment of such amount. Provided that (i) the District is imposing the Required Mill Levy, the Capital Fees, and otherwise causing the deposit of the other Pledged Revenue and the Additional Security pursuant to the provisions of the Indenture, the Guaranty Agreement and the Lot Sale Escrow Agreement, and (ii) all Pledged Revenue is being deposited with the Trustee and applied as described in "THE BONDS - Flow of Funds," an insufficiency of Pledged Revenue to replenish the Reserve Fund to the Reserve Requirement shall not constitute an Event of Default under the Indenture.

Potential Transportation Mill Levy

Under certain circumstances, the Town IGA requires the District to impose a mill levy in the maximum amount of five mills (subject to adjustment) (the "Transportation Mill Levy"). In the event that the District is required to impose such a mill levy, the Indenture provides that the maximum Required Mill Levy pledged to the payment of the Bonds will be reduced from 50 mills (as adjusted) to the number of mills resulting from subtracting the Transportation Mill Levy from 50. This could result in a maximum mill levy pledged to the Bonds of 45 to 50 mills (as adjusted), depending upon the amount of the Transportation Mill Levy. The Phase I Forecast assumes that a Transportation Mill Levy of five mills will first be imposed in 2020, based upon the development projections set forth therein; however, it is possible that the Transportation Mill Levy could be imposed prior to 2020, at which time the Required Mill Levy would be reduced accordingly. See "THE DISTRICT – District Agreements – Town IGA," Appendix A, "DISTRICT FINANCIAL INFORMATION – Forecast" and "RISK FACTORS - Forecast," below.

Possibility of Mandatory Redemption

The Indenture provides for two types of extraordinary mandatory redemptions related to the funds on deposit in the Project Fund. First, if the Service Plan amendment which is currently under negotiation with the Town has not been completed by September 30, 2006, the District is required to instruct the Trustee to redeem as many Bonds as is possible on December 1, 2006, from the amounts on deposit in the Restricted Account of the Project Fund. Such amount will be $1,987,875 as of the date of issuance of the Bonds. See "THE BONDS – Redemption – Mandatory Excess Fund Redemption from Restricted Account of Project Fund." Since the date of the Original PLOM and the adoption of the Indenture by the Board, the risk of mandatory redemption for this reason has been materially reduced because the Service Plan amendment was approved by the Town on June 27, 2006. The District now anticipates that after the Bonds are issued, it will request the Trustee to transfer funds from the Restricted Account to the Unrestricted Account.

Second, if a draw upon the Lot Sale Escrow, the Guaranty or the Surplus Fund occurs, the Trustee is required to cease disbursing moneys from the Unrestricted Account of the Project Fund. If there are any funds remaining on deposit in the Project Fund on September 30, 2012, then the District is required to direct the Trustee to redeem as many Bonds as possible on December 1, 2012, from those amounts. See "THE BONDS – Prior Redemption – Extraordinary Mandatory Redemption from Project Fund." The Forecast assumes that funds deposited into the Restricted Account of the Construction Fund upon issuance of the Bonds eventually will be transferred to the Unrestricted Account of the Construction Fund as described in "THE BONDS – Funds and Accounts – Project Fund," and that all amounts in the Unrestricted Account of the Project Fund will be available to pay the costs of installing infrastructure.

Dependence Upon Timely Payment of, and Risks Related to, the Capital Fee

Pursuant to the Fee Resolution, the District has imposed a Capital Fee upon property within the District's boundaries, the revenue from which is pledged to the payment of the Bonds. See "SECURITY FOR THE BONDS – Pledged Revenue – Capital Fees." Capital Fees are due and owing only upon the issuance of a building permit by the Town. See "THE DISTRICT – District Agreements – Town Building Permit IGA." Receipt of Capital Fee revenue, therefore, is dependent upon development occurring within the District. See "Continuation of Development Not Assured" above.

The Fee Resolution states that any unpaid Capital Fees will constitute a valid, perpetual lien (the "Governmental Lien") on and against the property subject to it. Section 32-1-1001(1)(j)(I), C.R.S., provides that until paid, special district fees, rates, tolls, penalties, or charges shall constitute a perpetual lien on and against the property served, and any such lien may be foreclosed in the same manner as provided by the laws of the State for the foreclosure of mechanic's liens. The Fee Resolution provides, however, that the Governmental Lien is on a parity with the lien of the Amenity Fee, and therefore is not superior to such lien. See "THE DISTRICT – Description of the Headwaters District."

An opinion of counsel to the District will be delivered with respect to the enforceability of the Fee Resolution, the Capital Fees, the validity of the Governmental Lien under the Special District Act, and the ability of the District to enforce the Governmental Lien. If challenged, however, there can be no assurance that the Capital Fees would be characterized by a court of competent jurisdiction as a charge imposed for the provision of services and facilities, nor can there by any assurance that a court would rule in favor of the enforceability of the Fee Resolution, the Capital Fee or the Governmental Lien.

Completion of Facilities

General Public Improvements. At the time the Developer became involved with the Development in early 2005, a portion of the public improvements necessary to serve the property in the District had already been completed. See "FACILITIES AND SERVICES – Status of Construction of the Public Improvements." The Developer estimates that at that time, the cost of installing the remaining public improvements necessary to support the development of the property in the District was approximately $48 million (in addition to the sanitation treatment plant described below). In 2005, the Developer spent approximately $2.6 million installing such improvements, leaving approximately $45.4 million remaining. The District estimates (based on the expectation that the Restricted Account will be released to the Unrestricted Account) that approximately $7.1 million (or 16%) of this amount will be financed with Bond proceeds deposited to the Project Fund (see "USES OF PROCEEDS"), that approximately $18.3 million (or 40%) of this amount will be financed by future bulk lot homebuilders (such as Village Homes and the Eisenhower Cabins Developer) and that the remaining $20.0 million (or 44%) will be required to be financed by the Developer with funds on hand, if any, with loan proceeds from the Development Loan to the extent available, or from other sources. The Developer is under no contractual obligation, however, to construct or acquire any additional public improvements serving the District. See "THE DISTRICT –

General Description of the Headwaters District – Developer Funding Agreements with the Headwaters District – Construction Funding Agreement."

The amount of Bond proceeds deposited to the Project Fund, therefore, will be insufficient to finance all of the remaining public improvements. There is no guarantee that the bulk purchasers which already own undeveloped property in the District (consisting of the Aspen Meadows Developer, the Eisenhower Cabins Developer and Village Homes), which currently hold options to purchase lots in the District (consisting of Village Homes and the Eisenhower Cabins Developer) or future bulk sale developers will construct the public improvements necessary to serve their property. Further, the Developer does not presently have adequate cash reserves or access to funding to complete such public improvements, and there is no guarantee that the Development Loan will remain in place or be in an amount sufficient to finance the Developer's expected portion of these costs, or that the Developer will have other sufficient resources available. On May 3, 2006, the Developer received an $8 million equity contribution. As of May 15, 2006, $26.3 million of loans were outstanding and approximately $1.9 million face amount of letters of credit were issued and outstanding under the Development Loan. Currently, the Developer has approximately $3.5 million of additional borrowing capacity under the revolving credit facility and approximately $1.6 million of additional capacity under the letter of credit facility. See "Risks Associated With the Development Loan," below, "THE DEVELOPMENT – Development Financing" and "THE DEVELOPMENT – Developer's Business Plan."

In addition to the financing risks described above, there is no assurance that the remaining infrastructure will be completed at the cost estimated above or in the amount of time currently expected by the Developer. Unforeseen events such as higher costs of materials, unavailability of materials, weather conditions, engineering or environmental conditions, labor strikes or shortages, or other unanticipated events could delay the construction of the infrastructure or increase its cost materially. The Phase I Forecast assumes that the public improvements necessary to permit development of 741 residential units will be constructed at a time and in a manner sufficient to permit the construction of the residential units as described in the Phase I Forecast. If the remaining public improvements are not completed at that time or in that manner, the assessed valuation levels and Capital Fee revenues projected for the District may not be realized, which could have a material, adverse effect on the District's ability to repay the Bonds.

Sanitary Sewage Treatment. Pursuant to an agreement entered into between Granby Sanitation District, a water and sanitation district serving Granby Ranch and various other areas ("Granby Sanitation") and the Town of Granby in 2004 (the "2004 Agreement"), Granby Sanitation agreed to provide sewage treatment service to the majority of the property within the District. Approximately 107 planned lots, however, are not within the area covered by the 2004 Agreement. Further, Granby Sanitation currently only has the capacity to serve approximately 500 additional single family equivalents for its service area, which includes areas other than Granby Ranch. Finally, Granby Sanitation has the legal right to reserve 15% of its capacity to property within its boundaries, and Granby Ranch is not within such boundaries. The Developer expects sanitary sewer service to be provided to the remaining 107 planned lots pursuant to additional contracts which are currently under negotiation between Granby Sanitation and the Town and between the Developer and the Town. Such contracts are also

expected to remove the 15% reservation of capacity currently contained within the terms of the 2004 Agreement. The Developer further expects that Granby Sanitation will have adequate capacity to serve all of the property within the District due to a planned $7.6 million expansion to Granby Sanitation's treatment facility. Construction of this expansion is scheduled by Granby Sanitation to begin in July 2006, funded in part by a loan from the Colorado Water Resources and Power Development Authority which closed on May 24, 2006. After the expansion, Granby Sanitation expects that its treatment capacity will increase from the current approximately 2,800 single family equivalents to approximately 7,100 single family equivalents.

Based upon the existing development within Granby Sanitation's service area and the future developments which are planned at this time, the Developer believes that the expansion will be sufficient to serve all of the property in the District. However, there is no capacity reserved for the property within the District and service may not be available to serve the property within the District if Granby Sanitation's treatment facility has inadequate capacity at the time service is requested. Any potential future lack of sanitary sewage treatment for the property in the District could materially impact the development of such property. See "FACILITIES AND SERVICES – Description of the Public Improvements – Sanitation."

Risks Associated with the Development Loan

General. Although the Developer recently received an $8 million equity contribution and anticipates receiving approximately $2.0 million from an expected sale of 67 lots to Village Homes on or before June 30, 2006, additional funds have been and will be required for the Developer to develop the Development. The Developer's current debt level could have significant negative consequences to it and its ability to complete the development of the Development, including without limitation the property in the District, in accordance with its plans. As of May 15, 2006, the Developer's outstanding indebtedness under the Development Loan was $28.2 million (although the Developer plans to apply approximately $1.7 million of proceeds from the expected sale of lots to Village Homes on or before June 30, 2006, to the repayment of a portion of the Development Loan, thereby freeing additional debt capacity under the revolving credit facility). The Development Loan requires the Developer to use a substantial portion of its net cash flow to repay the Development Loan.

To the extent the net cash flow of the Developer is used to repay the portions of the Development Loan other than the revolving facility, such prepayments will reduce the outstanding amount of the Development Loan but will not increase the Developer's borrowing capacity under the Development Loan. See "THE DEVELOPMENT – Development Financing," below. As a result of such indebtedness, the Developer: (a) may not be able to satisfy its obligations, including, without limitation, its obligations under the Guaranty Agreement and its obligations to advance funds to the Headwaters District to cover operating deficits with respect to the Ski Area and the Golf Course, as they become due (see "THE DEVELOPMENT – The Developer's Business Plan"); (b) could have difficulties obtaining necessary future financing for working capital, capital expenditures, debt service requirements, refinancing or other purposes, including, without limitation, financing for the completion of the infrastructure required for the development of the District (and the remainder of the Development), the improvement of existing Amenities or the development of new Amenities (see "Continuation of Development Not Assured" above, "THE DEVELOPMENT - The

Developer's Business Plan," "THE DEVELOPMENT - Current and Proposed Development Activity," and "THE DEVELOPMENT - Recreational Amenities"); and (c) will have to use a significant part of its cash flow to make payments on the Development Loan, which will reduce the Developer's funds available for operations, to the extent such payments are applied to portions of the Development Loan other than the revolving facility. Further, there can be no assurance that revenue from the Development will be as high as expected or that operating expenses of the Development will not be higher than expected.

Maturity Date and Mandatory Prepayment Requirements of the Development Loan. The maturity date of the Development Loan is June 1, 2008. By December 31, 2006, the Developer is required to sell lots in a sufficient quantity and at sales prices that generate Net Sales Proceeds in an amount sufficient to reduce the outstanding principal amount of the term loan by $3,283,919, and to pay the additional 0.5% additional fee required in connection with such repayments by January 15, 2007. In addition, by June 29, 2007, the Developer is required to repay $18,800,000 of the principal amount of the Development Loan from net sales proceeds from sales of property within the Development (or from certain proceeds received by the Developer from the issuance of debt by a special district to purchase the Ski Area or the Golf Course, which the Developer does not expect to receive). If the Developer does not meet this deadline, the Developer has until September 28, 2007 to satisfy the $18,800,000 prepayment requirement from net cash flow from sales of additional property within the Development or from the Developer's available cash that is not required to be paid to the Development Lender under the other mandatory prepayment provisions of the Development Loan Agreement. Generally, 85% of the Developer's net sales proceeds (as defined in the Development Loan Agreement to mean the greater of net sales proceeds and 91% of the gross sales proceeds) are used to repay the Development Loan. As of May 15, 2006, the Developer had paid $4,211,045 towards the satisfaction of the mandatory prepayment obligation. The Developer forecasts satisfying the remainder of the mandatory prepayment obligation on or before the deadline set forth above, but there can be no assurance the obligation will be satisfied as forecast. See "THE DEVELOPMENT – Developer's Business Plan" and Appendix J.

If the Development Lender is not able to generate sufficient net sales proceeds from sales of property within the Development to satisfy the mandatory prepayments described in the preceding paragraph, or is not able to repay the Development Loan at maturity, the Developer may need to refinance the Development Loan or obtain an extension or waiver from the Development Lender. There can be no assurance that the Developer will be able to obtain such refinancing, extension or waiver.

If the Developer is unable to refinance or repay the Development Loan at maturity or is unable to satisfy the mandatory repayment obligations described above, an event of default would occur under the Development Loan Agreement, which could materially adversely affect the Developer's ability to continue the development of the District and the remainder of the Development. See "THE DEVELOPMENT – Development Financing" and Appendix K attached hereto.

Effect of Exercise of Remedies under the Development Loan Agreement. If an event of default occurs under the Development Loan Agreement, the Development Lender could accelerate the Development Loan or exercise its other remedies, including, without limitation

foreclosing on the collateral securing the Development Loan. The collateral for the Development Loan includes, among other things, the property within the District and the rest of the Development that is owned by the Developer. If the Development Lender exercises its remedy of foreclosure, there can be no assurance that the purchaser of the property within the District and the rest of the Development will develop the property within the District and the rest of the Development in the same manner, or in the same period of time, as the Developer, or that the purchaser will develop such property at all. An event of default under the Development Loan Agreement could materially adversely impact the development of the District and the remainder of the Development. See "THE DEVELOPMENT – Development Financing" and Appendix K attached hereto.

Restrictive Covenants in the Development Loan Agreement. The Development Loan Agreement contains customary covenants and events of default for a transaction of its type, which are described in Appendix K attached hereto. These covenants limit the ability of the Developer to take certain actions and require the Developer to obtain the Development Lender's prior consent with respect to many significant matters related to the development of the District and the rest of the Development and the operation of the Developer's business. The terms of the Development Loan may restrict the future operations of the Developer, including its ability to complete the Development of the District and the rest of the Development , respond to changes or to take certain changes. There can be no assurance that the Developer will be able to comply with these restrictions in the future or that compliance would not cause the Developer to forego opportunities that might otherwise be beneficial to it or to the development of the District and the rest of the Development. See "THE DEVELOPMENT – Development Financing" and Appendix K attached hereto.

Dependence Upon Key Management Personnel

The Developer relies on certain key management personnel. If the services of such key personnel were to be interrupted or terminated, and suitable replacements are not timely engaged, the Developer's operations, including, without limitation, the development of the District and the rest of the Development, could be materially adversely affected. There can be no assurance that the services of such key personnel will continue uninterrupted until the completion of the development of the District or the remainder of the Development. See "THE DEVELOPMENT – The Developer."

Risks Related to the Guaranty Agreement

General. The Guaranty Agreement is not expected to be called upon for payment of the Bonds. If, however, Pledged Revenue from the Bond Fund, the Surplus Fund, and the Lot Sale Escrow, in that order of priority, are insufficient to pay the Bonds when due, the Trustee is required under the Indenture to seek payment of any deficiencies from the Developer pursuant to the Guaranty Agreement. The Guaranty Agreement terminates under certain conditions described in "SECURITY FOR THE BONDS - Pledged Revenue - The Guaranty Agreement." The form of the Guaranty Agreement is attached hereto as Appendix D. *The Guaranty Agreement is not secured by any real property or other property of the Developer.*

The Guarantor. The Guaranty Agreement is the obligation of the Developer. The ability of the Developer to pay under the Guaranty Agreement is dependent upon the Developer's current and future financial condition. See "THE DEVELOPMENT - The Developer." No independent investigation of the financial condition of the Developer has been made; however, the audited 2005 financial statements of the Developer are attached hereto as Appendix I. Such financial statements state that the primary assets of the Developer are land, land development costs and community amenities. The Developer's obligations under the Guaranty Agreement, however, are not secured by such assets, and such assets are, and will continue to be, subject to liens and security interests that would have priority over a claim for payment under the Guaranty Agreement. In addition, there is no restriction under the Guaranty on the Developer's right to transfer any or all of its assets, except that a sale of more than 175 lots or more than 175 units of residential density may only be made to buyers meeting certain requirements. At any time that the Guaranty Agreement is in effect, the Developer is required to provide certain ongoing financial and operational information to the Trustee, but the Developer does not otherwise have any obligation to make any information available. See Appendix F – Form of Continuing Disclosure Agreement.

The duty of the Developer to pay any amounts due under the Guaranty Agreement is an obligation only of the Developer and not of its individual members, parents, subsidiaries, or other related parties. Prospective investors are advised to make their own independent investigation of the ability of the Developer to pay any amounts due under the Guaranty Agreement, and to evaluate the ability of the District to pay the principal and interest on the Bonds independent of the Guaranty Agreement. The Developer's most recent audited financial statements are attached hereto as Appendix I. See "Risks Associates with the Development Loan" above.

Terms of the Guaranty Agreement. The Guaranty Agreement requires the Developer to maintain its existence, but permits the Developer to consolidate with or merge into another entity, provided that such entity assumes the obligations of the Developer under the agreement. The Guaranty Agreement does not require that the Developer maintain any specific net worth, and does not restrict the ability of the Developer to enter into additional guarantees or financial obligations or to transfer any or all of its assets, thereby decreasing its net worth. The District can make no representation as to the identity, financial condition, development experience or other qualifications of any purchaser of the Developer's assets.

Enforceability. Enforceability of the Guaranty Agreement may be subject to bankruptcy, insolvency, reorganization, fraudulent transfer or similar laws of general application affecting the enforcement of the rights of creditors generally and may be subject to general equity principles.

Termination. The terms of the Guaranty Agreement provide that it may be terminated prior to the defeasance of the Bonds. Specifically, the Guaranty Agreement will terminate when the Debt to Assessed Ratio (as defined in the Indenture) is equal to or less than 45%. If the Guaranty Agreement terminates, it is not subject to reinstatement if the conditions to termination are subsequently not satisfied due to changing conditions.

Existing Developer Obligations. In addition to its obligations under the Guaranty Agreement, the Developer is a party to certain existing financial obligations. There is no guarantee that the Developer will have the financial resources available to meet its obligations under the Guaranty Agreement as well as its other existing financial obligations. In particular, the Developer is the borrower under the Development Loan in the maximum amount of $35.5 million. The Development Loan requires the Development Lender to consent to the Developer entering into agreements such as the Guaranty Agreement, and the Development Lender is expected to do so prior to the issuance of the Bonds. See "Risks Associated with the Development Loan" above, and "THE DEVELOPMENT – Development Financing."

Risks Related to the Lot Sale Escrow Agreement

The Lot Sale Escrow Agreement provides that upon each sale of all or any portion of the property in the District which is owned by the Developer (other than sales or conveyances caused by foreclosures or conveyances in lieu of foreclosure), the Developer will deposit with the Escrow Agent the lesser of 15% of the Net Sale Proceeds (as defined in such agreement) or (a) for platted residential lots, $2,500 per residential unit to be constructed on such lot or (b) for unplatted residential property and residential property platted only in tracts, an amount equal to the pro-rata equivalent of $5,000 per acre. The obligation to deposit such amounts is an unsecured obligation of the Developer. The title company used by the Developer is expected to agree to withhold such amount and disburse it to the Escrow Agent. See "SECURITY FOR THE BONDS – Additional Security – Lot Sale Escrow."

The Lot Sale Escrow Agreement will only apply to residential property sales occurring after the date of issuance of the Bonds, which is expected to be on or about July 5, 2006. As of June 15, 2006, the Developer had sold property planned for 270 lots or multi-family units (consisting of 141 planned multi-family units sold to the Aspen Meadows Developer, 88 lots sold to Village Homes, 25 lots sold to the Eisenhower Cabins Developer and 16 lots sold to individuals). On or before June 30, 2006, the Developer expects to sell an additional 67 lots to Village Homes, for a total of 337 lots or multi-family units sold prior to the issuance of the Bonds. Accordingly, the Lot Sale Escrow Agreement is expected to only apply to 404 lots or planned multi-family units. The Developer has agreed to deposit $167,500 to the Lot Sale Escrow on the date of issuance of the Bonds, which is the amount of $2,500 for each of the 67 lots expected to be sold on or before June 30, 2006.

Pursuant to the Development Loan, the Development Lender is entitled to receive 85% of the Net Sale Proceeds (as defined in such agreement) of any lot sales plus a 0.5% additional fee as described in "THE DEVELOPMENT - The Development Loan" below. See "THE DEVELOPMENT – Development Financing." The $2,500 lot sale escrow amount is payable from the Net Sale Proceeds which are payable to the Developer or from other Developer funds. A lot sale must generate $17,241 of Net Sale Proceeds in order for the Developer's Portion to be sufficient to produce $2,500. The Developer estimates that lot sales must be in the amount of at least approximately $18,350 in order to generate $17,241 of Net Sale Proceeds. There is no assurance that lot sales will be in such amounts, or that the Developer will not enter into a future loan commitment which provides that the lender is entitled to receive more than 85.5% of net sale proceeds. Lot sales through May 15, 2006, averaged $25,000 for the 88

unimproved lots sold to Village Homes, and approximately $95,000 for the 16 improved lots sold to homebuyers in the Ranch View neighborhood.

The Lot Sale Escrow Agreement terminates when the Debt to Assessed Ratio (as defined in the Indenture) is equal to or less than 45%. In addition, the escrow deposits required by the agreement and summarized above are required to be made up to an aggregate maximum amount of $1,500,000, and no further amounts are required to be deposited to the Lot Sale Escrow. If the Lot Sale Escrow Agreement terminates, it is not subject to reinstatement if the conditions to termination are subsequently not satisfied due to changing conditions.

Risks Related to the SolVista Tax Revenues

No Gallagher Adjustment. Pursuant to the SolVista Funding Agreement, the SolVista District agrees to impose a mill levy of 25 mills during the term of the agreement. The revenues from this mill levy constitute the SolVista Tax Revenues under the Indenture. The SolVista mill levy, however, is not subject to any adjustment to account for future changes in law (unlike the District's Required Mill Levy, which is subject to such adjustment). In particular, if the residential assessment ratio decreases from its current 7.96%, the revenues produced by the SolVista District's mill levy will decrease accordingly, and the mill levy cannot be increased above 25 mills to account for this change in law. Since the residential assessment ratio went into effect in 1989, it has decreased from 15% to 7.96%. Further decreases are possible, and in fact are predicted to occur by the Colorado Legislative Council (the research division of the Colorado General Assembly). In December 2005, the Colorado Legislative Council projected that the residential assessment rate will remain at 7.96% for levy years 2007-08 and will decline to 7.49% for levy years 2009-10. See "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Description of Ad Valorem Property Taxation Procedures." The Forecast assumes that the SolVista Tax Revenues will decrease over time due to a projected decrease in the residential assessment ratio.

Dependence Upon SolVista District. The receipt of SolVista Tax Revenues depends upon the SolVista District continuing to impose the 25 mill levy during the term of the SolVista Funding Agreement as required by its terms. The board of directors of the SolVista District is currently comprised of employees of the Developer, however, there is no guarantee that this board structure will continue or that the current board of directors will continue to impose the 25 mill levy. If the SolVista District refuses to impose the 25 mill levy, the District and the Trustee may proceed to enforce their rights against the SolVista District by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, including an action for specific performance. Such remedies, however, may be time-consuming and even if successful, may result in a delay in the receipt of SolVista Tax Revenues.

Operational Costs of the SolVista District. The SolVista Funding Agreement permits the SolVista District to deduct its operating costs on an annual basis prior to remitting SolVista Tax Revenues to the District, subject to certain maximum amounts. The current SolVista District board of directors has stated that it intends to initiate proceedings to cause the dissolution of the SolVista District (which will require an election of its electors) on or before May 31, 2007, in which case its operating costs could be materially lower than if it did not

dissolve. There is no guarantee, however, that the dissolution will occur. If the SolVista District does not dissolve, it will continue to have operational costs which could exceed the maximum amount permitted by the SolVista Funding Agreement. If that occurs, the SolVista District would be required to fund its excess operating costs with proceeds of the specific ownership tax received by the SolVista District, with interest income or with any other revenue source.

Operations Costs of the District

General and Non-Amenity District Operations and Maintenance Costs. As set forth in the Phase I Forecast, the District expects to incur operational costs necessary to operate as a special district and to fund the cost of the operation and maintenance of various public improvements, particularly streets. The District expects to fund such costs through a combination of the following sources: (a) the Operating Mill Levy, (b) the Shared Sales and Use Taxes, (c) Developer advances and (d) the Operations Fee. See the Phase I Forecast attached as Appendix A. The maximum mill levy which the District may impose is 50 mills (subject to adjustment), and if all of such amount is required to be imposed as the Required Mill Levy and used to pay debt service on the Bonds, the Operating Mill Levy will be zero, in which case the District will be required to rely upon the additional sources listed above. If the Operating Mill Levy, the Shared Sales and Use Taxes and the Operations Fee are insufficient, the Developer is required to advance funds for these costs, until such time that the Operation Funding Agreement is no longer in effect. See "THE DISTRICT – Description of the Headwaters District - Developer Funding Agreements with the Headwaters District." There is no guaranty that the Developer will have sufficient funds to pay such amounts. See "DISTRICT FINANCIAL INFORMATION – Financing Plan for Operations Costs."

Amenity Operations and Maintenance Costs. The Developer is also obligated pursuant to the Operation Funding Agreement and the Amenities Management Agreement, subject to certain limitations, to provide funds to the Headwaters District to cover shortfalls in the operating budgets for the Ski Area, the Golf Course and other amenities. See "Dependence Upon Ski Area and Golf Course" above, and "THE DISTRICT – Description of the Headwaters District – Ski Area and Golf Course Lease and Management."

Forecast

In connection with the issuance of the Bonds, the Developer provided certain assessed valuation forecasts, development projections and other information to Clifton Gunderson LLP, Certified Public Accountants, Greenwood Village, Colorado, which compiled this information in the form of a forecast. These procedures and results are set forth in a Forecasted Surplus Cash Balances and Cash Receipts and Disbursements (collectively, the "Forecast") attached as Appendix A to this Limited Offering Memorandum. ***The Forecast is based on key assumptions made by the Developer. See "THE DEVELOPMENT – Current and Proposed Development Activity." Like any forecast, the Forecast is inherently subject to variations in the assumed data. Actual results will vary from those projected, and such variations may be material.*** *See "FORWARD-LOOKING STATEMENTS" and Appendix A. The Forecast is further described in "DISTRICT FINANCIAL INFORMATION – Forecast."*

Environmental Matters

The Phase I Report (as defined in "THE DEVELOPMENT – Environmental Study") has been conducted on the property in the Development, and no recognized environmental conditions were found to exist on the property. The Phase I Report, however, included only limited testing and analysis of the environmental conditions and soils. There can be no assurance that during or subsequent to the continued development of Granby Ranch, hazardous materials, other adverse environmental conditions, endangered species, threatened habitats or adverse soil conditions will not be discovered on the property which could hinder or prohibit further development. Should such a discovery occur, it is possible that the development and marketing of Granby Ranch could be materially adversely affected. See "THE DEVELOPMENT – Environmental Study."

Potential Conflicts of Interest

All of the members of the Board of Directors of the District are officers or employees of the Developer or are otherwise involved with the development of Granby Ranch. The issuance of the Bonds and the application of the proceeds therefrom, as well as other activities of the District, may involve conflicts of interest. By statute, a director must disqualify himself or herself from voting on any issue in which he or she has a conflict of interest unless he or she has disclosed such conflict of interest in a certificate filed with the Secretary of State and the Board of Directors of the District at least 72 hours in advance of any meeting in which such conflict may arise. However, compliance with such statute does not provide absolute certainty that contracts between the District and persons related to its Directors, such as the Developer, will not be subject to defenses or challenge on the basis of alleged conflicts. It is expected that the interested members of the Board will comply with the statute by making advance disclosure of their conflicts, and that they will not disqualify themselves from voting. See "THE DISTRICT – Governing Board" and " – Conflicts of Interest."

Other Risks

Legal Constraints on District Operations. The District is formed pursuant to State law and exercises only limited powers. Various State laws and constitutional provisions govern the assessment and collection of general ad valorem property taxes, limit revenues and spending of the State and local governments and limit rates, fees and charges imposed by such entities (such as the Capital Fee), including the District. There can be no assurance that the application of such provisions, or the adoption of new provisions, will not have a material adverse effect on the affairs of the District. See "LEGAL MATTERS – Certain Constitutional Limitations."

Limitation on Remedies Available to Owners of Bonds.

No Acceleration. There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

Bankruptcy, Federal Power and Police Power. The enforceability of the rights and remedies of the owners of the Bonds and the obligations incurred by the District in

issuing the Bonds may be subject to the federal bankruptcy code (unless limited as described in the following paragraph), and applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings (if available) or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The Special District Act provides that Colorado special districts may not seek protection under the federal bankruptcy code unless the special district is unable to discharge its obligations as they become due by means of a mill levy of not less than 100 mills. Because the Indenture only requires that the District levy the Required Mill Levy (which is defined as, generally, a minimum of 41.5 mills and a maximum of 50 mills), it may not be possible under State law for the District to file for bankruptcy. Accordingly, no bankruptcy trustee would be available to represent the creditors of the District, including the Owners of the Bonds. Bankruptcy protection may be available to the District, however, if the Required Mill Levy ever equals or exceeds 100 mills pursuant to its adjustment mechanism, if the District ever issues unlimited mill levy general obligation bonds, if State law changes, or due to other unforeseen circumstances.

Future Changes in Law. Various State laws, constitutional provisions and federal laws and regulations apply to the obligations created by the issuance of the Bonds and various agreements described herein. There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the District or the Developer. See "LEGAL MATTERS – Certain Constitutional Limitations."

Secondary Market; No Ratings. No assurance can be given concerning the future existence of a secondary market for the Bonds and prospective purchasers of the Bonds should therefore be prepared, if necessary, to hold the Bonds to maturity or prior redemption. No application has been or is intended to be made to any securities rating agency for a rating of the Bonds.

Restrictions on Purchase; Investor Suitability

The Bonds are being sold to one or more knowledgeable and experienced investors who are not purchasing with a view to distributing the Bonds. Any Bond purchaser must be a "financial institution or institutional investor" within the meaning of § 32-1-103(6.5), C.R.S., which defines such terms as (a) a depository institution, (b) an insurance company, (c) a separate account of an insurance company, (d) a federally-registered investment company, (e) a federally-defined business development company, (f) a federally-defined private business

development company, (g) certain employee pension, profit-sharing, or benefit plans, (h) entities whose business consists substantially of investing, purchasing, selling, or trading in certain securities and with total assets of more than $5 million, and (i) a federally-licensed small business investment company. Moreover, the Bonds are a substantially illiquid investment and are being issued in minimum initial denominations of $500,000. Therefore, the Bonds should not be purchased by an investor unless the investor is able to hold such Bonds indefinitely.

The foregoing standards are minimum requirements for prospective purchasers of the Bonds. The satisfaction of such standards does not necessarily mean that the Bonds are a suitable investment for a prospective investor. Accordingly, each prospective investor is urged to consult with its own legal, tax and financial advisors to determine whether an investment in the Bonds is appropriate in light of its individual legal, tax and financial situation.

USES OF PROCEEDS

After providing for deposits to the Bond Fund for capitalized interest and to the Reserve Fund, and for the payment of the costs of issuance, the net proceeds of the Bonds ($10,244,316.96) are expected to be deposited to the Restricted Account and the Unrestricted Account of the Project Fund.

The amount of $8,256,441.96 will be deposited to the Unrestricted Account of the Project Fund and is expected to be applied as follows: (i) approximately $1,100,000 will be paid to the Developer and SolVista Corp. pursuant to the SolVista Funding Agreement; (ii) $378,000 will be transferred to the Town of Granby pursuant to the Town IGA; and (iii) approximately $6,778,441.96 will be transferred to the Headwaters District pursuant to the Headwaters IGA (defined herein) for public improvement costs allocable to the District. The Headwaters District is then expected to: (1) transfer approximately $1,700,000 to the Developer pursuant to the Construction Funding Agreement or one or more assignments of construction contracts; and (2) retain the remainder of $5,078,441.96 in the Unrestricted Account of the Project Fund and draw down such amount as necessary for future public improvement construction projects. Some or all amounts paid to the Developer are expected to be paid to the Development Lender as described below in "THE DEVELOPMENT - Development Loan" and in Appendix K. See "THE DISTRICT – General Description of the Headwaters District – Developer Funding Agreements with the Headwaters District – Construction Funding Agreement."

The amount of $1,987,875 will be deposited to the Restricted Account of the Project Fund and, at such time as it is released to the Unrestricted Account as described in "THE BONDS – Funds and Accounts – Project Fund," is expected to be paid to the Headwaters District pursuant to the Headwaters IGA and used to finance future public improvement construction projects. See "THE DISTRICT – District Agreements" and "THE BONDS – Prior Redemption."

The proceeds of the Bonds are anticipated to be used as follows:

Uses of Proceeds

	Amount
Deposit to Restricted Account of the Project Fund	$1,987,875
Deposit to Unrestricted Account of the Project Fund	8,256,442
Deposit to the Reserve Fund	1,234,413
Deposit to the Bond Fund (capitalized interest)	2,586,770
Underwriting discount and costs of issuance (see "UNDERWRITING")	659,500
TOTAL	$14,725,000

THE BONDS

Description

The Bonds will be issued in the principal amount, will be dated and will mature as indicated on the cover page of this Limited Offering Memorandum. For a complete statement of the details and conditions of the Bond issue, reference is made to the Indenture and the Bond Resolution. See "INTRODUCTION - Additional Information" and Appendix C – Form of the Indenture.

Sources of Payment

The Bonds constitute limited tax general obligations of the District payable from the Pledged Revenue and the Additional Security. Pledged Revenue is defined in the Indenture as, generally, the moneys derived by the District from the following sources, after payment of any costs of collection: (a) the Required Mill Levy; (b) the SolVista Tax Revenues; (c) the Capital Fee; and (d) Specific Ownership Taxes received by the District that are attributable to the Required Mill Levy. "Additional Security" is defined in the Indenture as amounts on deposit in the Surplus Fund, all amounts collected under the Guaranty Agreement (pursuant to which the Developer guarantees the payment of debt service on the Bonds), all amounts on deposit in the Lot Sale Escrow and all amounts on deposit in the Reserve Fund. The Bonds are also secured in certain circumstances by funds on deposit, if any, in the Project Fund. See "SECURITY FOR THE BONDS" for a more detailed description of the various components of the Pledged Revenue, and "RISK FACTORS."

Authorized Denominations of the Bonds

The Bonds are being issued in "Authorized Denominations," defined in the Indenture to mean, initially, the amount of $500,000 or any integral multiple of $1,000 in excess thereof, provided that no individual Bond may be in an amount which exceeds the principal amount coming due on any maturity date for such series; in the event a Bond is partially redeemed and the unredeemed portion is less than $500,000, such unredeemed portion of such Bond may be issued in the largest possible denomination of less than $500,000, in integral multiples of not less than $1,000 each or any integral multiple thereof; and the Authorized

Denominations shall be reduced to $1,000 or any integral multiple thereof in the event that the District has filed a notice of a claim of exemption, along with all other required documents necessary to exempt the Bonds under any of the exemptions from registration contemplated by §11-59-110, C.R.S., or any successor statute, or has taken other actions which permit the Bonds to be issued in denominations of $1,000 or integral multiples thereof under the Colorado Municipal Bond Supervision Act, Title 11, Article 59, C.R.S., or any successor statute.

Payment of Principal and Interest

The principal of and premium, if any, on the Bonds are payable in lawful money of the United States of America to the Owner of each Bond upon maturity or prior redemption and presentation at the principal office of the Trustee. The interest on any Bond is payable to the person in whose name such Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the District by the Trustee, at the close of business on the fifteenth (15th) day of the calendar month next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a special dated set for such purpose (the "Special Record Date") for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than 10 days prior to the Special Record Date by first class mail to each such Owner as shown on the registration books kept by the Trustee on a date selected by the Trustee. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

Prior Redemption

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, in any order of maturity designated by the District and in whole or partial maturities, on December 1, 2015, and on any date thereafter, upon payment of the principal amount redeemed plus accrued interest to the date of redemption, with no redemption premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2036, are subject to mandatory sinking fund redemption, in part, by lot, on December 1 in the years set forth below, prior to the maturity date of the Bonds, upon payment of the principal amount so redeemed together with accrued interest thereon, without redemption premium, in the annual amounts set forth below:

Year of Redemption (December 1)	Principal Redemption Amount
2010	$150,000
2011	210,000
2012	255,000
2013	185,000
2014	180,000
2015	225,000
2016	300,000
2017	340,000
2018	360,000
2019	280,000
2020	335,000
2021	350,000
2022	405,000
2023	440,000
2024	490,000
2025	525,000
2026	580,000
2027	575,000
2028	635,000
2029	680,000
2030	670,000
2031	720,000
2032	790,000
2033	840,000
2034	920,000
2035	980,000
2036 (1)	2,305,000

(1) final maturity, not a sinking fund redemption

Extraordinary Mandatory Redemption from Project Fund. If the circumstances described in Section 3.04(c) in the Indenture have occurred, and there are funds remaining on deposit in the Project Fund on September 30, 2012, then the District shall direct the Trustee to redeem as many Bonds as is possible on December 1, 2012 from the amounts transferred from the Project Fund to the Bond Fund.

Mandatory Excess Fund Redemption from Restricted Account of Project Fund. If the circumstances described in Section 3.04(e) in the Indenture have occurred, and there are funds remaining on deposit in the Project Fund on September 30, 2006, then the District shall direct the Trustee to redeem as many Bonds as is possible on December 1, 2006 from the amounts transferred from the Project Fund to the Bond Fund.

Selection of Bonds for Redemption. On or before forty five (45) days prior to each optional redemption date, sinking fund installment date, and any date set by the District for mandatory redemption from Surplus Fund or Project Fund amounts, the Trustee shall select for

redemption, by lot in such manner as the Trustee may determine, from the Outstanding Bonds, a principal amount of such Bonds equal to the applicable optional redemption, sinking fund installment or mandatory redemption amount. The amount of the applicable sinking fund installment for any particular date, maturity, and series may be reduced by the principal amount of any Bonds of that series and maturity which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the District.

General Redemption Provisions. Except for Bonds to be redeemed pursuant to a mandatory excess funds redemption as described above, if less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Trustee shall determine. The Bonds shall be redeemed only in integral multiples of $1,000. In the event a Bond is of a denomination larger than $1,000, a portion of such Bond may be redeemed, but only in the principal amount of $1,000 or any integral multiple thereof. Such Bond shall be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by $1,000. In the event a portion of any Bond is redeemed, the Trustee shall, without charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds in Authorized Denominations for the unredeemed portion thereof.

Notice and Effect of Redemption. In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid), not less than thirty (30) days prior to the date fixed for redemption, to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the District by the Trustee. Failure to give such notice by mailing to any Owner, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. Failure to give such notice by mailing to any Owner, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

Funds and Accounts

Under the Indenture, there are created and established the following funds, which are to be established with and maintained by the Trustee pursuant to the provisions of the Indenture: (a) the Project Fund (including the Restricted Account and the Unrestricted Account); (b) the Bond Fund; (c) the Reserve Fund; (d) the Surplus Fund; and (e) the Rebate Fund. Pursuant to the Lot Sale Escrow Agreement, there is further established the Lot Sale Escrow. See "SECURITY FOR THE BONDS – Additional Security – Lot Sale Escrow."

Summary of Fund Priority. The Indenture provides that Pledged Revenue is deposited to the Bond Fund and, potentially, to additional funds, as described below under "Flow of Funds." The Bonds are payable initially from the Bond Fund, which will contain $2,586,770.54 of capitalized interest upon the issuance of the Bonds. See "USES OF PROCEEDS." The Indenture provides that if amounts in the Bond Fund are insufficient to pay debt service on the Bonds, and the District is levying all 50.000 mills (as adjusted) for payment of the Bonds (and not for operations), the Trustee is required to do the following until the Bond Fund has the necessary funds on deposit:

a. transfer funds, if any, from the Surplus Fund to the Bond Fund;

b. instruct the Escrow Agent to transfer funds, if any, from the Lot Sale Escrow to the Bond Fund;

c. three Business Days prior to the Bond Payment Date, make a claim under the Guaranty Agreement and deposit the amount received to the Bond Fund;

d. transfer funds, if any, from the Project Fund to the Bond Fund; and

e. transfer funds, if any, from the Reserve Fund to the Bond Fund.

Each of these funds are described in greater detail herein. There is no guaranty that the funds will have moneys on deposit in sufficient amounts to pay debt service on the Bonds. See "RISK FACTORS."

Project Fund. The Project Fund is divided into two accounts, the Restricted Account and the Unrestricted Account. So long as no Event of Default shall have occurred and no draw on the Surplus Fund or the Lot Sale Escrow shall have occurred, the Trustee will disburse funds from the Unrestricted Account of the Project Fund in accordance with requisitions signed by the District Representative or the President of the District certifying that all amounts drawn will be applied to the payment of Project Costs or any costs of issuing the Bonds not paid before the funding of the Project Fund. Moneys in the Restricted Account may not be requisitioned by the District. Upon the receipt by the Trustee of a resolution of the District determining that all Project Costs have been paid, any balance remaining in the Project Fund shall be credited to the Bond Fund. The Project Fund shall terminate at such time as no further moneys remain therein.

Upon the occurrence of a draw on any one or more of the Surplus Fund, the Lot Sale Escrow or the Guaranty Agreement, the Trustee will cease disbursing moneys from the Unrestricted Account of the Project Fund, except upon the prior written consent of the Consent Parties with respect to not less than a majority in aggregate principal amount of the Bonds then Outstanding. Funds in the Project Fund may thereafter be used to pay debt service on the Bonds under certain circumstances. See Section 3.04 of the Indenture, the form of which is attached hereto as Appendix C. Because the Project Fund is projected to be spent before the capitalized interest is spent, it is unlikely that any funds will remain in the Project Fund upon the occurrence of an Event of Default.

Moneys in the Restricted Account of the Project Fund shall be transferred to the Unrestricted Account at such time as the District's general counsel has provided the Trustee with written evidence that the Service Plan of the District has been amended to provide that the adjustment set forth in paragraph (b) of the definition of Required Mill Levy may be made from a date prior to June 30, 2003. The good faith determination by the Trustee that the conditions for crediting moneys to the Unrestricted Fund are met shall conclusively determine the validity of such credit. The amendment to the Service Plan is described in "DISTRICT FINANCIAL INFORMATION – Sources of District Revenue – District Mill Levy." In the event there are moneys on deposit in the Restricted Account of the Project Fund on September 30, 2006, such moneys shall be applied to the mandatory excess funds redemption of the Bonds on December 1, 2006. See "Prior Redemption – Mandatory Excess Funds Redemption" above.

The Service Plan amendment was approved by the Town on June 27, 2006, after the foregoing terms of the Indenture were approved by the Board. Accordingly, after the issuance of the Bonds, the District anticipates requesting the Trustee to transfer funds from the Restricted Account to the Unrestricted Account, thereby eliminating the risk of a mandatory redemption for this reason.

Any moneys remaining on deposit in the Project Fund on September 30, 2012, are required to be transferred to the Bond Fund.

Bond Fund. The Indenture provides the following regarding the deposits to, payments from, and insufficiencies in, the Bond Fund.

Bond Fund Deposits. The Indenture provides that at least 45 Business Days prior to any Bond Payment Date, there shall be credited to the Bond Fund an amount of Pledged Revenue which, when combined with other legally available moneys in the Bond Fund, will be sufficient to pay the principal of, premium if any, and interest on the Bonds then due. In the event the amount credited to the Bond Fund from available Pledged Revenue is insufficient pay the principal of, premium if any, or interest on the Bonds on the next Bond Payment Date, then the Trustee shall take the actions summarized above under "Summary of Fund Priority."

Bond Fund Payments. Moneys in the Bond Fund shall be used by the District solely to pay the principal of, premium if any, and interest on the Bonds, in the following order:

FIRST: to the payment of interest due in connection with the Bonds (including without limitation current interest, accrued but unpaid interest, and interest due as a result of compounding, if any); and

SECOND: to the extent any moneys are remaining in the Bond Fund after the payment of such interest, to the payment of the principal of and premium, if any, on the Bonds, whether due at maturity or upon prior redemption.

Insufficiency of Payment. In the event that available moneys in the Bond Fund (including, subject to the provisions described below, any moneys transferred thereto from the Surplus Fund or the Lot Sale Escrow, amounts received under the Guaranty Agreement, the Project Fund or the Reserve Fund) are insufficient for the payment of the principal of, premium

if any, and interest due on the Bonds on any due date, the District shall apply such amounts on such due date as follows:

FIRST, the District shall pay such amounts as are available, proportionally in accordance with the amount of interest due on each Bond and Parity Bond;

SECOND, the District shall apply any remaining amounts to the payment of the principal of as many Bonds, then due and owing, as can be paid with such remaining amounts, such payments to be made proportionately against the principal amount of the Bonds then due and may be made in any denomination.

Notwithstanding the foregoing, as provided in the sections of the Indenture entitled "Surplus Fund," "Reserve Fund" and "Project Fund," and in the Lot Sale Escrow Agreement, moneys transferred to the Bond Fund from the Surplus Fund, the Lot Sale Escrow, the Project Fund and the Reserve Fund may only be used for the payment of the Bonds, and shall not be used or pledged to the payment of any other obligations.

Reserve Fund. The Reserve Fund shall be initially funded from Bond proceeds in the amount the Reserve Fund Requirement, which is defined as the amount of $1,234,412.50. In the event the amounts credited to the Bond Fund from all sources of available Pledged Revenue and other Additional Security, and from the Project Fund, if applicable, are insufficient to pay the principal of, premium, if any, or interest on the Bonds when due, the Trustee shall transfer from the Reserve Fund to the Bond Fund an amount which, when combined with moneys in Bond Fund, will be sufficient to make such payments when due; and in the event the amounts in the Bond Fund and the Reserve Fund are insufficient to pay all principal, premium, if any, and interest on any due date, the Trustee shall nonetheless transfer all of the moneys in the Reserve Fund to the Bond Fund for the purpose of making partial payments. Amounts in the Reserve Fund shall not be used to redeem Bonds being called pursuant to any redemption provisions of the Indenture.

Provided that (i) the District is imposing the Required Mill Levy, the Capital Fees, and otherwise causing the deposit of the other Pledged Revenue and the Additional Security pursuant to the provisions of the Indenture, the Guaranty Agreement and the Lot Sale Escrow Agreement, and (ii) all Pledged Revenue is being deposited with the Trustee and applied as described in "Flow of Funds," an insufficiency of Pledged Revenue to replenish the Reserve Fund to the Reserve Requirement shall not constitute an Event of Default under the Indenture.

Surplus Fund. The Surplus Fund shall be held, disbursed, and administered by the Trustee and shall not be used or pledged to the payment of any other obligations. For so long as the Surplus Fund is in existence, moneys therein shall be used solely in accordance with Section 3.08 of the Indenture, the form of which is attached hereto as Appendix C. The Surplus Fund shall be accumulated and maintained until the District's Debt to Assessed Ratio is 45% or less or until the amounts on deposit in the Reserve Fund, the Surplus Fund and the Bond Fund are sufficient to fully pay the principal of an interest on the Bond and have been applied to that purpose. On or after any date that the District's Debt to Assessed Ratio is 45% or less and no Event of Default is continuing, all amounts on deposit in the Surplus Fund shall be released to the District upon request of the District.

The Surplus Fund is required to be funded upon issuance of the Bonds only in the amount of $324,847, and will not be funded with Bond proceeds. The Surplus Fund is required to be funded solely as provided in the section of the Indenture entitled "Flow of Funds" and except as provided therein, the District has no obligation to fund the Surplus Fund in any amount.

In the event the amounts credited to the Bond Fund and available to pay the Bonds are insufficient to pay the principal of, premium if any, or interest on the Bonds when due and there are moneys in the Surplus Fund, the District shall transfer from the Surplus Fund to the Bond Fund an amount which, when combined with moneys in Bond Fund, will be sufficient to make such payments when due; and in the event the amounts in the Bond Fund and the Surplus Fund are insufficient to pay all principal, premium if any, and interest on any due date, the District shall nonetheless transfer all moneys in the Surplus Fund to the Bond Fund and use such moneys for the purpose of making partial payments as provided in the Indenture and described above. Amounts in the Surplus Fund shall not be used to redeem Bonds being called pursuant to any optional redemption provisions hereof, but shall be used to pay Bonds coming due as a result of any mandatory sinking fund redemption.

Flow of Funds

The Indenture provides that the District shall apply the Pledged Revenue in the following order of priority:

FIRST, to the credit of the Bond Fund, the amounts required by the section above entitled "Funds and Accounts – Bond Fund;"

SECOND, to the credit of the Reserve Fund, the amounts necessary to replenish the Reserve Fund to the Reserve Fund Requirement;

THIRD, to the credit of the Surplus Fund until the District's Debt to Assessed Ratio is 45% or less; and

FOURTH, Pledged Revenue remaining after the payments and accumulations set forth in FIRST through the THIRD above shall be released to the District for any lawful purpose.

The Indenture defines "Debt to Assessed Ratio" as the ratio (expressed as a percentage) derived by dividing the then-outstanding principal amount of the Bonds and all Additional Bonds of the District payable in whole or in part from property taxes, by the assessed valuation of the taxable property of the District, as such assessed valuation is certified from time to time by the County Assessor.

Supplemental Indentures

The Indenture may be amended as provided in Sections 10.01 and 10.02 of the Indenture, the form of which is attached hereto as Appendix C.

Indenture a Contract

The Indenture provides that it shall constitute a contract among the District, the Trustee, and the Owners, and shall remain in full force and effect until the Bonds are no longer Outstanding thereunder.

Book-Entry Only System

The Bonds will be available only in book-entry form in the principal amount of $500,000 and any integral multiples of $1,000 in excess thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity, as set forth on the cover page of this Limited Offering Memorandum, in the aggregate principal amount of such maturity coming due thereon, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix B - Book-Entry Only System.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS LIMITED OFFERING MEMORANDUM TO THE REGISTERED OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the District nor the Trustee will have any responsibility or obligation to DTC's Direct Participants or Indirect Participants (defined herein), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Bonds as further described in Appendix B to this Limited Offering Memorandum.

SECURITY FOR THE BONDS

Pledged Revenue

The Bonds are secured by the Pledged Revenue, which is defined in the Indenture as the moneys derived by the District from the following sources, after payment of any costs of collection: (a) the Required Mill Levy; (b) the SolVista Tax Revenues; (c) the Capital Fee; (d) Specific Ownership Taxes received by the District that are attributable to the Required Mill Levy; and (e) any other legally available moneys which the District determines to credit to the Bond Fund. The Bonds are also secured by the Additional Security, which consists of funds on deposit, if any, in the Surplus Fund, the Lot Sale Escrow, the Reserve Fund, and in certain circumstances, by funds on deposit, if any, in the Project Fund. The Guaranty Agreement provides that the Developer has guaranteed the payment of debt service on the Bonds. Each component of the Pledged Revenue is described below.

Required Mill Levy. The primary component of Pledged Revenue is expected to be the Required Mill Levy. The Indenture defines "Required Mill Levy" as:

(a) Subject to the provisions of paragraphs (b), (c) and (d) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year that will raise property tax revenues in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, and, if necessary, to replenish the Reserve Fund to the Reserve Fund Requirement, but not less than 41.5 mills and, initially, not in excess of 50 mills, and subsequent to any date on which the Town has notified the District that the conditions precedent to the establishment of the Transportation Mill Levy in Section 10 of the Town IGA have been satisfied, not in excess of the number of mills resulting from subtracting the Transportation Mill Levy from 50. The "Transportation Mill Levy" is a mill levy up to the amount of five mills which the Town may request the District to impose for public transportation purposes. See "THE DISTRICT – District Agreements – Town IGA" and "RISK FACTORS – Superior Lien of the Transportation Mill Levy."

(b) In the event the method of calculating assessed valuation is changed, the 41.5 mill levy and the 50 mill levy references in paragraph (a) above will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. Initially, the date from which such adjustment may be made shall be July 22, 2003; however, if the District's Service Plan is amended to provide that the adjustment may be made from a date prior to June 30, 2003, then the earlier date shall apply henceforth (such an amendment was approved by the Town on June 27, 2006).

Pursuant to the amended Service Plan, the 45 mill levy and 50 mill levy references are anticipated to be adjusted by the District's accountants to reflect the State law change in the residential assessment ratio which occurred between May 1, 2003 and July 22, 2003, and the portion of the Bond proceeds which will initially be deposited to the Restricted Account and anticipated to be released to the Unrestricted Account after the issuance of the Bonds. See "THE BONDS – Funds and Accounts – Project Fund" and "DISTRICT FINANCIAL INFORMATION – Sources of District Revenue – District Mill Levy."

(c) Notwithstanding anything in the Indenture to the contrary, the Indenture provides that in no event may the Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

(d) In the event that the Required Mill Levy would produce revenue, when combined with amounts available in the Reserve Fund, in excess of that required to repay all

principal of and interest on the Bonds, then the Required Mill Levy shall be reduced to a mill levy which will produce revenue sufficient, when combined with amounts available in the Reserve Fund, to repay all principal of and interest on the Bonds.

The Indenture provides that for the purpose of paying the principal of, premium if any, and interest on the Bonds, funding the Surplus Fund, and, if necessary, replenishing the Reserve Fund, the District covenants to cause to be levied by the Board of County Commissioners of Grand County, Colorado, on all of the taxable property of the District, in addition to all other taxes, direct annual taxes in each of the years 2006 through 2035 (for collection in 2007 through 2036) inclusive (and, to the extent necessary to make up any defaults, in each year subsequent to 2035 to the extent permitted under the Service Plan and other applicable law) in the amount of the Required Mill Levy. *Nothing in the Indenture shall be construed to require the District to levy an ad valorem property tax for payment of the Bonds in excess of the Required Mill Levy. See "RISK FACTORS – No Mortgage Lien; Limited Mill Pledge."*

It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other District taxes, to ratify and carry out the provisions of the Indenture with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purpose of paying the principal of, premium if any, and interest on the Bonds. Information regarding the methods of assessment of property and the imposition and collection of property taxes in Colorado, as well as certain ad valorem property tax data of the District, is set forth in "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT" herein.

Specific Ownership Tax. The Pledged Revenue also includes the Specific Ownership Taxes received by the District that are attributable to the Required Mill Levy. The Indenture defines "Specific Ownership Taxes" as the specific ownership taxes collected by the County and remitted to the District pursuant to § 42-3-107, C.R.S., or any successor statute. The District also expects to receive specific ownership tax revenues attributable to its Operating Mill Levy, if any (as defined in "DISTRICT FINANCIAL INFORMATION – Sources of District Revenue"); however, such specific ownership tax is not pledged to the payment of the Bonds.

The specific ownership tax is a State tax which is payable at a graduated rate varying from 2.1% of taxable value in the first year of ownership, to $3 per year in the tenth year of ownership and thereafter. The specific ownership tax is collected by each county clerk and recorder at the time of motor vehicle registration. Most specific ownership tax revenues (including revenues received from owners of passenger cars and trucks, which constitute the majority of specific ownership tax revenues) are paid directly to the county treasurer of the county in which the revenues are collected. Specific ownership tax revenues on certain types of vehicles are paid by the counties to the State and are then distributed back to the counties in the proportion that the mileage of the State highway system located within the boundaries of each county bears to the total mileage of the State highway system.

Each county apportions its specific ownership tax revenue to each political subdivision in the county in the proportion that the amount of ad valorem property taxes levied by the political subdivision in the previous year bears to the total amount of ad valorem property

taxes levied by all political subdivisions in the county in the previous year. Based upon these percentages, each county then distributes specific ownership tax revenue to each political subdivision on the tenth day of each month. Accordingly, the amount of Specific Ownership Tax which is received by the District and is attributed to the Required Mill Levy depends upon the amount of the Required Mill Levy imposed by the District each year.

SolVista Tax Revenues. The Pledged Revenue also includes the "SolVista Tax Revenues", which is defined as the amounts received by the District pursuant to the SolVista Funding Agreement. The property within the SolVista District was previously improved with public infrastructure by SolVista Corp. and the Developer with the understanding that such improvements would be acquired by the SolVista District and that the purchase price of the improvements would be paid from the proceeds of an ad valorem tax levy of 25 mills. The District and the SolVista District have entered into the SolVista Funding Agreement, pursuant to which the District agrees to pay $1.1 million of proceeds of the Bonds to the SolVista District for the purpose of paying the purchase price of the improvements. See "USES OF PROCEEDS." Pursuant to a separate Reimbursement Agreement dated as of June 1, 2006, between the SolVista District, SolVista and the Developer, the SolVista District agrees to pay such amounts to SolVista and the Developer in full satisfaction of such purchase.

In the SolVista Funding Agreement, the District agrees to convey a portion of the Bond proceeds to the SolVista District as described above. In return, the SolVista District agrees to impose an ad valorem mill levy upon all taxable property of the SolVista District each year in the amount of 25 mills, net of Annual Operating Costs. "Annual Operating Costs" is defined in the SolVista Funding Agreement as the amount of $12,500 per year; provided, however, that such amount shall be increased to $35,000 for the year ended December 31, 2007, for the purpose of permitting the SolVista District to pursue dissolution in such year; and further provided that, for any year following dissolution, such amount shall equal $6,000, or such lesser amount as may be necessary. Pursuant to State law, however, the 25 mill levy is required to continue even if the SolVista District is dissolved. This property tax pledge begins in 2006 (for collection in 2007) and ends in 2025 (for collection in 2026). The SolVista Tax Revenues do not include any specific ownership taxes collected by the SolVista District. Certain historical assessed valuation and property tax collection information regarding the SolVista District is set forth below under "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – SolVista District Information." Certain risks related to the SolVista Tax Revenues are set forth in "RISK FACTORS – Risks Related to the SolVista Tax Revenues."

The SolVista Funding Agreement is available upon request, and the preceding description is only a summary thereof. Reference is made to the SolVista Funding Agreement for a complete description of its terms. See "INTRODUCTION – Additional Information."

Capital Fees. The Pledged Revenue includes revenues received from the Capital Fees. On May 26, 2005, the District and the Headwaters District adopted a "Joint Resolution of Headwaters Metropolitan District and Granby Ranch Metropolitan District to Establish a Capital Facilities Fee." On June 7, 2006, the District and the Headwaters District adopted an "Amended and Restated Joint Resolution of the Board of Directors of Headwaters Metropolitan District and Granby Ranch Metropolitan District to Establish a Capital Facilities Fee" (as amended and restated, the "Fee Resolution").

The Fee Resolution establishes a fee (the "Capital Fee"), commencing June 1, 2005, for all property within the District's boundaries, at the rate of (a) $6,255 per residential dwelling unit (including, without limitation, condominiums, townhouses, apartments and any other attached dwelling units and detached single family dwelling units); and (b) with respect to property utilized for commercial, office or industrial uses, $6,255 per single family equivalent; provided, however, that Capital Fees are subject to increase as the Districts may determine necessary to fund the actual costs of the improvements but not in excess of a cumulative increase of 10% per year. The Capital Fees are due and owing on the date which is the earlier of: (i) the date a building permit is issued by the Town for any individual lot; or (ii) the date specified in any prepayment contract.

The Fee Resolution provides that the Capital Fee is imposed pursuant to Section 32-1-1001(1)(j), C.R.S., for the purpose of furnishing public facilities, and constitutes a valid, perpetual lien on and against the property until paid in full, which shall be on a parity with the lien of the Amenity Fee. See "RISK FACTORS – Risks Related to the Capital Fees" and "THE DISTRICT – Description of the Headwaters District." In 2005, the District received 38 Capital Fees, or $237,690. Such funds have been expended by the District. In 2006, through June 12, 2006, the District had received 31 Capital Fees, or $193,905. The Indenture requires that the District deposit this amount (as well as any additional Capital Fees which may be received between June 12, 2006 and the date of issuance of the Bonds) to the Surplus Fund on the date of issuance of the Bonds. See "THE BONDS – Funds and Accounts – Surplus Fund."

The Fee Resolution provides that interest will accrue on any outstanding Capital Fee, from its due date, at the rate of 12% per annum. In the event that any amounts are not paid when due, the District shall direct its general counsel to undertake collection efforts for all such amounts, including sending notice to the delinquent property owner and, if necessary, commencing foreclosure proceedings with respect to the subject property. In the Indenture, the District covenants that it will impose, collect (or cause to be collected) and enforce the payment of the Capital Fees, at the times and in the amounts as set forth in the Fee Resolution and will promptly pay or cause to be paid the revenue generated thereby to the Trustee in accordance with the provisions of the Indenture. The District further covenants that it will not act or fail to act in any matter that the result of which is to reduce or lower the amount of the Capital Fees to a level less than that established in the Fee Resolution as of the date of the Indenture, and shall not take any action or fail to act in a manner which would modify, amend or alter the Fee Resolution to the material disadvantage of the Owners of the Bonds without the approval of the Consent Parties with respect to not less than a majority of the Bonds then outstanding.

On June 1, 2005, the Developer entered into a Capital Facilities Fee Agreement with the Headwaters District, and on July 1, 2005, the Aspen Meadows Developer entered into a Capital Facilities Fee Agreement with the Headwaters District. Pursuant to these agreements, the Developer and the Aspen Meadows Developer agreed to the imposition of the Capital Fee upon their property and agreed to pay such fees as required by the Fee Resolution.

In the Indenture, the District covenants that it will impose, collect (or cause to be collected) and enforce the payment of the Capital Fees, at the times and in the amounts as set forth in the Fee Resolution and shall promptly pay or cause to be paid the revenue generated thereby to the Trustee in accordance with the provisions of the Indenture. The District will make

its best effort to ascertain the number of building permits that have been issued by the Town for lots or property with the District's boundaries and assure that the Capital Fee has been paid in connection with the issuance of each building permit. In addition, in the Town Building Permit IGA, the Town covenants that it will not approve the issuance of a building permit until the applicant provides a signed acknowledgment from the District indicating that the applicant has paid the Capital Fee. See "THE DISTRICT – District Agreements – Town Building Permit IGA." The Indenture further provides that the District shall not act or fail to act in any matter that the result of which is to reduce or lower the amount of the Capital Fees to a level less than that established in the Fee Resolution as of the date of the Indenture, and shall not take any action or fail to act in a manner which would modify, amend or alter the Fee Resolution to the material disadvantage of the Owners of the Bonds without the approval of the Consent Parties with respect to not less than a majority of the Bonds then outstanding.

In the Indenture, the District further covenants that it will not amend the Fee Resolution in any way which would (i) result in a reduction of the amount of the Capital Fee or the revenue derived therefrom, (ii) defer the payment of the Capital Fee, (iii) impair the District's ability to impose or collect the Capital Fee, (iv) extend the due date of the Capital Fee or alter such due date in any way which could result in a delay in payment thereof, (v) reduce the rate of interest to accrue upon a default in payment of the Capital Fee, (vi) impair the District's enforcement and collection remedies, or (vii) impair in any way the security provided for the Bonds by the pledge of the Capital Fee.

The Fee Resolution and the Capital Facilities Fee Agreements are available upon request. The preceding description is only a summary of the Fee Resolution and such agreements. Reference is made to the Fee Resolution and such agreements for a complete description of their terms. See "INTRODUCTION – Additional Information."

Additional Security

Definition. In addition to the Pledged Revenue, the Bonds are payable from the "Additional Security," which is defined in the Indenture as all amounts on deposit, if any, in the Surplus Fund, all amounts collected under the Guaranty Agreement, including amounts on deposit in the Lot Sale Escrow and all amounts on deposit in the Reserve Fund. Under certain circumstances, amounts on deposit in the Project Fund also may be used to pay the Bonds. Each of the preceding funds is described in "THE BONDS – Funds and Accounts."

Guaranty Agreement. The Indenture provides that if the Pledged Revenue deposited to the Bond Fund is insufficient to pay debt service on the Bonds (after transferring any available funds from the Surplus Fund and the Lot Sale Escrow, but prior to transferring any available funds from the Project Fund and the Reserve Fund), the Trustee will seek payment for the debt service on the Bonds from the Developer pursuant to a Guaranty Agreement dated as of June 1, 2006, among the Trustee, the Developer and the District (the "Guaranty Agreement"). Pursuant to the Guaranty Agreement, the Developer guarantees the payment of debt service on the Bonds when due, to the extent not paid from other sources as described above. The Guaranty Agreement is attached hereto in its entirety as Appendix D. See "RISK FACTORS – Risks Related to the Guaranty Agreement." In the Operation Funding Agreement, the Headwaters District covenants to repay any payments made by the Developer under the Guaranty Agreement,

as described in "THE DISTRICT – Description of the Headwaters District – Developer Funding Agreements with the Headwaters District."

Lot Sale Escrow. Pursuant to the Indenture, funds on hand, if any, in the Lot Sale Escrow are subject to transfer to the Bond Fund to pay debt service on the Bonds if the funds therein are insufficient to do so, after transferring any amounts to the Bond Fund from the Surplus Fund. The Indenture defines "Lot Sale Escrow" as the account established under the Lot Sale Escrow Agreement dated as of June 1, 2006 by and among the District, the Trustee, the Developer and American National Bank, as Escrow Agent (the "Lot Sale Escrow Agreement").

The Lot Sale Escrow Agreement provides that that Developer will establish and maintain an escrow of funds with the Escrow Agent, and the Escrow Agent will hold such funds in the Lot Sale Escrow. The agreement further provides that upon each sale of all or any portion of the real property in the District by the Developer to any party whatsoever, whether an unrelated third party or a Developer affiliate, the Developer will deposit with the Escrow Agent an amount equal to the lesser of 15% of the Net Sale Proceeds of any sale or (a) for platted residential lots, $2,500 per residential unit to be constructed on each platted lot or (b) for unplatted residential property and residential property platted only in tracts, an amount equal to the pro-rata equivalent of $5,000 per acre, from the Net Sale Proceeds sold by the Developer, up to an aggregate maximum of $1,500,000, provided, however, no such deposits are required to be made when the circumstance giving rise to a sale or conveyance is a foreclosure sale or a conveyance by the Developer by deed in lieu of foreclosure. "Net Sale Proceeds" is defined in the Lot Sale Escrow Agreement as all consideration directly or indirectly received by or on behalf of, or paid, payable or credited to or for the account of the Developer in connection with the Developer's sale of all or any portion of the property in the District, less the sum of customary and reasonable brokerage commissions actually paid by the Developer and customary and reasonable escrow fees, title insurance premiums, recording fees and other costs actually paid by the Developer in connection with the consummation of such sale and conveyance.

Pursuant to the Development Loan, 85.5% of the Net Sale Proceeds are expected to be paid by the Developer to the Development Lender (the "Development Lender's Portion"), and 14.5% of the Net Sale Proceeds are expected to be retained by the Developer (the "Developer's Portion"). See "THE DEVELOPMENT – Development Financing." From the Developer's Portion or using other Developer funds, the Developer agrees to deposit the amounts described in the preceding paragraph to the Lot Sale Escrow. In order for the Developer's Portion of each lot sale's Net Sale Proceeds to be sufficient to transfer $2,500 to the Lot Sale Escrow, the Net Sale Proceeds of each sale must be at least $17,241, and there is no guarantee that Net Sale Proceeds will be in at least this amount. See "RISK FACTORS – Risks Related to the Lot Sale Escrow Agreement."

The Developer has agreed to provide an instruction letter to Title Company of the Rockies (the "Title Company") in connection with each sale of property, pursuant to which the Title Company will be instructed as follows: (a) for transactions for which it is serving as title company, it will be instructed to withhold the appropriate portion of the Net Sale Proceeds and disburse such amount to the Escrow Agent; and (b) for transactions for which it is not serving as the title company, it will be instructed to request the applicable title company to withhold the appropriate portion of the Net Sale Proceeds and disburse such amount to the Escrow Agent.

The Lot Sale Escrow Agreement states that if, at any time, the Pledged Revenue from the Bond Fund and the Surplus Fund is not sufficient to pay the principal and/or interest on the Bonds when due, the Trustee will provide written notice of the deficiency to the Escrow Agent. The Escrow Agent agrees to disburse funds from the Lot Sale Escrow in the amount of the deficiency (if such funds are available) within one business day following receipt of the notice. All moneys in the Lot Sale Escrow will be held and invested by the Escrow Agent at the direction of the Developer. Until such time as the Lot Sale Escrow is released, the Developer has no right to with draw funds from the Lot Sale Escrow.

The Lot Sale Escrow Agreement provides that it will terminate when the Debt to Assessed Ratio is equal to or less than 45%. After termination has occurred, any funds in the Lot Sale Escrow Agreement will be disbursed to the Developer.

Additional Bonds

Upon the issuance of the Bonds, the District will have unissued voter authorization remaining from the Elections in the amount of $241,275,000. See "DISTRICT DEBT STRUCTURE – General Obligation Debt – Authorized But Unissued Debt." The District's ability to issue such debt, however, is restricted by the terms of the Indenture, which provides that the District shall not incur any additional debt or other financial obligation having a lien upon the Pledged Revenue or any part thereof superior to the lien of the Bonds. The District's ability to issue additional bonds is also restricted by the Service Plan. The District may issue obligations having the character of Additional Bonds, including Parity Bonds and Subordinate Bonds, only if such issuance is consented to by the Consent Parties representing a majority in aggregate principal amount of Bonds then Outstanding. The Indenture permits the District to issue obligations of the type that are specifically described as being not included in the definition of Additional Bonds. The definitions of Additional Bonds, Parity Bonds and Subordinate Bonds are set forth in Appendix C hereto.

DEBT SERVICE REQUIREMENTS

Set forth in the following chart are the debt service requirements for the Bonds.

Debt Service Requirements

Year (1)	Principal (2)	Interest (3)	Total (3)
2006	$ --	$ 403,097	$ 403,097
2007	--	993,938	993,938
2008	--	993,938	993,938
2009	--	993,938	993,938
2010	150,000	993,938	1,143,938
2011	210,000	983,813	1,193,813
2012	255,000	969,638	1,224,638
2013	185,000	952,425	1,137,425
2014	180,000	939,938	1,119,938
2015	225,000	927,788	1,152,788
2016	300,000	912,600	1,212,600
2017	340,000	892,350	1,232,350
2018	360,000	869,400	1,229,400
2019	280,000	845,000	1,125,100
2020	335,000	826,200	1,161,200
2021	350,000	803,588	1,153,588
2022	405,000	779,963	1,184,963
2023	440,000	752,625	1,192,625
2024	490,000	722,925	1,212,925
2025	525,000	689,850	1,214,850
2026	580,000	654,413	1,234,413
2027	575,000	615,263	1,190,263
2028	635,000	576,450	1,211,450
2029	680,000	533,588	1,213,588
2030	670,000	487,688	1,157,688
2031	720,000	442,463	1,162,473
2032	790,000	393,863	1,183,863
2033	840,000	340,538	1,180,538
2034	920,000	283,838	1,203,838
2035	980,000	221,738	1,201,738
2036	2,305,000	155,588	2,460,588
TOTAL	$14,725,000	$21,952,472	$36,677,472

(1) Includes the payment of interest on December 1, 2006, and on June 1 and December 1 of each year thereafter, and the payment of principal on December 1 of each year indicated.

(2) The principal amounts shown assume mandatory sinking fund payments are made, but assume that no optional redemptions or extraordinary mandatory redemptions will be made prior to maturity. See "THE BONDS - Prior Redemption."

(3) Due to rounding, amounts do not total precisely.

Source: the Underwriter.

PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT

Description of Ad Valorem Property Tax Procedures

Property Subject to Taxation. Subject to the limitations imposed by Article X, Section 20 of the State constitution (the Taxpayers Bill of Rights or "TABOR," described in "LEGAL MATTERS - Certain Constitutional Limitations"), the Board has the power to certify to the Board of County Commissioners (the "Commissioners") a levy for collection of ad valorem taxes against all taxable property within the District. The District's mill levy is expected to consist of a debt service mill levy (which is expected to consist of the Required Mill Levy) and the Operations Mill Levy, as defined in "DISTRICT FINANCIAL INFORMATION – Sources of District Revenue – District Mill Levy." The Pledged Revenue also includes the SolVista Tax Revenues.

Property taxes are uniformly levied against the assessed valuation of all property subject to taxation by the District. Both real and personal property are subject to taxation, but there are certain classes of property which are exempt. Exempt property includes, but is not limited to: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; property used for charitable or religious purposes; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner's land; household furnishings and personal effects not used to produce income; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Assessment of Property. Taxable property is first appraised by the County's assessor (the "County Assessor") to determine its statutory "actual" value. This amount is then multiplied by the appropriate assessment percentage to determine each property's assessed value. The mill levy of each taxing entity is then multiplied by this assessed value to determine the amount of property tax levied upon such property by such taxing entity. Each of these steps in the taxation process is explained in more detail below.

Determination of Statutory Actual Value. The County Assessor annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory "actual" value of all taxable property within the County as of January 1. Most property is valued using a market approach, a cost approach or an income approach. Residential property is valued using the market approach, and agricultural property, exclusive of building improvements thereon, is valued by considering the earning or productive capacity of such lands during a reasonable period of time, capitalized at a statutory rate.

The statutory actual value of a property is not intended to represent its current market value, but, with certain exceptions, is determined by the County Assessor utilizing a "level of value" ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period

preceding the assessment date. Real property is reappraised by the County Assessor's office every odd numbered year. The statutory actual value is based on the "level of value" for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). For example, values for 2005 will be based on an analysis of sales and other information for the period January 1, 2003 to June 30, 2004. The following table sets forth the State Property Appraisal System for property tax levy years 2000 through 2005:

Collection Year	Levy Year	Value Calculated As Of	Based on the Market Period
2001	2000	July 1, 1998	Jan. 1, 1997 to June 30, 1998
2002	2001	July 1, 2000	Jan. 1, 1999 to June 30, 2000
2003	2002	July 1, 2000	Jan. 1, 1999 to June 30, 2000
2004	2003	July 1, 2002	Jan. 1, 2001 to June 30, 2002
2005	2004	July 1, 2002	Jan. 1, 2001 to June 30, 2002
2006	2005	July 1, 2004	Jan. 1, 2003 to June 30, 2004

The County Assessor may consider market sales from more than one and one-half years immediately prior to July 1 if there were insufficient sales during the stated market period to accurately determine the level of value.

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State Property Tax Administrator based upon the value of the utility's tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

Determination of Assessed Value. Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessor as a percentage of statutory actual value. The percentage used to calculate assessed valuation differs depending upon the classification of each property.

Residential Property. To avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State constitution requires the Colorado General Assembly to adjust the assessment rate of residential property for each year in which a change in the base year level of value occurs. This adjustment is constitutionally mandated to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property which existed in the previous year (although, notwithstanding the foregoing, TABOR prohibits any valuation for assessment ratio increase for a property class without prior voter approval).

Pursuant to the adjustment process described above, the residential assessment rate is adjusted every two years, resulting in the following history of residential assessment rates since levy year 1989: 15.00% of statutory actual value (levy years 1989-90); 14.34% of statutory actual value (levy years 1991-92); 12.86% of statutory actual value (levy years 1993-94); 10.36% of statutory actual value (levy years 1995-96); 9.74% of statutory actual value (levy years 1997-98 and 1999-2000); 9.15% of statutory actual value (levy years 2001-02); and 7.96%

of statutory actual value (levy years 2003-04 and 2005-06). In December 2005, the Colorado Legislative Council (the research division of the Colorado General Assembly) projected that the residential assessment rate will remain at 7.96% for levy years 2007-08 and will decline to 7.49% for levy years 2009-10. Such reductions are, however, only projections and are subject to change. In 2003, Colorado voters rejected a proposed amendment to the constitution which would have permanently fixed the residential assessment ratio at 8%. The Required Mill Levy which is imposed pursuant to the Indenture is permitted to be adjusted to account for changes in the residential assessment rate described above. See "SECURITY FOR THE BONDS – Pledged Revenue – Required Mill Levy." The mill levy imposed by the SolVista District to generate the SolVista Tax Revenues, however, is not permitted to be so adjusted. See "SECURITY FOR THE BONDS – Pledged Revenue – SolVista Tax Revenues" and "RISK FACTORS – Risks Related to the SolVista Tax Revenues."

Non-residential property. All non-residential taxable property, with certain specified exceptions, is assessed at 29% of its statutory actual value. Producing oil and gas property is generally assessed at 87.5% of the selling price of the oil and gas.

Protests, Appeals, Abatements and Refunds. Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with statutory deadlines. Property owners are given the opportunity to object to increases in the statutory actual value of such property, and may petition for a hearing thereon before the County Board of Equalization. Upon the conclusion of such hearings, the County Assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization orders the County Assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities which levied a tax against the property.

Statewide Review. The Colorado General Assembly is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the Colorado General Assembly and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. Accordingly, the District's assessed valuation may be subject to modification following any such annual assessment study.

Homestead Property Tax Exemption. A 2000 amendment to the State constitution enacted a homestead property tax exemption for qualifying senior citizens. The amendment is restricted by legislation adopted in 2003. According to the amendment and this legislation, for property tax collection years 2007 and later, the exemption is equal to 50% of the first $200,000 of actual value of residential real property that is owner-occupied if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least 10 years. For property tax collection year 2006, the exemption has been eliminated. In years when an exemption is available, the State is required to reimburse all local governments for the reduction in property tax revenue resulting from this exemption; therefore, it is not expected that this exemption will result in the loss of any property tax revenue to the District. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

Taxation Procedure. The County Assessor is required to certify to the District the assessed valuation of property within the District no later than August 25th of each year. Subject to the limitations of TABOR, based upon the valuation certified by the County Assessor, the Board computes a rate of levy which, when levied upon every dollar of the valuation for assessment of property subject to the District's property tax, and together with other legally available District revenues, will raise the amount required by the District in its upcoming fiscal year. The District subsequently certifies to the Commissioners the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year for collection of taxes in the ensuing year. The property tax rate is expressed as a mill levy, which is the rate equivalent to the amount of tax per one thousand dollars of assessed valuation. For example, a mill levy of 25 mills would impose a $250 tax on a parcel of property with an assessed valuation of $10,000.

The Commissioners levy the tax on all property subject to taxation by the District. By December 22nd of each year, the Commissioners must certify to the County Assessor the levy for all taxing entities within the County. If the Commissioners fail to so certify, it is the duty of the County Assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessor of the tax list and warrant to the County's treasurer (the "County Treasurer").

Adjustment of Taxes to Comply with Certain Limitations. Section 29-1-301, C.R.S., contains a statutory restriction limiting the property tax revenues which may be levied for operational purposes to an amount not to exceed the amount of such revenue levied in the prior year plus 5.5% (subject to certain statutorily authorized adjustments). At the 2003 Election, however, the District's electors approved a question which exempts the District from this restriction.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in December 2005 are being collected in 2006. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1 until the date of payment unless the whole amount is

paid by April 30. If the second installment is not paid by June 15, the unpaid installment will bear interest at the rate of 1% per month from June 16 until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the District on a monthly basis. The payments to the District must be made by the tenth of each month, and shall include all taxes collected through the end of the preceding month.

All taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Such lien is on a parity with the tax liens of other general taxes. It is the County Treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty. Delinquent personal property taxes are enforceable by distraint, seizure, and sale of the taxpayer's personal property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale. There can be no assurance that the proceeds of tax liens sold, in the event of foreclosure and sale by the County Treasurer, would be sufficient to produce the amount required with respect to property taxes levied by the District and property taxes levied by overlapping taxing entities, as well as any interest or costs due thereon. Further, there can be no assurance that the tax liens will be bid on and sold. If the tax liens are not sold, the County Treasurer removes the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to the County and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the Commissioners after that time.

Potential for Creation of Tax Increment Entity. Various Colorado statutes allow the formation of tax increment entities, such as urban renewal authorities, downtown development authorities and transportation authorities. In particular, the Colorado Urban Renewal Law (the "URA Law") allows the formation of urban renewal authorities in certain areas which have been designated by the governing bodies of municipalities as blighted areas. The District is located within the Town of Granby. The Town has not formed an urban renewal authority. Although it is possible that the property in the District could be included in such an area in the future, the District believes that such inclusion is unlikely. If the property in the District ever becomes located within an urban renewal area, however, the provisions of the URA Law will become applicable to such property. Upon the approval of an urban renewal plan which includes the property in the District, the assessed valuation of the property in the District would not increase beyond the amount existing in the year prior to the adoption of the plan (other than by means of the general reassessment). Any increase above this amount would be paid to the urban renewal authority or other tax increment entity. In Section 4.05 of the Indenture, the District covenants that it will use its reasonable efforts to oppose the formation of a tax increment entity within its boundaries. See Appendix C.

Ad Valorem Property Tax Data of the District

A history of the District's assessed valuation and mill levies is set forth in the following chart. Although this table reflects the assessed valuations certified by the County Assessor, due to recent inclusions and exclusions of property to and from the District (explained below), the most recent certified assessed valuation ($2,915,550) does *not* reflect the estimated assessed valuation of the property currently in the District.

History of Certified Assessed Valuations and Mill Levies for the District

Levy Year	Collection Year	Assessed Valuation	Percent Change	Mill Levy
2004	2005	$1,698,740	--	50.000
2005	2006	2,915,550	71.6%	50.000

Source: County Assessor's Office.

The most recent certified assessed valuation of $2,915,550, was provided by the County Assessor to the District on November 23, 2005, however, pursuant to State law, this valuation reflects the District's boundaries as of May 1, 2005. Since that date, several inclusions and exclusions of property to and from the District have occurred. Due to these boundary changes, the most recent certified assessed valuation available from the County Assessor is outdated. The District's accountants have reviewed the County-certified assessed valuation of each of the parcels of property currently in the District, as well as those parcels which have been included and excluded, and have calculated the following estimate of the assessed valuation of the property currently within the District. *The official amount of the assessed valuation of the property currently within the District, however, will not be known until the County Assessor certifies such amount later in 2006. Pursuant to State law, the County Assessor will certify the amount on or about August 25, 2006, but such amount will be subject to change on or before December 10, 2006. There is no guarantee that the County Assessor's certified assessed valuation will equal or exceed the estimate provided below.*

Estimated Current Assessed Valuation

Description	Amount (1)
2005 Certified Assessed Valuation.....	$2,915,550
Aspen Meadows inclusion (effective July 28, 2005).....	+ 94,350
Exclusion (effective December 23, 2005).....	- 1,671,815
Ski Base Area Inclusion (effective February 24, 2006).....	+ 1,738,140
Inclusion (effective May 18, 2006).....	+ 245,720
Inclusion (effective May 18, 2006).....	+ 22,680
Current Estimated Assessed Valuation.....	**$3,344,625**

(1) As estimated by the District's accountants, and subject to change upon certification by the County Assessor.

The District's accountants have further estimated that the current estimated assessed valuation is comprised of the following major components:

Components of the Estimated Current Assessed Valuation

Description	Amount (1)
Golf Course.....	$527,720
Ski Area (excluding the Ski Base Area).....	1,488,830
Remaining property (2).....	1,310,055
Current Estimated Assessed Valuation.....	$3,344,625

(1) As estimated by the District's accountants, and subject to change upon certification by the County Assessor.
(2) Includes the Ski Base Area (as defined in "THE DEVELOPMENT") and all of the residential property currently under development and planned for future development.

The following chart sets forth the District's current ad valorem property tax collections for the time period indicated.

Property Tax Collections in the District

Levy Year	Collection Year	Taxes Levied (1)	Current Tax Collections (2)	Current Collections as a Percent of Tax Levied
2004	2005	$ 84,937	$84,937	100.00%
2005	2006 (3)	145,777	144,966	99.44 (3)

(1) Levies do not reflect abatements and other adjustments.
(2) The County Treasurers' collection fees have not been deducted from this amount. Figure does not include interest, fees and penalties.
(3) Through May 31, 2006.

Source: County Treasurer's Office.

The following table sets forth the District's accountants' estimation of the assessed valuation of each class of real and personal property within the District, based upon information provided by the County.

Estimated 2005 Assessed Valuation of Classes of Property in the District

Class	Total Assessed Valuation (1)	Percentage of Total Assessed Valuation
Commercial	$2,378,060	71.1%
Vacant	966,565	28.9
Residential (2)	--	0.0
Total	$3,344,625	100.0%

(1) As estimated by the District's accountants, and subject to change upon certification by the County Assessor.

(2) The residential property currently under development and planned for future development was still classified as non-residential property in 2005 at the time that the County Assessor certified the assessed valuation of such property (pursuant to State law, such certification was based upon the property's uses prior to 2005). A portion of this property was platted for residential use in 2005 and 2006, however, and additional property is currently in the platting process with the Town. See the table "Subdivision and Platting Summary – Property Within the District" in "THE DEVELOPMENT." Pursuant to the requirements of State law for classifying and taxing property, the District expects that the County Assessor's 2006 certified assessed valuation of the property in the District (which will not be known until approximately August 25, 2006) will classify the platted property as residential. In the Forecast, the projected 2006 assessed valuation includes a projection that this reclassification will occur.

Based upon the District's accountants' review of the assessed valuation information provided by the County Assessor, the District's accountants have prepared the following chart showing all taxpayers within the District, measured by assessed value. Other than the information contained herein regarding the Developer, no independent investigation has been made of and consequently there can be no representation as to the financial conditions of the taxpayers listed below or that such taxpayers will continue to maintain their status as taxpayers in the District.

Estimated Taxpayers in the District for 2005 (1)

Taxpayer Name	2005 Estimated Assessed Valuation	Percentage of Total Estimated Assessed Valuation
SolVista (2)	$1,503,365	44.95%
Granby Realty Holdings LLC	1,598,750	47.80
Various personal property owners (3)	124,070	3.71
Aspen Meadows Apartments LLC	94,350	2.82
Silver Star – Tschet Co., LLC	22,680	0.68
Village Homes of Colorado, Inc.	800	0.02
Various real property owners	610	0.02
Total	$3,344,625	100.00%

(1) As estimated by the District's accountants, and subject to change upon certification by the County Assessor.
(2) Includes SolVista, Inc., SolVista Corp. and SolVista Golf & Ski Ranch. Approximately $976,900 of the property owned by these entities is comprised of personal property. See "RISK FACTORS - Risk of Reductions in Assessed Value; Market Value of Land – Personal Property Component of Assessed Valuation."
(3) Consists of personal property owned by Deere Credit Inc., Nebraska National Bank, National City Commercial Capital Corp., Waste Management of Hot Sulphur Springs, Coticapital Commercial Leasing Corp., Landmark Financial Corp. and others. See "RISK FACTORS - Risk of Reductions in Assessed Value; Market Value of Land – Personal Property Component of Assessed Valuation."

Mill Levies Affecting Property Owners Within the District. In addition to the District's ad valorem property tax levy, owners of property within the District are obligated to pay taxes to other taxing entities in which their property is located. As a result, property owners within the District's boundaries may be subject to different mill levies depending upon the location of their property. The following table reflects sample mill levies that may be imposed on certain properties within the District and is not intended to portray the mills levied against all properties within the areas shown. Property owners within the areas indicated may be subject to larger or smaller total mill levy than the samples given in the following table.

Sample Mill Levy Affecting District Property Owners

Taxing Entity	2005 Mill Levy(1)
East Grand School District No. 2	20.018
Grand County	13.905
Grand Fire Protection District No. 1	9.371
Town of Granby	7.267
Grand County Library District	2.419
Fraser Valley Metropolitan Recreation District	2.078
Colorado River Water Conservancy District	0.230
Middle Park Water Conservancy District	0.075
Total Overlapping Sample Mill Levy	55.363
District	50.000
Total Sample Mill Levy	105.363

(1) One mill equals 1/10 of one percent. Mill levies certified in 2005 result in the collection of property taxes in 2006.

Source: County Assessor's Office.

Estimated Overlapping General Obligation Debt. In addition to the general obligation indebtedness of the District, other taxing entities are authorized to incur general obligation debt within boundaries which overlap or partially overlap the boundaries of the District. The following table sets forth the estimated overlapping general obligation debt chargeable to property owners within the District as of the date of this Limited Offering Memorandum. Additional taxing entities may overlap with the District in the future.

Estimated Overlapping General Obligation Debt

Name of Overlapping Entity (1)	2005 Assessed Valuation (2)	Outstanding General Obligation Debt	Outstanding General Obligation Debt Attributable to the District (3)	
			Percent	Amount
East Grand School District No. 2	$500,000,730	$22,640,000	0.58%	$131,312
Grand Fire Protection District No. 1	106,457,720	7,535,000	2.36	177,826
TOTAL				$309,138

(1) The following entities also overlap the District but have no reported general obligation debt outstanding: Colorado River Water Conservation District; Fraser Valley Metropolitan Recreation District; Town of Granby; Grand County; Grand County Library District; Headwaters Metropolitan District; Middle Park Conservation District; Middle Park Water Conservancy District; and SolVista Metropolitan District.

(2) The 2005 assessed valuation figures were certified by the County Assessor for collection of ad valorem property taxes in 2006.

(3) The percentage of each entity's outstanding debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.

Sources: County Assessor's Office; and individual taxing entities.

Ad Valorem Property Tax Data of the SolVista District

The Bonds are not obligations of the SolVista District. Pursuant to the SolVista Funding Agreement, however, the SolVista District is obligated to impose certain property taxes and to pay the proceeds thereof to the District, and such revenues are pledged to the payment of the Bonds. See "SECURITY FOR THE BONDS – Pledged Revenue – SolVista Tax Revenues." Accordingly, financial information concerning the SolVista District is provided below and in "SOLVISTA DISTRICT FINANCIAL INFORMATION."

A history of the SolVista District's assessed valuation and mill levies is set forth in the following chart. Although this table reflects the assessed valuations certified by the County Assessor, due to the mid-2005 exclusion of the Aspen Meadows property from the SolVista District the most recent certified assessed valuation ($2,213,140) does not reflect the assessed valuation of the property currently in the SolVista District.

History of Assessed Valuations and Mill Levies for the SolVista District

Levy Year	Collection Year	Assessed Valuation (1)	Percent Change	Mill Levy
2001	2002	$2,910,290	--	25.000
2002	2003	6,314,630	117.0%	25.000
2003	2004	4,956,850	(21.5)	25.000
2004	2005	6,792,770	37.0	25.000
2005	2006	2,118,790 (2)	(68.8)	25.000

(1) For levy years 2001-04, reflects the certified assessed valuation of the property within the SolVista District in each of the years indicated.
(2) Reflects the certified assessed valuation ($2,213,140), minus the assessed valuation of the Aspen Meadows property of $94,350. This property was excluded from the SolVista District in mid-2005. The 68.8% reduction in assessed valuation is also attributable to the exclusion of approximately 4,846 acres of property from the SolVista District in 2005.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2001-2004; County Assessor's Office; and SolVista District's accountants.

The following chart sets forth the SolVista District's current ad valorem property tax collections for the time period indicated.

Property Tax Collections in the SolVista District

Levy Year	Collection Year	Taxes Levied (1)	Current Tax Collections (2)	Collection Rate
2000	2001	$79,896	$79,547	99.56%
2001	2002	72,757	72,762	100.00
2002	2003	157,866	132,444	83.90
2003	2004	123,921	123,854	99.95
2004	2005	169,819	169,819	100.00
2005	2006 (3)	55,328	39,170	70.80 (3)

(1) Levies do not reflect abatements and other adjustments.
(2) The County Treasurer's collection fees have not been deducted from these amounts. Figures do not include interest, fees and penalties.
(3) Through May 31, 2006.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2000-2004; and County Treasurer's Office.

The following table sets forth the assessed valuation of specific classes of real and personal property within the SolVista District based upon the SolVista District's 2005 certified assessed valuation. As shown below, the residential class currently accounts for the largest percentage of the SolVista District's assessed valuation, followed by vacant.

2005 Assessed Valuation of Classes of Property in the SolVista District

Class	Total Assessed Valuation	Percentage of Total Assessed Valuation
Residential	$2,045,950	92.45%
Vacant	116,970	5.28
Commercial	50,210	2.27
Agricultural	10	0.00
TOTAL	$2,213,140	100.00%

Source: County Assessor's Office.

Based upon the most recent certified information available from the County Assessor's Office, the largest taxpayer in the SolVista District (measured by assessed valuation) is Silvercreek Ironwood LLC, which owns property with an assessed valuation of $90,710, or 4.3% of the estimated current assessed valuation of $2,118,790. No other property owner owns more than 1.5% of the total assessed valuation. The remaining property owners are nearly all individual unit owners in the Kicking Horse Lodge condominiums.

DISTRICT DEBT STRUCTURE

Required Elections

Various State constitutional and statutory provisions require voter approval prior to the incurrence of general obligation indebtedness by the District. Among such provisions, Article X, Section 20 of the Colorado Constitution (the Taxpayers Bill of Rights, or "TABOR") requires that, except for refinancing bonded debt at a lower interest rate, the District must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect district debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. For a discussion of TABOR, see "LEGAL MATTERS - Certain Constitutional Limitations." For a discussion of District debt elections, see "General Obligation Debt - Authorized but Unissued Debt" under this caption. The issuance of the Bonds was approved by the electors of the District at the 2003 Election.

General Obligation Debt

Statutory Debt Limit. The District is subject to a statutory debt limitation established pursuant to §32-1-1101(6), C.R.S. This limitation provides that, with certain exceptions listed below, the total principal amount of general obligation debt issued by a special district after 1991 shall not at the time of issuance exceed the greater of $2 million or 50% of the special district's assessed valuation. Based upon the District's 2005 certified assessed valuation of $2,915,550, the District's debt limitation is $1,457,775. The Bonds will exceed this amount; however, issuance of the Bonds is permitted because the Bonds are being issued only to financial institutions or institutional investors. Other exceptions from the debt limitation statute include obligations which are: rated in certain rating categories; determined by the board of the special district to be necessary to construct improvements ordered by a federal or state regulatory agency for public health or environmental reasons; or secured by a letter of credit issued by certain

qualified financial institutions. Special districts are also permitted to issue general obligation debt payable from a limited mill levy not exceeding fifty mills.

Outstanding General Obligation Debt. Upon issuance of the Bonds, the Bonds will be the only outstanding indebtedness of the District, other than the obligations of the District described in "THE DISTRICT – District Agreements." The debt service schedule for the Bonds is set forth in "DEBT SERVICE REQUIREMENTS."

Authorized but Unissued Debt. The District's authority to issue additional debt is restrained by its electoral authorization, by its Service Plan and the Town IGA, and by the Indenture.

Electoral Authorization. The District held elections at which the issuance of debt was authorized on November 4, 2003 (the "2003 Election") and on November 2, 2004 (the "2004 Election" and together with the 2003 Election, the "Elections"). At the 2003 Election, the electors of the District authorized the District to issue the following general obligation debt:

2003 Election Summary

Purpose	Amount Authorized	Amount Used (1)	Amount Remaining
Capital Improvements	$40,000,000	$14,725,000	$25,275,000
Intergovernmental agreements	40,000,000	--	40,000,000
Refundings	40,000,000	--	40,000,000
Developer reimbursement	40,000,000	--	40,000,000
TOTAL:	$160,000,000	$14,725,000	$145,275,000

(1) Constitutes the Bonds.

At the 2004 Election, the electors of the District authorized the District to issue the following general obligation debt:

2004 Election Summary

Purpose	Amount Authorized	Amount Used	Amount Remaining
Capital Improvements – General Obligation Debt	$24,000,000	$ --	$24,000,000
Capital Improvements – Revenue Bonds	24,000,000	--	24,000,000
Refundings – General Obligation Debt	24,000,000	--	24,000,000
Refundings – Revenue Bonds	24,000,000	--	24,000,000
TOTAL:	$96,000,000	$ --	$96,000,000

In addition, the District could hold elections in the future which could authorize the issuance of additional debt. The Board does not anticipate, however, that such elections will be necessary or will occur in the foreseeable future.

Service Plan and Town IGA Authorization. The issuance of additional bonds is restricted by the terms of the Service Plan and the Town IGA, which currently provide that the total amount of debt which may be issued by the District cannot exceed $64,000,000. After the issuance of the Bonds, $49,275,000 of this maximum amount will remain unissued. The foregoing restrictions of the Service Plan and the Town IGA can be modified or removed at any time with the approval of the Town.

Indenture Restrictions. The Indenture prohibits the District from issuing additional debt as parity or senior debt except under the terms set forth therein. Such terms are described in "SECURITY FOR THE BONDS – Additional Bonds."

Revenue and Other Financial Obligations

The District also has the authority to issue revenue obligations payable from the net revenue of District facilities, to enter into obligations which do not extend beyond the current fiscal year, and to incur certain other obligations. Other than the obligations of the District described in "THE DISTRICT - District Agreements," the District presently has no such obligations outstanding.

Debt Ratio Data

Based upon the estimated assessed valuation of $3,344,625, and the par amount of the Bonds of $14,725,000, the estimated ratio of debt to assessed valuation after the issuance of the bonds will be 440.3%.

THE DISTRICT

Organization and Description

The District is a quasi-municipal corporation and a political subdivision of the State created pursuant to the Special District Act for the purpose of providing the design, financing, acquisition, construction, and operation and maintenance of streets, roadways and drainage; traffic and safety protection; parks and recreation; sanitation; water; transportation; mosquito control; and television relay and translator systems. The District was formed on November 25, 2003, pursuant to an order and decree entered by the District Court in and for Grand County.

Organization of the District was preceded by the approval by the Town of a service plan on July 22, 2003, as amended on June 27, 2006 (as amended, the "Service Plan"), consisting of a financial plan, including proposed funding therefor, and a preliminary engineering survey detailing the proposed improvements within the District; the adoption by the Town of a resolution approving the formation of the District; and approval of the District's formation by the qualified electors of the proposed District at an election held for that purpose.

The District was formed as SolVista Metropolitan District No. 2. On October 23, 2004, the name of the District was changed to Granby Ranch Metropolitan District. The District was formed contemporaneously with SolVista Metropolitan District No. 1. The name of this district was changed to Headwaters Metropolitan District (the "Headwaters District") on October

23, 2004. The following table summarizes the original and new names of the three metropolitan districts currently operating within Granby Ranch:

Original Name	Formation Date	New Name	Name Change Date	Current Acreage
Silver Creek Metropolitan District	11/28/99	SolVista Metropolitan District	9/6/01	54 acres
SolVista Metropolitan District No. 1	11/25/03	Headwaters Metropolitan District	10/23/04	9 acres
SolVista Metropolitan District No. 2	11/25/03	Granby Ranch Metropolitan District	10/23/04	972 acres

Pursuant to the Headwaters IGA, the Headwaters District is responsible for the construction and operation of certain public improvements, and the District is responsible for financing the costs of constructing such improvements. See "District Agreements – Headwaters IGA" and "Description of the Headwaters District" below.

Upon its formation, the District contained approximately 3,563 acres of property. Numerous inclusions and exclusions have occurred since formation: April 20, 2005 (approximately 1,350 acres were included); July 28, 2005 (approximately 23 acres were included); December 23, 2005 (approximately 4,040 acres were excluded); February 24, 2006 (approximately 37 acres were included); and May 18, 2006 (approximately 39 acres were included). The current size of the District, therefore, is approximately 972 acres.

Description of the Headwaters District

General. At the time of formation of the District, the Headwaters District was formed. The function of the Headwaters District, as set forth in the Service Plan, is to construct public improvements serving the Development and to own and operate those improvements (to the extent such improvements are not transferred to another governmental entity), and to provide administrative services to the District. The relationship between the two districts is described in and governed by the Headwaters IGA, described below under "District Agreements – Headwaters IGA."

Ski Area and Golf Course Lease and Management. On June 1, 2005, the Developer and the Headwaters District entered into a lease purchase agreement providing for the lease by the Developer to the Headwaters District of the Ski Area and the Golf Course, which agreement is anticipated to be amended and restated prior to the date of issuance of the Bonds (as amended and restated, the "Lease Purchase Agreement"). The Lease Purchase Agreement is for an initial term expiring on December 31, 2005, and is subject to renewal by the Headwaters District for 24 annual terms. The Headwaters District renewed the Lease Purchase Agreement for the current term, which expires December 31, 2006.

Pursuant to the Lease Purchase Agreement, the Headwaters District pays rental payments to the Developer each year in a specified amount according to a payment schedule, but subject to the limitation that annual rent cannot exceed the sum of all Amenity Fees (described below) received by the Headwaters District. No Amenity Fees have been received yet pursuant to such agreement; accordingly, no lease payments have yet been made. In addition, until such time as the Lease Purchase Agreement is terminated or the then-current purchase option price is paid in full, the Headwaters District is obligated to apply any Amenity Fees received in any

given year in excess of the annual rental payment to the pre-payment of future rentals. The Lease Purchase Agreement grants to the Headwaters District an option to purchase the Ski Area and Golf Course each December 31 by exercising a purchase option and paying the then-current purchase option price. The purchase option price is calculated based on the appraised value of the Ski Area and the Golf Course as of August 16, 2005, of $19,400,000, plus an inflation factor equal to 4% for each year or any portion thereof from June 1, 2005, through the date of purchase, net of any rental payments paid prior to such date.

Based upon the projected receipt of Amenity Fees, the District does not expect that the Headwaters District will have funds sufficient to pay the purchase option price prior to December 31, 2029. Accordingly, it is expected that the Golf Course and the Ski Area will remain in the ownership of the Developer until that date, at which time those amenities are expected to be transferred to the Headwaters District and removed from the tax rolls in exchange for the delivery of a promissory note by the Headwaters District to the Developer in the amount of any remaining purchase option price. See "RISK FACTORS - Risk of Reductions in Assessed Value; Market Value of Land – Tax-Exempt Uses." In addition, even if sufficient Amenity Fees were received, any transfer of the Golf Course and the Ski Area from the Developer requires the consent of the Development Lender under the Development Loan and is subject to certain other conditions set forth in the Development Loan. See "THE DEVELOPMENT – Development Financing."

The Developer and the Headwaters District entered into a Management Agreement in 2005 (the "Amenities Management Agreement"), pursuant to which the Headwaters District has retained the Developer to operate, maintain and manage the Ski Area, Golf Course and other amenities in the Development. The agreement requires that the Developer fund operating deficits of the Amenities (defined below) until the earlier to occur of termination of the Amenities Management Agreement or "substantial payment" of bond indebtedness or principal portion of Lease Purchase Agreement rental amounts. "Substantial payment" is defined as an amount equal to 50% of outstanding principal of either the Lease Purchase Agreement or bonds the proceeds of which were used to acquire the Amenities. Prior to substantial payment, the Developer's responsibility to pay operating deficits shall be a ratio, expressed as a percentage, of 50% of outstanding principal debt from time to time divided by the original principal balance of debt. The Developer and the Headwaters District expect to amend the Amenities Management Agreement to provide that the Developer's obligation to fund operating deficits of the Amenities expires at such time as the Headwaters District has paid 50% of the purchase price of the Amenities under the Lease Purchase Agreement. See "RISK FACTORS – Dependence Upon Ski Area and Golf Course" and "THE DEVELOPMENT – Recreational Amenities."

Amenity Fee. On May 26, 2005, the boards of directors of the District and the Headwaters District adopted a joint resolution imposing a fee (the "Amenity Fee") to provide a source of funding to pay for costs incurred by the Districts for the financing, acquisition, leasing, construction, installation and/or replacement of certain park and recreation amenities, including the Golf Course, Ski Area, Fraser River improvements, trails and other improvements (the "Amenities"). The Amenity Fee is in the amount of $10,000 per residential dwelling unit, to be collected on a one-time basis upon certain transfers of the residential unit or related property. The Amenity Fee is collected by the Headwaters District, and used to pay lease payments under

the Lease Purchase Agreement described above. Each residential unit for which the Amenity Fee has been paid is entitled to priority access to the Amenities (as described in the resolution), which priority consists generally of discounted rod fees for fishing in the Fraser River, tee time reservation priority and greens fees discounts at the Golf Course and ski passes to the Ski Area. This priority access and other access to the Amenities is described in "THE DEVELOPMENT – Recreation Amenities." Pursuant to an Amenity Fee Agreement dated as of June 1, 2005 (the "Developer Amenity Fee Agreement"), the Developer has consented to the imposition of the Amenity Fees and agreed to pay such fees. Similar agreements were signed by the Aspen Meadows Developer on July 5, 2005, and by SolVista Corp. on January 14, 2005.

Developer Funding Agreements with the Headwaters District. The Developer has entered into the following agreements with the Headwaters District.

Operation Funding Agreement. Pursuant to a 2006 Funding and Reimbursement Agreement dated April 11, 2006 (the "Operation Funding Agreement"), the Developer agreed that it will advance funds to the Headwaters District each year in an amount sufficient to pay for all of the operations and maintenance costs of the Headwaters District, after application of any Headwaters revenues to such costs. The Developer's agreement to provide such advances terminates in the year in which at least 700 single family equivalents have been platted within the District. Such costs are expected to consist of the administrative costs associated with operating the District and the Headwaters District (e.g., insurance, legal fees, accountants' fees, auditing costs, etc.) and the maintenance costs associated with owning and maintaining public improvements (expected to consist primarily of the streets located in the District). Pursuant to the Operation Funding Agreement, the Headwaters District covenants to repay, with interest at the rate of 8%: (i) any advances made by the Developer under the agreement, and (ii) any payments made by the Developer under the Guaranty Agreement, however, this repayment obligation is subject to funds being available for such repayment, and is specifically subordinate to, the Bonds. The Headwaters District also acknowledges in the agreement that it owes the Developer $278,623.07 for prior advances in connection with the formation of the Districts (which amount is expected to be reimbursed to the Developer with proceeds of the Bonds), and $150,298.08 for prior advances for operations costs of the Districts. See "USES OF PROCEEDS," "DISTRICT FINANCIAL INFORMATION – Financing Plan for Operations Costs" and "RISK FACTORS - Operations Costs of the District."

Construction Funding Agreement. Pursuant to a Developer Construction Reimbursement / Construction Management / and Operational Funding Agreement, dated June 1, 2005 (the "Construction Funding Agreement"), the Headwaters District agrees to purchase any public improvements which the Developer may construct. The Developer is not obligated by the Construction Funding Agreement, however, to construct or acquire any additional public improvements. The Headwaters District agrees to pay the costs of such improvements from any source lawfully available to the District, including the proceeds of bonds, property taxes or other sources, but is not obligated to make the payment from any particular source. The agreement provides that the price of such improvements to the Headwaters District is 100% of the actual construction costs. Pursuant to this agreement, the Headwaters District expects to pay approximately $1.7 million to the Developer, which amount is expected to be received from the proceeds of the Bonds pursuant to the Headwaters IGA. See "District Agreements – Headwaters

IGA," below, and "USES OF PROCEEDS." Pursuant to this agreement, the Developer also provides construction management services for the District, without compensation.

Inclusion, Exclusion, Consolidation and Dissolution

Inclusion of Property. The Special District Act provides that the boundaries of a special district may be altered by the inclusion of additional real property under certain circumstances. After its inclusion, the included property is subject to all of the taxes and charges imposed by the special district and shall be liable for its proportionate share of existing bonded indebtedness of the special district. Recent inclusions of property are described in "Organization and Description" above.

Exclusion of Property. The Special District Act provides that the boundaries of a special district also may be altered by the exclusion of real property from the District under certain circumstances. After its exclusion, the excluded property is no longer subject to the special district's operating mill levy, and is not subject to any debt service mill levy for new debt issued by the special district. The excluded property, however, remains subject to the special district's debt service mill levy for that proportion of the special district's outstanding indebtedness and the interest thereon existing immediately prior to the effective date of the exclusion order. A recent exclusion of property is described in "Organization and Description" above. No additional exclusions are currently pending or expected.

Consolidation With Other Districts. Two or more special districts may consolidate into a single district upon the approval of the District Court and of the electors of each of the consolidating special districts. The District Court order approving the consolidation can provide that the consolidated district assumes the debt of the districts being consolidated. If so, separate voter authorization of the debt assumption is required. If such authorization is not obtained, then the territory of the prior district will continue to be solely obligated for the debt after the consolidation. The Service Plan prohibits the District from consolidating with any other special districts without City approval. At the present time, no consolidations with other districts are pending or expected.

Dissolution of the District. The Special District Act allows a special district board of directors to file a dissolution petition with the District Court. The District Court must approve the petition if the special district's plan for dissolution meets certain requirements, generally regarding the continued provision of services to residents and the payment of outstanding debt. Dissolution must also be approved by the special district's voters. If the special district has debt outstanding, the district may continue to exist for only the limited purpose of levying its debt service mill levy and discharging the indebtedness. The Developer is currently considering dissolving the SolVista District. Whether the SolVista District remains in place or is dissolved, the SolVista Funding Agreement will remain a debt of the SolVista District, and pursuant to State law, the SolVista District would remain in existence for the purpose of imposing its mill levy to generate SolVista Tax Revenues.

District Powers

The rights, powers, privileges, authorities, functions and duties of the District are established by the laws of the State, particularly the Special District Act, which provides that the Board has certain powers (as may be limited by the Service Plan) including, but not limited to, the power: to have perpetual existence; to sue and be sued; to enter into contracts and agreements; to incur indebtedness and revenue obligations; to acquire, dispose of, and encumber real and personal property; to have the management, control, and supervision of all the business and affairs of the special district and all construction, installation, operation, and maintenance of special district improvements; to appoint, hire, and retain agents, employees, engineers, and attorneys; to fix and from time to time increase or decrease fees, rates, tolls, penalties or charges for services, programs or facilities furnished by or available from the District, and to pledge such revenue for the payment of any indebtedness of the District; to furnish services and facilities without the boundaries of the special district and to establish fees, rates, tolls, penalties, or charges for such services and facilities; to have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted to special districts by statute; to enter into contracts with public utilities, cooperative electric associations and municipalities for the purpose of providing street lighting service; to erect and maintain, in providing safety protection services, traffic and safety controls and devices; to establish, maintain, and operate a system to transport the public by bus, rail, or any other means of conveyance; and to exercise the power of eminent domain and dominant eminent domain for the special district's authorized purposes. In addition, the Board has the power to furnish security services for any area within the District, if the District has provided written notification to, consulted with, and obtained the written consent of all local law enforcement agencies having jurisdiction within the area and any applicable master association or similar body having authority to furnish security services. The Board is further authorized to furnish covenant enforcement and design review services, subject to the terms of an agreement with any applicable master association. The District does not expect to provide any such services at this time.

Governing Board

The District is governed by a board of directors (the "Board") which, pursuant to State law, is to consist of five members. In order to be eligible for nomination to the Board, prospective Board members must be electors of the District as defined by State law. Directors are elected to staggered four year terms of office at successive biennial elections. Vacancies on the Board are filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. The directors hold regular meetings and, as needed, special meetings. Each director is entitled to one vote on all questions before the Board when a quorum is present. Directors may receive a maximum of $1,200 per year as compensation for service to the District, payable not in excess of $75 per meeting attended. For directors whose terms begin after July 1, 2005, compensation may not exceed $1,600 per year, or $100 per meeting attended. Directors may not receive compensation from the District as employees of the District, except as provided above. The directors currently waive all compensation for their service as Board members. Pursuant to the State constitution, directors are limited to two terms in office unless the District's voters have approved a waiver or modification of this limit. The District's electors approved such a waiver in 2003.

The present directors, their positions on the Board, occupations and terms of office are as follows:

Name	Office	Occupation	Service Began	Current Term Expires (May)
Julie Krueger	Chairman and President, Assistant Secretary/Treasurer	Management consultant	Nov. 2003	2010
Lance C. Badger	Vice President, Assistant Secretary/Treasurer	Vice President of Development, Granby Realty Holdings LLC	Nov. 2003	2008
Charles Mayfield	Vice President, Assistant Secretary/Treasurer	Vice President of Operations, Granby Realty Holdings LLC	Nov. 2003	2010
Mary Lane Packer	Vice President, Secretary/Treasurer	Development Account Manager, Granby Realty Holdings LLC	Nov. 2003	2010
Kyle Harris	Vice President, Assistant Secretary/Treasurer	Director of Development, Granby Realty Holdings LLC	March 2005	2008

Conflicts of Interest

State law requires directors to disqualify themselves from voting on any issue in which they have a conflict of interest unless the applicable director has disclosed the conflict in a certificate filed with the Secretary of State and with the Board at least 72 hours in advance of any meeting of which the conflict may arise. Additionally, no contract for work or material, including a contract for services, regardless of the amount, may be entered into between the District and a Board member, or between the District and the owner of 25% or more of the territory within the District, unless a notice is published for bids and such Board member or owner submits the lowest responsible and responsive bid. All of the Board members are owners, employees, officers and/or consultants of the Developer. Accordingly, Board members voting on the Bond Resolution are expected to file general conflict statements prior to the adoption of the Bond Resolution. See "RISK FACTORS – Director Conflicts of Interest" and "THE DEVELOPMENT – The Developer."

Administration

The Board is responsible for the overall management and administration of the affairs of the District. The District has no employees. Administrative and accounting services with respect to the operation of the District are provided by Robertson & Marchetti, P.C., Certified Public Accountants, Avon, Colorado. Such firm prepares Board meeting agendas and minutes, assists with construction projects, maintains District records, monitors budgets and expenditures, prepares financial statements, coordinates the collection of Capital Fees and Amenity Fees, and assists with other administrative matters. White, Bear & Ankele, Professional Corporation, Highlands Ranch, Colorado, represents the District as general counsel.

District Agreements

The Special District Act authorizes the District to enter into agreements and contracts affecting the affairs of the District. The District's general counsel has stated that, to its knowledge, the District is a party to, or expects to be a party to as of the date of issuance of the Bonds, the following material agreements:

Town IGA. The District, the Headwaters District and the Town are parties to an Intergovernmental Agreement dated December 9, 2003, as amended by a First Amendment thereto dated May 20, 2005, and a Second Amendment thereto dated April 11, 2006 (as amended, the "Town IGA"). The Town IGA provides the following:

General Provisions. The Town IGA states that the Town will have sole and exclusive jurisdiction over land use and building within the Districts, subject to the Annexation Agreement and the Zoning Plan (both as defined in "THE DEVELOPMENT"). The agreement further provides that most inclusions and exclusions of property into and from the Districts require Town approval, that the parties intend for the Town to provide water service to the Development and to provide sanitation service to the Development through Granby Sanitation District, and that the Districts will provide road maintenance, drainage, landscaping and recreational maintenance. See "FACILITIES AND SERVICES IN THE DISTRICT."

Financing Provisions. The Town IGA provides that unless otherwise approved by the Town Board of Trustees, the Districts' bond debt shall be subject to an aggregate limit of $40,000,000 for general infrastructure, $4,000,000 to fund participation in a proposed expansion to the treatment works of Granby Sanitation District, and $20,000,000 for the acquisition, construction and installation of park and recreation amenities. The Town IGA also imposes a maximum net effective interest rate of 14%, a maximum maturity of 40 years and a 25 year limit on debt authorization measured from the date of election. The Town IGA further provides that the total mill levy in either District shall not exceed 50 mills unless approved by the Town (subject to adjustment for changes in law).

Revenue Sharing. In the Town IGA, the Town agrees that it will share revenue with the Headwaters District (such as sales and use tax revenue) in accordance with the Annexation Agreement (and the Headwaters District has further agreed in the Headwaters IGA to credit such amount to the amounts owed by the District to the Headwaters District for service costs). See "DISTRICT FINANCIAL INFORMATION – Sources of District Revenue." The Districts agree in the Town IGA that they will transfer 8% of any District bond proceeds to the Town, to be used to assist with the financing of jointly funded public improvements and allocated approximately 67% for downtown improvements, and 33% for recreation improvements. These bond proceeds are required to be allocated to the Town as follows: 0% of the first $10 million of District bonds, 8% of the proceeds of the second $10 million of District bonds, 16% of the proceeds from the third $10 million of District bonds and 8% of all subsequent District bonds. Based upon the par amount of the Bonds of $14,725,000, the amount of $378,000 is expected to be transferred to the Town pursuant to this obligation. See "USES OF PROCEEDS."

Street Maintenance. If the Town determines that the streets within the Development are not being maintained to Town standards, the Town may perform required remedial work and charge the Districts for its actual costs. The Districts agree to pay such amounts from: (i) any Shared Sales and Use Taxes then available in accordance with the terms of the Indenture (none is expected to be available pursuant to the final terms of the Indenture); (ii) any property tax revenues of the Districts budgeted for street maintenance and then available for such purpose; (iii) the proceeds of the Operations Fee then available; and (iv) advances received from the Developer pursuant to the Operation Funding Agreement. See "DISTRICT FINANCIAL INFORMATION – Sources of District Revenue."

Transportation Mill Levy. At such time as certificates of occupancy are issued for at least 600 single-family equivalents within the Development, the Districts will obtain, at their cost, a feasibility and needs assessment study with respect to a public transportation system. At such time as a public transportation system is necessitated by development with the Development, as set forth in any conclusion of such study, the District is required to impose a mill levy of up to 5 mills (subject to adjustment) (the "Transportation Mill Levy") for the purpose of funding public transportation. If the Transportation Mill Levy is ever imposed, the Required Mill Levy is subject to reduction so that the entire mill levy of the District does not exceed 50 mills (as adjusted). See "SECURITY FOR THE BONDS – Pledged Revenue – Required Mill Levy." Notwithstanding any of the foregoing, in no event shall the District be obligated to impose the Transportation Mill Levy until certificates of occupancy are issued for at least 700 single-family equivalents within the Development. See "RISK FACTORS – Risks Related to the Transportation Mill Levy."

Town Building Permit IGA. The District, the Headwaters District and the Town are parties to an intergovernmental agreement dated as of April 11, 2006 (the "Town Building Permit IGA"). In this agreement, the Town agrees that, for any building permit applications received by the Town for zoning or building review, the Town will not approve the zoning portion of such building permit for any property within the boundaries of the District until the applicant provides a signed acknowledgement from the District and building plans stamped by the District indicating the applicant's payment of the required Capital Fee.

Headwaters IGA. On June 7, 2006, the District and the Headwaters District entered into a District Facilities Construction and Service Agreement dated as of June 1, 2006 (the "Headwaters IGA"). Pursuant to this agreement, the Districts agree that the Headwaters District will own, operate, maintain and construct the public improvements described in the Service Plan, and the District will pay all costs related to the construction, operation and maintenance of the improvements by the Headwaters District. The District's obligation to pay for capital costs of the Headwaters District are referred to therein as "Capital Costs," and its obligation to pay for operational costs of the Headwaters District are referred to therein as "Service Costs." Capital Costs and Service Costs are due on an annual basis according to a budget adopted by the Districts. Further, Capital Costs are required to be paid with the proceeds of the Bonds and any other bonds issued by the District. Accordingly, the District anticipates conveying approximately $6.8 million of the proceeds of the Bonds to the Headwaters District for use in constructing public improvements and reducing the amount of the Capital Costs owed to the Headwaters District. See "USES OF PROCEEDS." The Headwaters IGA provides that

all payment obligations of the District to the Headwaters District thereunder shall be payable on a basis subordinate to the Bonds.

The Headwaters IGA also provides that so long as general obligation bonds of the District are outstanding (including the Bonds), all Capital Fees shall be paid by the Headwaters District to the District as security for such bonds. The Headwaters IGA further provides that the Headwaters District will provide all operational services of the District, including: serving as the custodian of District records, coordinating all Board meetings, providing budgeting and financial statement services to the District, administering District insurance and elections, responding to inquiries from the District's taxpayers, coordinating bond issues, and overseeing investment of District funds. The District agrees to pay for such services by paying the Service Costs (net of available Sales and Use Taxes) annually to the Headwaters District. The District's planned source of funds for Service Costs is (i) the portion, if any, of the Required Mill Levy which is not required to pay debt service on the Bonds, (ii) the Operations Fee, and (iii) advances from the Developer.

SolVista Funding Agreement. On June 7, 2006, the District, the SolVista District and the Trustee entered into an Intergovernmental Funding Agreement dated as of June 1, 2006 (the "SolVista Funding Agreement"). This agreement provides that the District will transfer a portion of the proceeds of the Bonds to the Developer and SolVista for past infrastructure costs and for other qualified costs. In exchange, the SolVista District agrees to impose the SolVista Mill Levy, which is defined as a mill levy of 25 mills upon the property in the SolVista District, net of Annual Operating Costs. Annual Operating Costs is defined as, for each fiscal year, $12,500, except that such amount is $35,000 for 2007, for the purpose of permitting the SolVista District to pursue dissolution in 2007, and that for any year following the dissolution of the SolVista District, such amount is $6,000, or such lesser amount as may be necessary to fund administrative costs of the SolVista District. The SolVista Tax Revenues, which is defined in the Indenture as the revenues resulting from the imposition of the SolVista Mill Levy (excluding the portion of the specific ownership tax which is paid to the SolVista District) constitutes a portion of the Pledged Revenue. See "SECURITY FOR THE BONDS – Pledged Revenue – SolVista Tax Revenues." Financial information concerning the SolVista District is provided in "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – SolVista Property Tax Data," "SOLVISTA DISTRICT FINANCIAL INFORMATION" and Appendix H. See "RISK FACTORS - Risks Related to the SolVista Tax Revenues."

The SolVista Funding Agreement provides that the obligation of the SolVista District to pay the SolVista Tax Revenues constitutes an irrevocable lien upon such revenues. In the agreement, the SolVista District agrees to levy on all of the taxable property of the SolVista District, in addition to all other taxes, direct annual taxes in each of the years 2006 to 2025, inclusive (for collection in 2007 to 2026), in the amount of the SolVista Mill Levy. Such taxes shall be levied, assessed, collected and enforced a the time and in the manner and with like interest and penalties as other general taxes in the State.

Pursuant to a separate Reimbursement Agreement among the SolVista District, the Developer and SolVista dated as of June 1, 2006, the SolVista District has agreed to cause to be paid to the Developer and to SolVista certain proceeds of the Bonds in accordance with the SolVista Funding Agreement described above. Such payment is made as reimbursement to the

Developer and SolVista for the cost of prior installation of public improvements serving the property in the SolVista District.

Capital Facilities Fee Agreements. The Headwaters District and the Developer are parties to a Capital Facilities Fee Agreement dated June 1, 2005, and the Headwaters District and the Aspen Meadows Developer are parties to a Capital Facilities Fee Agreement dated July 1, 2005. Pursuant to the agreements, the Developer and the Aspen Meadows Developer agree to the imposition and payment of the Capital Fee.

Developer Agreements. Prior to the issuance of the Bonds, the District and the Developer will enter into the Guaranty Agreement (described in "SECURITY FOR THE BONDS – Additional Security – Guaranty Agreement") and the Lot Sale Escrow Agreement (described in "SECURITY FOR THE BONDS – Additional Security – Lot Sale Escrow Agreement").

Insurance Coverage

The Board acts to protect the District against loss and liability by maintaining certain insurance coverage. Currently, the District maintains insurance through the Colorado Special Districts Property and Liability Pool ("CSDPLP"). CSDPLP was established by the Special District Association of Colorado in 1988 to provide special districts with general liability, auto/property liability, public officials' liability and workers' compensation insurance coverage as an alternative to the traditional insurance market. CSDPLP provides insurance coverage for over 700 special districts (as of December 31, 2004) and is governed by a nine-member board of special district representatives. The District's current policy expires on January 1, 2007, and provides public entity liability coverage (including general liability and public officials' liability) with a limit of $1,000,000 per occurrence.

FACILITIES AND SERVICES

As set forth in the Service Plan, the primary purpose of the Districts is to provide the following services and/or facilities: streets, roadways and drainage; traffic and safety protection; parks and recreation; sanitation; water; transportation; mosquito control; and television relay and translator systems. A portion of these facilities currently exist and the remainder are expected to be constructed. Pursuant to the Headwaters IGA, the Headwaters District is expected to provide street maintenance services and park and recreation services. The Town, other local governments, and private utilities are expected to provide remaining facilities and services to the property in the District, as described below.

Status of Infrastructure Development

Portions of Granby Ranch were improved with basic public infrastructure beginning in the 1970's. Streets, water and sanitary sewer facilities and other necessary infrastructure currently exists to enable access to, and the operation and use of, the Ski Area, Golf Course, Kicking Horse Property and portions of the planned remaining residential development within the District. Since it became involved with the Development in early 2005, the Developer has been engaged in designing, planning and installing additional public improvements, and expects this process to continue in future years as development progresses.

The Developer estimates that as of early 2005, the cost of the remaining public improvements necessary to serve the property in the District was approximately $48 million. In 2005, the Developer spent approximately $2.6 million installing such improvements, leaving approximately $45.4 million remaining. The District anticipates (based upon the expectation that the Restricted Account of the Project Fund will be released to the Unrestricted Account) that approximately $7.1 million of Bond proceeds will be used for construction of additional projects. The District further estimates that approximately $18.3 million of the remaining amounts will be paid for by future bulk lot purchasers, such as Village Homes and the Eisenhower Cabins Developer. The District expects that the remaining $20.0 million will be financed by the Developer. See "RISK FACTORS – Completion of Facilities" and "USES OF PROCEEDS."

Description of the Public Improvements

Street, Roadways and Drainage. The Service Plan permits the design, financing, acquisition, installation, construction, operation and maintenance of streets and roadways, including curbs, gutters, culverts, storm sewer systems, detention ponds, drainage facilities, sidewalks, parking and other street improvements. Granby Ranch is currently accessed via U.S. Highway 40. The eastern boundary of the District is located at the intersection of U.S. Highway 40 and Village Road. Street improvements planned to be constructed to allow access to all of the property in the District consist primarily of internal streets located near the Ski Area and the Golf Course, approximately one mile east of Highway 40. The Town IGA provides that the remaining streets within the District will be owned and maintained by the Headwaters District. Funds to maintain the streets are expected to be provided by the District. See "THE DISTRICT – Headwaters IGA", " – Town IGA" and "DISTRICT FINANCIAL INFORMATION – Sources of District Revenue."

The Developer's development plan for Granby Ranch includes the construction of a new entrance to Granby Ranch from U.S. Highway 40 along Granby Ranch's south boundary. According to the Developer, the new entrance will offer more convenient access to Granby Ranch from Denver and Winter Park, as well as providing more control over the land uses at the entrance than is provided by the current entrance. The new entrance will require the construction of an interchange with U.S. Highway 40, as well as the improvement and eventual paving of an existing dirt road which would become the new road from the entrance to the center of Granby Ranch. The estimated cost of these improvements (including related utilities) is $3.2 million, depending upon the types of improvements ultimately constructed. The District does not expect, however, to use Bond proceeds for these improvements, and therefore no source of funding for the improvements has yet been identified. Although the Developer currently plans to construct the new entrance and road in 2007, such plans are subject to change, and it is possible that the new entrance and road could be delayed or not constructed at all.

Traffic and Safety Protection. The Service Plan permits the design, financing, acquisition, installation, construction, operation and maintenance of traffic and safety protection facilities and services through traffic and safety controls and devices on all streets and roadways, including street lighting and signage. All such facilities are expected to be owned and operated by the Headwaters District. Funds to maintain the streets are expected to be provided by the District. See "THE DISTRICT – District Agreements - Headwaters IGA", " – Town IGA" and "DISTRICT FINANCIAL INFORMATION – Sources of District Revenue."

Parks and Recreation. The Service Plan permits the design, financing, acquisition, installation, construction, operation and maintenance of public parks and recreation facilities or programs, including grading, irrigation, playgrounds, ski areas, golf courses, trails, a swimming pool facility, lakes, open spaces and other recreational facilities. Of these proposed facilities, the Ski Area and Golf Course exist, although currently both are owned and operated by the Developer, subject to the Lease Purchase Agreement. In addition, certain trails exist which are owned and maintained by the Headwaters District. The District anticipates that the Headwaters District will provide additional recreational facilities. See "THE DISTRICT – Description of the Headwaters District."

The Town IGA requires the Districts to provide preferred access to ski, golf, park and fishing amenities for persons who make their primary residence in the Town, but outside of the Districts. The Town IGA establishes a three-tier system pursuant to which District residents who pay the Amenity Fee have first priority to the amenities, Granby residents who live outside of the Districts have second priority to the amenities, and the general public has third priority to the amenities. The Town IGA grants Granby residents particular discounts on greens fees and ski passes during certain times of the year. The boards of directors of the District and the Headwaters District have imposed the Amenity Fee upon the property in the District, and the payment of such fee by a resident permits the resident to use park and recreation facilities as described in "THE DEVELOPMENT – Recreational Amenities." The Amenity Fee is also described in "DISTRICT FINANCIAL INFORMATION – Sources of District Revenue" and "THE DISTRICT – Description of the Headwaters District."

Sanitation. The Service Plan permits the design, financing, acquisition, installation, construction, operation and maintenance of storm and sanitary sewer system, including collection lines, lift stations, treatment facilities, drainage and disposal facilities. Sanitary sewer facilities necessary to service the Ski Area, Golf Course, Kicking Horse Property and other existing development are in place and service is provided by Granby Sanitation District ("Granby Sanitation"). A portion of the proceeds of the Bonds are expected to finance additional sanitary sewer lines, lift stations and similar facilities necessary to service the remaining undeveloped property in the District. The sanitary sewer facilities within the District are owned (and, in the case of the future facilities, expected to be owned) by the Granby/Silver Creek Water and Wastewater Authority (an entity formed and governed by the Town and the Silver Creek Water and Sanitation District) or by the Town, depending upon the facility.

Effluent from the Development is currently treated at a wastewater treatment plant owned and operated by Granby Sanitation. Granby Sanitation is obligated to provide treatment for all of the property in the District (other than 20 lots in Tall Timbers, 17 lots in Peak View and the approximately 70 lots planned for Mountain Vista) pursuant to a 2004 agreement between Granby Sanitation and the Town. Granby Sanitation is expected to agree to provide treatment for the remaining property in the District pursuant to a 2006 agreement with the Town, which is currently in the final stages of negotiation but has not yet been executed by the parties. The 2006 agreement is expected to provide that future service is contingent upon the payment of all applicable Granby Sanitation fees at the time service is requested. Further, there is no capacity reserved for the property within the District and service may not be available to serve the property within the District if Granby Sanitation's treatment facility has inadequate capacity at the time service is requested.

Granby Sanitation's current treatment facility is capable of serving approximately 2,800 single family equivalents. The treatment facility currently serves approximately 2,300 single family equivalents in a service area which includes not only a portion of Granby Ranch, but also portions of the Town and other surrounding areas and developments. The current facility is inadequate to serve all of the property in this service area. Accordingly, Granby Sanitation is planning to construct an approximately $7.6 million expansion to the treatment plant in 2006-08 so that it will have additional capacity to treat effluent associated with additional development. Whether the expansion will be sufficient to treat all of the effluent from the District at its build-out will depend upon the level of additional development in other parts of the Granby Sanitation's service area which are not within the District; however, based upon the existing development and known planned development within the service area, the Developer believes that the expansion will be sufficient to serve all of the property in the District. The expansion is planned to be financed with reserves on hand (approximately $2.8 million) and with the proceeds of a loan provided by the Colorado Water Resources and Power Development Authority, a State agency, in the amount of $4,810,728. This loan closed on May 24, 2006. Construction is expected to start in July 2006 and be completed by January 2008. The expanded plant is designed to increase Granby Sanitation's treatment capacity from .995 million gallons per day to 2.0 million gallons per day, which, according to Granby Sanitation, will permit it to serve approximately 7,100 single family equivalents. Granby Sanitation expects to close this loan and finance and construct the expansion as described above; however, the treatment plant expansion is not within the control of the District or the Developer, and is not guaranteed to occur as described above. See "RISK FACTORS – Completion of Facilities – Sanitary Sewer Treatment."

Water System. The Service Plan permits the design, financing, acquisition, installation, construction, operation and maintenance of water systems, including water distribution and transmission lines, hydrants, storage tanks, treatment facilities, wells, irrigation system and pumping facilities. A portion of the proceeds of the Bonds are expected to finance additional water lines and similar facilities necessary to service the remaining undeveloped property in the District. Potable water is currently provided by wells and is treated with chlorine.

Water rights to serve the Development are owned by the Town and by the Developer. Pursuant to the Annexation Agreement, the Town's water rights are used to provide domestic water service to the existing and planned residential and commercial development, and the Developer's water rights are used to provide irrigation water for the Golf Course and snowmaking water for the Ski Area. The amount of water rights owned by the Town are currently sufficient to provide domestic water service to Development, but are not sufficient to provide irrigation of landscaping of lots or any other outside irrigation. The Developer and the Town are currently negotiating an agreement which, if approved by the Town, would permit such irrigation upon the conveyance by the Developer of certain additional water rights to the Town. Water facilities within the District are owned (and, in the case of the future facilities, expected to be owned) by the Town and the Granby/Silver Creek Water and Wastewater Authority, depending upon the facility. The Developer states that the above-described water rights are sufficient to provide potable water service to the Development.

Transportation. The Service Plan permits the design, financing, acquisition, installation, construction, operation and maintenance of public transportation system

improvements, including infrastructure facilities for transportation equipment, bus systems and parking lots. At this time, the District has no plans to construct or operate such improvements, although such improvements are contemplated in the future. The Town IGA provides that the District will impose a property tax in the amount of five mills or so much thereof as is necessary to fund the operation of an internal public transportation system, provided that the District will not be required to impose this mill levy until certificates of occupancy for at least 700 single family equivalents are issued within the Development. See "RISK FACTORS – Risks Related to the Town IGA" and "SECURITY FOR THE BONDS – Pledge Revenue – Required Mill Levy."

Mosquito Control. The Service Plan permits the design, financing, acquisition, installation, construction, operation and maintenance of systems and methods for the elimination and control of mosquitoes, rodents and other pests. At this time, the District does not plan to construct any such systems or methods, and any exercise of this power requires Town approval under the Town IGA.

Television Relay and Translation. The Service Plan permits the design, financing, acquisition, installation, construction, operation and maintenance of television relay and translator systems and related electronic and cable systems, subject to the Town IGA and the limitations of the Special District Act. At this time, the District does not plan to construct any such systems or methods, and any exercise of this power requires Town approval under the Town IGA.

Design Standards

The Service Plan requires that all public improvements that are acquired, constructed, installed, completed, operated and maintained in the Districts be constructed and operated in conformance with the current regulations of the Town and other utility providers. Water and sanitary sewer improvements are required to be designed and installed to conform to current standards, specifications and regulations of the Colorado Department of Public Health and Environment, Granby Sanitation District and the Town, as applicable.

Governmental and Other Services to the District

Granby Ranch is served by a variety of public and private agencies for basic services. Xcel Energy provides natural gas service and Mountain Parks Electric provides electric service. Qwest Communications provides local telephone service. The Town regulates land uses and zoning, issues building permits and enforces building codes, and provides police protection and water services. Fire protection is provided by Grand Fire Protection District No. 1. The nearest fire station to Granby Ranch is located on U.S. Highway 40 near the western boundary of the District. Sanitary sewer service is provided by Granby Sanitation District (as described above). Park and recreation services and street maintenance and plowing services are provided by the Headwaters District. Public education is provided by Grand County East Grand School District No. 2. The nearest public schools are Granby Elementary School, East Grand Middle School and Middle Park High School. All three schools are located in or near downtown Granby approximately four miles from Granby Ranch. Public library services are provided by Grand County Library District.

THE DEVELOPMENT

The information contained in this section has been supplied by Granby Realty Holdings LLC and contains important information concerning the Developer and the Development (both as defined below). Investors are urged to review this information carefully before making an investment in the Bonds. Neither the District nor the Underwriter make any representation regarding the projected development plans, the financial soundness of the Developer, or the Developer's ability to complete the Development as planned. See "RISK FACTORS" for a discussion of some of the primary development risks associated with the development of the remaining undeveloped property in the District, and "FORWARD-LOOKING STATEMENTS."

The Developer

Granby Ranch is being developed by Granby Realty Holdings LLC, a Colorado limited liability company which was formed on July 28, 2004, and commenced operations on March 21, 2005 (the "Developer"). The two members of the Developer are SolVista Corp., a Colorado corporation formed in 1995 ("SolVista"), and Granby Investments LLC, a Delaware limited liability company formed in 2006 ("Granby Investments"). The manager of the Developer is Gerald E. Engle (the "Manager"). Michael S. Gilliland, Lance Badger and Marise Cipriani also manage the project with Mr. Engle. Mr. Gilliland and Mr. Badger manage with Mr. Engle pursuant to a Management Services Agreement by which these individuals have responsibility for the day-to-day operation of the Developer. Ms. Cipriani is retained by the Developer in her individual capacity as an officer of the Developer to provide additional assistance to Mr. Engle. Prior to May 3, 2006, the sole member of the Developer was SolVista. Effective May 3, 2006, Granby Investments acquired a 35% interest in the Developer. Information regarding Granby Investments is provided below under "Developer's Business Plan – Additional Funding."

The stated purpose of the Developer is to operate, maintain, improve, lease, sell and manage approximately 5,000 acres of property constituting the Ski Area, Golf Course, and the remaining undeveloped portions of the Granby Ranch development ("Granby Ranch" or the "Development") and to operate the Ski Area and the Golf Course. SolVista acquired the property in 1995, and from 1995 to 2005 was engaged in the business of operating the Ski Area (described below) and developing the property. In 2000 and 2001, SolVista participated in the development of the 115-unit Kicking Horse Lodges condominium project, and in 2003 and 2004, developed the Golf Course (described below). See "Current and Proposed Development Activity – Kicking Horse Property" below. In 2005, the Developer became active, and SolVista contributed the Ski Area, the Golf Course and the undeveloped property in the Development to the Developer.

Management of the Developer is vested in the Manager, who has full authority to conduct the business of the Developer, except for certain major decisions which require the consent of SolVista and Granby Investments. Biographical information regarding the Manager, other key employees of the Developer, and the primary owner of SolVista, is set forth below.

Management Team. The following individuals constitute the management team of the Developer.

Marise Cipriani, CEO of SolVista and an officer of the Developer. Ms. Cipriani is the chief executive officer of SolVista and one of the officers of the Developer. She managed the Development since SolVista acquired it in 1995, and currently co-manages it in her capacity as an officer with Mr. Engle as Manager, and Mr. Gilliland and Mr. Badger as officers. Ms. Cipriani was born and raised in São Paulo, Brazil, and attended business school in Brazil. Prior to acquiring the property in Granby Ranch in 1995, her experience included advertising and marketing work for TransBrasil airlines, which was founded by her family, participating in the launch of an international airline in Orlando, Florida, and founding a Brazilian advertising agency. She currently resides in Boulder, Colorado, but travels frequently to Brazil, where she sits on the board of directors of Sadia S.A., the largest food and meat provider in Latin America, which was also founded by her family.

Gerald E. Engle, Manager. Since the Developer began operations in 2005, Mr. Engle has served as Manager of the Developer. Mr. Engle was a principle owner and co-founder of the Cordillera Group, LLC, which has developed and operated several Colorado planned communities, including Cordillera, Catamount, Mayacama and, until recently, Club at Crested Butte developments (all of which are described below). Prior to his experience in the development of these communities, from 1989 to 1990, he was a partner at Trammell Crow Company in its Boston Residential Division. Mr. Engle also served as vice president of real estate and village operations for Copper Mountain Resort from 1984 to 1989. While at Copper Mountain, he was responsible for overseeing the mountain expansion plan and the development of a golf course community. Mr. Engle received his undergraduate degree in urban planning and landscape architecture from Michigan State University and his graduate degree in business from the University of Colorado.

Michael Gilliland, Officer. Since commencement of the Developer's business in March 2005, Mr. Gilliland has served as one of two managers. Commencing May 3, 2006, he began serving as an officer pursuant to the Management Services Agreement, and is no longer a manager. Mr. Gilliland was also a principal owner and co-founder of the Cordillera Group, LLC, and was directly involved with the planning and development of the Cordillera, Catamount, Mayacama and Club at Crested Butte developments discussed below. Mr. Gilliland has been involved with real estate development and hospitality since 1981, when he headed the real estate acquisition and development group of Milgrim Thomajan & Lee, a New York City law firm. He received his undergraduate and law degrees from the University of Minnesota and his Master of Laws in Taxation from New York University. Mr. Gilliland is a member of the Malkerson Gilliland Martin LLP law firm in Minneapolis, but devotes a significant amount of his time to the Granby Ranch project. Mr. Gilliland only acts as an officer of the Developer and does not act as legal counsel.

Lance Badger, Vice President Development. Mr. Badger is the Vice President of Development for the Developer and is engaged to assist in management as an officer of the Developer under the Management Services Agreement. Previously, he served as Vice President of Development for Cordillera for approximately 12 years and was involved with all phases of the development process for a variety of Cordillera projects. He holds a B.A. in

Architecture from Columbia College and a Master of Science in Real Estate Development from Columbia University. Prior to joining Cordillera, Mr. Badger worked for Kenneth Leventhal & Company in Washington, D.C., conducting asset evaluations in the securitization and bulk sale of real estate assets for a variety of institutional clients. Mr. Badger also has extensive experience in the fields of architecture and construction, having managed the development of a variety of residential and mixed-use properties across New England.

Kyle Harris, Director of Development. Kyle Harris is the Director of Development for the Developer. He received his undergraduate degree from Duke University in 1991. Upon graduation from Duke, Mr. Harris was employed by Andersen Consulting, now Accenture, and worked as an information technology and strategy consultant in the firm's Financial Services practice. He left Accenture in 1997 to pursue his MBA from the Wharton School at the University of Pennsylvania, which he received in 1999. Mr. Harris then joined the Resort and Recreation Group of the Hines organization. He served concurrent roles as Project Manager and General Manager of the Zephyr Mountain Lodge, a mixed-use project at the base of Winter Park Resort containing 230 residential condominium units and 27,000 sq ft of commercial space. Mr. Harris left Hines in 2003 and began a consulting engagement with Devil's Thumb Ranch, a 4,000 acre high-end resort near Winter Park. He also provided real estate consulting services for the proposed Elk River Ranch, a 1,400 high-end residential development north of Steamboat Springs in Routt County. He joined the Developer in 2004.

Development Team Experience. Mr. Engle, Mr. Gilliland and Mr. Badger were all primary participants in the development of the Cordillera and Catamount mountain developments in Colorado, as well as the Mayacama Golf Club in Sonoma County, California. Recently, Mr. Engle also participated as manager of the Club at Crested Butte in Mount Crested Butte, Colorado. Cordillera is a 7,000 acre community in the Vail Valley which includes four golf courses, five restaurants, the Lodge and Spa at Cordillera, and numerous other recreational facilities. Cordillera was commenced in approximately 1993, and all residential property has been sold by the developer. Catamount is a 4,600 acre community in the Steamboat Springs area which includes a golf course, private lake, outfitter's center and other amenities. Catamount was commenced in the late 1990's, and all residential property has been sold by the developer. Mayacama Golf Club is a 600-acre community in Sonoma County which includes a golf course and residential sites. Mayacama was commenced in 1998, and substantially all of residential property has been sold by the developer. The Club at Crested Butte is a golf course and residential community which was managed by Mr. Engle, and which has also sold most of its home sites. Ms. Cipriani has been involved in the management of the Development for over 10 years, including development and sales activities, the organization of the Districts, the annexation of the Development into the Town in 2004, the construction of the Golf Course and related infrastructure, and the management of the Ski Area and Golf Course and other aspects of the Development.

The Developer's Business Plan

The following information has been provided by the Developer for inclusion in this Limited Offering Memorandum as the Developer's description of its overall business plan. Neither the District nor the Underwriter make any representation regarding this information. See "RISK FACTORS" and "FORWARD-LOOKING STATEMENTS."

General. The Developer's business plan for Granby Ranch is based upon the following: a project capitalized with equity, private debt and debt issued by metropolitan districts, sales of lots marketed primarily to second home buyers at a price within a broad demographic range, and a wholesale program offering large parcel "bulk" homesite sales to reputable regional homebuilders with established customer bases in the greater Denver metropolitan area (the Front Range) and mountain communities.

Capital Expenses of the Developer. Mountain projects the size and scale of Granby Ranch require a significant investment in road, utility and amenity infrastructure, as well as in land approvals and negotiations with local governments. As an existing development, a portion of this infrastructure and approvals are already in place necessary to serve a portion of the Development, including a portion of the property in the District. Additional infrastructure and approvals are required to complete the Development, including the property within the District.

Prior Investment in the Development. The Developer has been actively involved in the Development since mid-2005, and SolVista has been involved in the Development since 1995. During that time and preceding this involvement, infrastructure necessary to serve the Ski Area, Golf Course, and a portion of the residential property in the District was constructed. See "RISK FACTORS – Completion of Facilities" and "FACILITIES AND SERVICES – Status of Infrastructure Improvements." In addition, a significant amount of work has been conducted in connection with the entitlement of the Development. The Development was annexed to the Town in 2003 and was zoned for development of 4,349 residential units and 1,310,000 square feet of commercial development pursuant to a Planned Development Overlay District Preliminary Plan (described below). Pursuant to the Annexation Agreement entered into with the Town in connection with the annexation, certain vested rights with respect to the Development were established. Further, SolVista and/or the Developer have conducted significant engineering, surveying and similar work, and significant portions of the property in the District are either platted or are the subject of subdivision applications that are pending before the Town.

Future Development Costs. The remaining project capital expenses consist primarily of completing roads and utilities, improving and refurbishing existing ski and golf amenities such as the ski lodge and golf clubhouse, constructing and connecting a new South entry and planning and designing new complementary amenities. The Developer is currently considering a pub/restaurant, trails and a community center as potential community amenities to be constructed within the Development. Additional planning and engineering will also be required as the project expands. See "RISK FACTORS – Completion of Facilities" and "FACILITIES AND SERVICES – Status of Infrastructure Improvements."

Operational Expenses of the Developer. The ongoing operational costs of the Developer consist of three primary components. First, as a land developer, the Developer employs personnel for its sales, development planning, accounting and other needs. It also retains a variety of outside consultants such as engineers, surveyors, auditors and legal counsel, and incurs various other costs associated with the development of Granby Ranch. Second, as the operator of substantial existing facilities, consisting primarily of the Ski Area and the Golf Course, the Developer employs the necessary staff to operate and maintain these facilities, and charges the Headwaters District for the expenses associated with those employees and for the Developer's management services. Third, the Developer is obligated by the Operation Funding Agreement and the Amenities Management Agreement, subject to certain limitations, to finance any shortfalls in the operating budgets of the District and the Headwaters District. See "THE DISTRICT – Description of the Headwaters District."

The financial results of the Ski Area and the Golf Course for 2005 are reflected in the financial statements of three entities. For the period January 1, 2005 through March 20, 2005, the Ski Area and Golf Course were owned and operated by SolVista. For the period March 21, 2005, through May 31, 2005, the Ski Area and Golf Course were owned and operated by the Developer. For the period June 1, 2005 through December 31, 2005, the Ski Area and Golf Course were owned and operated by the Developer, but were leased to the Headwaters District. The Developer has reviewed the financial statements of SolVista, the Developer and the Headwaters District, and has combined the financial results of the Ski Area and Golf Course for the entire year. During calendar year 2005, the Ski Area operated at a loss of $194,753, and the Golf Course operated at a loss of $516,628 (excluding depreciation and a one-time inventory adjustment in the amount of $93,872 associated with the transfer of the assets to the Headwaters District). For the year ending December 31, 2006, the Ski Area and Golf Course are forecast to operate at losses of $37,000 and $596,000, respectively (excluding depreciation).

The financial statements of the Developer, which are attached hereto as Appendix I, cover the period March 21, 2005 through December 31, 2005. Such financial statements provide, in Note D thereto, that for this period, the Ski Area and Golf Course operated at losses of $752,061 and $435,368, respectively (excluding depreciation and a one-time inventory adjustment in the amount of $93,872 associated with the transfer of the assets to the Headwaters District). These figures represent the actual revenues and expenditures of the Ski Area and Golf Course for the period March 21, 2005 through May 31, 2005. For the period June 1, 2005 through December 31, 2005, the revenues and expenditures of the Ski Area and the Golf Course are reflected in the financial statements of the Headwaters District (which are not attached hereto, but are available upon request); however, because the Developer is required by the Operation Funding Agreement and the Amenities Management Agreement to finance any shortfalls in the operating budgets for the Ski Area and Golf Course (subject to certain limitations), the Developer's financial statements include this shortfall for the period June 1, 2005 through December 31, 2005. The Developer capitalized this shortfall as a development cost, as described further in Note D to Appendix I.

Sources of Funding for Capital and Operational Needs. The Developer is planning on the following sources of revenue to finance the capital and operational requirements summarized above.

Operational Revenue. The Developer's primary source of operational revenue is the revenue it receives, and expects to receive, through its land development activities, primarily the bulk sale of lots to homebuilders, but also including the sale of individual lots, and the planned sale of certain property to commercial developers. The Village Homes closing anticipated to occur on or before June 30, 2006 (as described below under "Current and Proposed Development Activity") is expected to total approximately $2.0 million, approximately $1.7 million of which is expected to be used repay a portion of the outstanding balance of the revolving line of credit portion of the Development Loan (as described in "Development Financing" below), thereby freeing additional debt capacity under the revolving credit facility to the extent such proceeds are applied to the outstanding balance under the revolving credit facility.

Proceeds of the Bonds. The net proceeds of the Bonds are expected to be used by the District to finance the construction of additional public improvements which are necessary for the development of Granby Ranch. See "RISK FACTORS – Completion of Facilities" and "FACILITIES AND SERVICES – Status of Infrastructure Improvements."

Amenity Fee Revenues. The Developer expects that the Headwaters District will continue to impose and collect the Amenity Fee and pay the revenue from the fee to the Developer as lease payments pursuant to the Lease Purchase Agreement. Fifty percent of these lease payments to the Developer are required to be paid to the Development Lender and applied to repayment of the term loan as described below in "Development Loan." See "THE DISTRICT – Description of the Headwaters District" and Appendix K.

Shared Sales and Use Taxes. The Developer expects the Headwaters District to receive Shared Sales and Use Taxes revenue pursuant to the Annexation Agreement, which is expected to be applied to the operational costs of the District and the Headwaters District. Such revenues, however, are subject to annual appropriation by the Town's Board of Trustees. See "DISTRICT FINANCIAL INFORMATION – Sources of District Revenue – Potential Sales and Use Tax Revenue."

Private Debt Financing. The Developer currently has in place the Development Loan (defined and described below under "Development Financing"), which is a $35.5 million credit facility consisting of a $19.0 million term loan, a $13 million revolving line of credit and a $3.5 million letter of credit facility. The Development Loan has been in place since June, 2005. As of May 15, 2006, $16.8 million was outstanding on the term loan, $9.5 million was outstanding on the revolving line of credit and approximately $1.9 million face amount of letters of credit were issued and outstanding under the letter of credit facility. There is no guarantee that any additional equity and/or credit will be obtained for the Development.

Additional Funding. On May 3, 2006, Granby Investments contributed $10 million ($2 million of which was required to be distributed to SolVista Corp.), plus a commitment to provide an additional $5 million of subordinate funding to the Developer within the next five years, in exchange for 35% ownership of the Developer. The commitment to provide an additional $5 million of subordinate funding is subject to a number of material terms and conditions, including (i) the Development Lender agreeing to a $5 million increase in the revolving credit facility of the Development Loan, (ii) certification by the Manager of the

Developer that there will be a reasonably foreseeable cash shortfall of the Developer within 90 days which is not reasonably expected to be funded by revenues or other financing and presentation of a revised budget and long term plan to be approved by the members of the Developer which demonstrates how any such loan would be repaid in accordance with its terms without causing the Developer to be in default of any of its contractual obligations, and (iii) absence of any good faith claim for indemnity under a membership interest purchase agreement that could result in such investor having the right to terminate its commitment to make the loan. In addition, this commitment expires on May 1, 2011, or earlier if the Developer refinances the Development Loan with a loan exceeding $40 million.

Granby Investments is controlled by Richard Divine and majority-owned by the Divine family, through various affiliates. The Divine family, represented by Richard Divine, is involved in several real estate projects as investors and/or developers. Among other investments, the Divine family owns the Club at Crested Butte and certain property approved for condominium development at the base of Mt. Crested Butte ski area, which it owns in an affiliated entity. Mr. Engle has, through his Cordillera affiliation, managed the Divine family's development of the Crested Butte golf course property and home sites. Mr. Engle has worked with the Divine family in other community development projects.

Investors should rely on their own due diligence of the District and make their own decision whether to purchase the Bonds irrespective of the decision of Granby Investments to invest in the Developer. See "RISK FACTORS."

The participation of Granby Investments in Granby Ranch is evidenced by an Amended and Restated Operating Agreement of the Developer dated as of May 1, 2006, which provides (in addition to the contribution of capital and subordinate funding commitment described above), that the Developer will be managed by Mr. Engle, Ms. Cipriani, Mr. Gilliland and Mr. Badger and that certain major decisions will require the approval of both SolVista and Granby Investments. These major decisions include, for example, any merger, reorganization, consolidation, dissolution or similar restructuring of the Developer; the sale, lease or other disposition of real property; the purchase, lease or other acquisition of real property; the incurrence of indebtedness, other than in the ordinary course of business; refinancing all or part of any existing indebtedness in an amount not greater than the original outstanding amount of such indebtedness; providing a Developer guaranty; settlement of claims against the Developer; commencement of legal action; the approval of any contract or transaction between the Developer and any member, manager or their respective affiliates; amendment or modification of the Developer's long term plan or annual budget by more than 5%; removal and retention of a Manager; making any tax elections; lending Developer funds to affiliates or third parties; making investments of Developer funds other than in the property in the Development or in cash equivalents; removal or designation of the Developer's independent accountants, including audit accountants or tax accountants; filing a voluntary petition in bankruptcy; zoning or rezoning (other than modifications to zoning that do not reduce the residential, commercial or other entitlements in place as of the date hereof); and amending the articles of organization of the Developer or its operating agreement.

Developer Financial Statements. Attached hereto as Appendix I are the Developer's audited financial statements for the period March 21, 2005, through December 31, 2005. As noted in the preceding section, Granby Investments funded the acquisition of a 35% interest in the Developer on May 3, 2006, for the purchase price of $10 million of cash and a commitment to provide $5 million of subordinate financing to the Developer. The terms of the acquisition provide that $8 million of the cash contribution will be retained by the Developer for its operating needs, and $2 million will be distributed to SolVista. The assets and member's equity reflected on the balance sheet on page 5 of Appendix I do not reflect this $8 million cash contribution.

Attached hereto as Appendix J is the Developer's budget projection for the project (the "Developer Budget") for years 2006-09. The budget includes projected revenues and expenses of the Developer, as well as projected District bond proceeds which are available for infrastructure costs, projected Developer advances to the District for District operations and maintenance costs and projected shared sales and use tax revenue. *The Developer Budget has been prepared internally by the Developer. No independent certified public accountant has reviewed this information, nor has any independent certified public accountant performed any agreed upon procedures on such information. Further, the Developer Budget is based on key assumptions made by the Developer, including, but not limited to, prospective lot sales, development costs, operational costs, and the availability of development financing. Like any forecast, the Developer Budget is inherently subject to variations in the assumed data. Actual results will vary from those projected, and such variations may be material. See Page J-1, "FORWARD-LOOKING STATEMENTS" and "RISK FACTORS."*

General Description and Location

The Granby Ranch development contains approximately 5,000 acres within the southern portion of the Town. The current entrance to Granby Ranch is located approximately 2 miles from the Town's commercial core, 15 miles north of the Winter Park Ski Resort and 78 miles west of Denver. The Development currently consists of vacant property which has been approved by the Town for 4,349 single family residences and 1.3 million square feet of commercial space, and also includes forests, mountain areas, meadows and a segment of the Fraser River, as well as the Ski Area and Golf Course, and certain residential property under development. Of the approximately 5,000 acres constituting the Development, approximately 972 acres, or 19%, is within the boundaries of the District. The portion of the Development which is within the District consists primarily of (a) the Ski Area and Golf Course, (b) three Village Homes subdivisions currently under development, (c) a planned multi-family project known as Aspen Meadows; (d) several single family neighborhoods currently under development by the Developer and offered for sale to individual homebuyers; and (e) undeveloped property planned for future residential and commercial uses. Current and proposed land uses are described in further detail below.

The Kicking Horse Property is located within the overall area of the Development; however, this property was not owned by the Developer or SolVista in 2003 when Granby Ranch was annexed to the Town in 2003. Accordingly, the Kicking Horse Property is not within the Town and is not within the area referred to herein as "Granby Ranch" or the "Development."

Land Uses Within the Development

Development of property within Granby Ranch requires (a) compliance with existing zoning requirements pertaining to the Development, (b) Town approval of final planned development plans, (c) Town approval of the subdivision and platting of the property and (d) compliance with other Town permit requirements (e.g., building permit and certificate of occupancy). Development of the property within Granby Ranch also requires construction of additional infrastructure. See "FACILITIES AND SERVICES – Status of Infrastructure Development," "FACILITIES AND SERVICES - Description of Public Improvements" and "RISK FACTORS."

Zoning. Granby Ranch was annexed into the Town pursuant to an Annexation and Development Agreement dated March 5, 2003 (the "Annexation Agreement"). The property in Granby Ranch is therefore subject to the Granby Zoning Ordinance (the "Zoning Ordinance"), which governs land uses within the Town. The Zoning Ordinance establishes various zoning districts throughout the Town, and also permits the Town to zone property by creating a unique planned development overlay district (an "Overlay District") for that property. As authorized by the Zoning Ordinance, the Town and SolVista entered into a "Planned Development Overlay District Preliminary Plan for SolVista Golf & Ski Ranch" dated March 5, 2003, as amended in December 2004 (as amended, the "Zoning Plan"), which created a unique Overlay District for the property in Granby Ranch. The Kicking Horse Property was zoned and developed prior to the approval of the Zoning Plan and therefore is not included in the Zoning Plan and is not within the boundaries of the Town.

The Zoning Plan constitutes the primary document governing land uses within the Development. Other than FPDP's (defined below), no additional zoning approvals or variances are required to build out the property in the District according to the Developer's current development plans. The Zoning Plan divides the Development into 12 planning areas, as follows:

Planning Area ("PA") and Zoning Summary

Planning Area ("PA")	Gross Acres	Permitted Residential Units (1)	Permitted Commercial Square Footage (1)	Zoning District(s)	Location of PA Relative to the District: PA is Within the District	PA is Outside of District	PA is Partially Within District
PA-1	357	266	10,000	SV-MU SV-RMU SV-O		X	
PA-2	367	192	20,000	SV-RMU SV-O			X
PA-3	313	50	--	SV-O		X	
PA-4	389	416	--	SV-RMU			X
PA-5	519	--	--	SV-O		X	
PA-6	29	310	--	SV-RMU		X	
PA-7	35	--	990,000	SV-MU		X	
PA-8	33	141	80,000	SV-MU	X		
PA-9	430	331	10,000	SV-MU SV-RMU		X	
PA-10	467	615	100,000	SV-MU			X
PA-11	589	988	20,000	SV-MU SV-RMU			X
PA-12	1,486	1,040	80,000	SV-MU SV-RMU		X	
TOTAL	5,014	4,349	1,310,000				

(1) The Zoning Plan permits the Developer to transfer up to 10% of the permitted residential units and commercial square footage from one planning area to another, provided that there is a corresponding decrease in the permitted units or square footage in another planning area. An exception to the foregoing statement permits the transfer of 90,000 square feet of commercial density from PA-1 to PA-7, neither of which are within the District.

Approximately 981 acres (approximately 31 of which are within the District, constituting 3% of the District) are within the SolVista-Open ("SV-O") zoning district. The intent of this district is to reserve the lands from intensive development. Permitted uses include detached single family dwellings, non-intensive agricultural production, recreational facilities, cultural facilities, bed and breakfast establishments and transit uses.

Approximately 3,080 acres (approximately 549 of which are within the District, constituting 57% of the District) are within the SolVista Residential Mixed Use ("SV-RMU") zoning district. The intent of this district is to allow for all types of dwelling units at varying densities, with limited non-residential uses providing amenities for the all season resort. Permitted uses include single family and multi-family dwellings, offices, retail, restaurants, recreational facilities, cultural facilities, churches, lodging and transit uses.

Approximately 872 acres (approximately 392 of which are within the District, constituting 40% of the District) are within the SolVista Mixed Use ("SV-MU") zoning district. The intent of this district is to allow for and provide a mix of residential, retail, commercial, eating and entertainment, office and civic uses and resort amenities. Permitted uses are similar

to the SV-RMU district, but include additional commercial uses such as convention facilities, entertainment complexes, gas stations and repair shops and distribution facilities.

Additional uses are permitted with the approval of the Town as described in the Zoning Plan. The Zoning Plan also establishes various development standards applicable to the Development, such as minimum lot sizes, setback requirements, building heights, maximum densities, parking requirements and other standards and requirements.

Final Planned Development Plan, Subdivision and Platting. Prior to development of any portion of the Development, applications for a Final Planned Development Plan (an "FPDP") and subdivision of such property must be approved by the Town. Typically, both of these applications are processed concurrently. The property within the District is partially platted and partially unplatted. The current subdivision and platting status of the property in the District is described in the following table. Approximately 252 acres (or 26% of the property in the District) were subdivided in 2005 and 2006 (although two of the plats have not yet been recorded and accordingly are not yet effective) and an additional approximately 85 acres (or 9% of the property in the District) are under review for subdivision by the Town.

The first portion of this table shows the 623 platted lots (subject to the requirement that the plat for Filing No. 5B, comprising 56 lots, must be recorded in order to become effective) and the additional 118 planned (but not yet platted) lots, or a total of 741 lots which are projected in the Phase I Forecast to be developed and are referred to in the table as the "Phase I Lots." In addition to the Phase I Lots, the District contains approximately 70 acres which may be developed as commercial and/or residential property. Such potential development is not projected to occur in the Phase I Forecast, but is shown as part of the Build-Out Projection. See "DISTRICT FINANCIAL INFORMATION - Forecast" and "RISK FACTORS – Forecast." Finally, the District contains areas already developed as the Ski Area and the Golf Course which are not expected to be developed for other uses, as well as open space areas which are never expected to be developed. Each of these categories of property are described in the following table. The data in this table is as of June 15, 2006.

Subdivision and Platting Summary – Property Within the District (1)

Filing (2)	Area	Acres	Approved Lots (3)	Planned Lots (4)	Units Constructed or Under Construction	Date Approved (5)	If Not Yet Approved, Date Submitted to Town (6)
Phase I Lots							
Filing No. 1	Tall Timbers	8.40	41	--	12	May 8, 2005	n/a
Filing No. 1B	Tall Timbers	23.79	60	--	--	March 28, 2006	n/a
Filing No. 2	Fairway	10.12	15	--	13	May 8, 2005	n/a
Filing No. 2B	Fairway	44.72	87	--	--	March 28, 2006	n/a
Filing No. 3	Ranch View	35.87	39	--	--	March 8, 2005	n/a
Filing No. 4	Aspen Meadows	22.59	141 (9)	--	--	July 12, 2005	n/a
Filing No. 5	Peak View Duplexes	6.23	32	--	12	May 8, 2005	n/a
Filing No. 5B	Peak View Duplexes	20.04	56	--	--	June 13, 2006	n/a
Filing No. 6	Saddle Ridge, a portion of Saddle Ridge II and Seven Eagles	53.14	55	--	--	July 1, 2005	n/a
Filing No. 6-2	Eagle Crest and portion of Saddle Ridge II	65.04	--	48	--	n/a	August 9, 2005
Filing No. 8	Eisenhower Camp	44.64	71	--	--	April 11, 2006	n/a
Silver Star PhII	Silver Star Townhomes	2.57	26	--	--	June 13, 2005	n/a
TBD	Mountain Vista	72.39	--	70	--	n/a	Summer 2006 (7)
Subtotal:		409.54	623	118	37		
Additional Developable Areas							
Filing No. 7	Entry Parcel	8.28	--	-- (10)		April 26, 2005	n/a
Wrangler's (12)	Range Camp	36.54	--	88		June 26, 2003	n/a
TBD	Base Camp	8.17	--	112 (11)		n/a	Summer 2006 (7)
TBD	Middle Camp	16.66	--	35		n/a	n/a
Subtotal:		69.65		235			
Property Unlikely to be Developed or Further Developed							
n/a	Ski Area	270.07	--	--			
n/a	Golf Course	150.76	--	--			
n/a	Director's parcel (8)	31.00	--	--			
n/a	Posting parcel (8)	1.82	--	--			
Filing No. 3	Tract G	36.59	--	--			
Filing No. 3	Tract D	2.57	--	--			
Subtotal:		492.81					
TOTAL:		972.00					

(Footnotes are on the following page).

(1) The Kicking Horse Property, which is not within the District but is subject to the SolVista Funding Agreement, was subdivided and platted in 2001-02, and is now fully built out. See "Current and Proposed Development Activity – Kicking Horse Property."
(2) Except for Filing 7, all of the property which has been subdivided and platted is also subject to a Town-approved FPDP.
(3) Constitutes the number of lots which have been platted and currently exist as legally subdivided lots, subject to the requirement that the plat for Filing No. 5B, consisting of 56 lots, must be recorded in order for such plat to become legally effective. See Note 5 below.
(4) Constitutes the Developer's current expectation as to the number of lots. *Such expectations are only projections and are subject to change. There is no guarantee that the Town will approve these plats for the number of lots currently expected by the Developer, or will approve the plats at all.*
(5) All of these plats have been recorded against the relevant property in the records of the County Clerk and Recorder (including Filings 1B and 2B, which were recorded on June 15, 2006), except the plat for Filing No. 5B. This plat was approved by the Town on June 13, 2006, but is not expected by the Developer to be recorded until the Fall of 2006. *Until recorded, the plat for Filing No. 5B is not effective.*
(6) Dates reflect the date upon which the appropriate plat was first heard by the Town's Planning Commission or, in the case of the Mountain Vista area and Base Camp area, the period in which the appropriate plat is expected to be submitted to the Town's Planning Commission.
(7) The plats for this property have not yet been submitted to the Town. See "Current and Proposed Development Activity – Areas For Sale by the Developer or Planned For Sale - Mountain Vista" and "Additional Potential Development Areas" below.
(8) These parcels are zoned for open space use and are not anticipated to be developed.
(9) Filing No. 4 also allocates 9,000 square feet of commercial development.
(10) The property which comprises Filing No. 7 is permitted to be developed with up to 79,000 square feet of commercial development; however, prior to any such commercial development occurring on this property, additional Town FPDP approvals would be required.
(11) An additional approximately 20,000 square feet of commercial development is expected to be allocated to this property.
(12) Although this property has been platted, the current planned development of approximately 88 townhomes or condominium units is not permitted by the current plat, and this parcel will be required to be re-platted to permit such development.

Current and Proposed Development Activity

Property Within the District. The property within the District is currently in varying stages of development, depending upon its location. The development status of the property in the District is described below. See "RISK FACTORS—Continuation of Development Not Assured," "RISK FACTORS–Completion of Facilities," and FACILITIES AND SERVICES—Status of Infrastructure Improvements."

Ski Area and Golf Course. Approximately 421 acres of property within the District are currently developed and in use as the Ski Area and the Golf Course. The Ski Area and Golf Course are described below under "Recreational Amenities."

Village Homes Property. Approximately 113 acres (including public areas such as street rights-of-way and open space) of property within the District are subject to an Option and Purchase and Sale Agreement between the Developer, SolVista and Village Homes of Colorado, Inc. ("Village Homes") dated November 24, 2004, as amended on June 2, 2005, and June 23, 2006 (as amended, the "Village Homes Contract"). The Village Home Contract provides for an initial purchase of certain lots (which has already closed), and options to purchase additional lots in three phases. The property subject to the contract is generally

described as the Peak View Duplexes, the Tall Timber Cabins and the Fairway Cabins portions of the Development. Village Homes closed on its initial purchase of 88 lots on June 3, 2005, consisting of 41 Tall Timber Cabin lots, 15 Fairway Cabin lots and 32 Peak View Duplex lots. Village Homes is expected by the Developer to close on an additional 67 lots on or before June 30, 2006, consisting of 37 Tall Timber Cabin lots and 30 Fairway Cabin lots. The anticipated option take-down schedule of the Village Homes Contract is described in the following table.

Village Homes Contract Summary

Take-Down	Number of Lots	Area	Date Closed	Planned Closing Date (1)	Price (2)
Initial Purchase:	41	Tall Timber	June 3, 2005	n/a	$2,203,076
	15	Fairway			
	32	Peak View			
	88				
First Option: (Initial Closing)	37	Tall Timber	n/a	June 30, 2006	2,017,911
	30	Fairway			
First Option: (Second Closing)	28	Peak View	n/a	October 2006	593,600
	95				
Second Option:	23	Tall Timber	n/a	June 3, 2007	2,223,112
	27	Fairway			
	28	Peak View			
	78				
Third Option:	30	Fairway	n/a	June 3, 2008	1,023,874
TOTALS:	291				$8,061,573

(1) ***Reflects the Developer's current expectations, however, there is no guarantee that Village Homes will exercise all, or any, of its three purchase options by the dates shown in this column, or at all.***

(2) In the case of the initial purchase, constitutes the purchase price. In the case of the options, constitutes the purchase price as currently set forth in the Village Homes Contract. It is possible that this purchase price could be amended by the parties prior to the exercise by Village Homes of any of its options. Further, the Village Homes Contract sets forth an inflationary adjustment of the purchase prices of 0.5% each month from the date of the initial purchase. The inflationary adjustment is reflected in these columns based upon the expected closing dates shown in the column "Planned Closing Date."

Village Homes began home construction in August, 2005, and through June 15, 2006, had obtained approximately 67 building permits. Village Homes has constructed and opened three model homes in the Fairway area. As of May 15, 2006, Village Homes had entered into sales contracts with homeowners for 14 homes, consisting of three homes in the Fairway area, two homes in the Peak View area and nine homes in the Tall Timber area. The average home sale price for the 14 homes was approximately $429,000.

The Developer expects Village Homes to close on 67 lots on or before June 30, 2006. There is no guaranty, however, that Village Homes will purchase such lots or exercise all or any of the remaining options which it has under the Village Homes Contract.

Eisenhower Camp Property. Approximately 44.6 acres of property within the District are subject to an Option and Purchase and Sale Agreement dated August, 2005 (the "Original Contract"), as amended on May 3, 2006 (the "First Amendment," and together with the Original Contract, the "Eisenhower Contract") with Eisenhower Cabins LLC (the "Eisenhower Cabins Developer"). The Eisenhower Cabins Developer is marketing homes in this area through the entity Lodgepole Homes, LLC. The property subject to this contract constitutes the Eisenhower Camp area of the Development and is located to the east of the Saddle Ridge neighborhood. The Eisenhower Contract provides for an initial purchase of certain lots and options to purchase additional lots in two phases. The initial purchase took place on May 3, 2006, consisting of 25 lots, for a purchase price of $781,250.

The Original Contract states that the first option consists of 25 lots and expires on May 3, 2007, and the second option consists of 21 lots and expires on May 3, 2008. The First Amendment, however, states that if the Eisenhower Cabins Developer has not entered into non-contingent contracts to sell more than 50% of its original 25 lots by May 3, 2007, it may add a third option and alter the option schedule of the remaining lots. If the Eisenhower Cabins Developer elects to add the third option, the first option will consist of 12 lots and will expire on May 3, 2007, the second option will consist of 25 lots and will expire on May 3, 2008, and the third option will consist of 9 lots, and will expire on May 3, 2009.

The final plat for the property subject to the Eisenhower Contract was approved by the Town on April 11, 2006, and was recorded on May 3, 2006. Infrastructure construction necessary to serve all 71 lots (consisting primarily of streets, water and sewer improvements) is scheduled to begin as weather permits in Spring or Summer 2006. The current plans of the Eisenhower Cabins Developer are to construct 25 cabins in the first phase at an average size of approximately 1,200 square feet. According to the Eisenhower Cabins Developer, pricing for these cabins is expected to begin at approximately $300,000.

There is no guaranty that the Eisenhower Cabins Developer will exercise all or any of the options which it has under the Eisenhower Contract.

Silver Star Property. The Silver Star area comprises 2.57 acres planned for the development of 26 townhome units. Currently, this property is undeveloped, and is owned by Silver Star – Tschet Co. LLC (the "Silver Star Developer"). The Developer has been informed that the Silver Star Developer's current plans are to construct five townhome buildings, four of which will contain five townhomes each and the fifth of which will contain six townhomes, for a total of 26 units. According to the Silver Star Developer, units are anticipated to average approximately 2,400 square feet in size and are expected to be offered at approximately $450,000 per unit. The Silver Star Developer expects to start construction of the first building later in the Spring of 2006, and to construct one additional building per year through approximately 2010.

Aspen Meadows Property. On July 30, 2004, the Developer sold approximately 22.59 acres to Aspen Meadows Apartments, LLC (now known as Aspen Meadows Condominiums, LLC and referred to herein as the "Aspen Meadows Developer"). This property is located near the current entrance to Granby Ranch from U.S. Highway 40. See "THE DISTRICT – Organization and Description" and "RISK FACTORS – Development Not Assured; Competition." This property has been platted pursuant to Filing No. 4, which allows the construction of 141 condominium units and 9,000 square feet of commercial development. The Aspen Meadows Developer states that it expects to construct the 141 units in phases, beginning with three buildings totaling approximately 45 units in 2006. Construction is expected by the Aspen Meadows Developer to begin in Summer 2006; however, for purposes of the Phase I Forecast, it has been assumed that construction does not begin until 2007. Prior to the commencement of construction, the Aspen Meadows Developer must obtain certain approvals associated with the relocation of a road. These approvals consist of Town approval of amendments to the Filing No. 4 and Filing No. 7 plats to provide for the relocation of a planned road, U.S. Army Corps of Engineers approval of an amendment to the 404 wetlands permit for the property and homeowners' association design approval. All such approvals are currently pending before the appropriate agencies, and the Aspen Meadows Developer expects approvals to be received by June 2006; however, there is no guarantee that such approvals will be received by that date or at all.

According to the Aspen Meadows Developer, the first phase of Aspen Meadows is planned to contain approximately 45 units ranging in size from one bedroom units of approximately 650 square feet to three bedroom units of approximately 1,200 square feet. Offering prices of these units are expected to range from $150,000 to $250,000. The Aspen Meadows Developer states that no plans currently exist for commercial development on its site.

Areas For Sale by the Developer or Planned for Sale. In addition to the property owned by, or under contract to, Village Homes, the Eisenhower Cabins Developer, the Silver Star Developer and the Aspen Meadows Developer, as described above, the Developer owns six areas within the District which it is currently offering or plans to offer for sale to individual homeowners. Portions of this property are platted, and portions are not yet platted. Each area is described below. Infrastructure necessary to serve development (consisting primarily of streets, water and sewer improvements and gas, electric and telephone lines) is currently in place with regard to only one of these areas, known as Ranch View. It is expected that Bond proceeds will be used to finance such improvements for a portion of the remaining areas. See "USES OF PROCEEDS," "RISK FACTORS – Completion of Facilities" and "FACILITIES AND SERVICES – Status of Infrastructure Development."

Ranch View Area. The Ranch View area comprises approximately 36 acres which are platted for 39 single family lots pursuant to Granby Ranch Filing No. 3. Ranch View constitutes the Developer's first sale of home sites to individual purchasers within Granby Ranch. Sales began in June 2005. As of May 15, 2006, the Developer had entered into lot sales contracts for 21 lots, of which 16 sales had closed. Current offering prices range from approximately $91,000 to $125,000. The average sales price of those 21 lots is approximately $98,000. Infrastructure improvements, including water, sewer and shallow utilities, have been completed for Ranch View. Paving of the Ranch View roads is scheduled for Spring 2006. The Ranch View neighborhood features views of the Golf Course and the conservation easement area

to the West and partial views of the Rocky Mountain National Park mountains to the North.

Saddle Ridge Area. The Saddle Ridge area comprises approximately 24 acres which are platted for 30 single family lots pursuant to Filing No. 6. Lot sales within this area began in February 2006, and as of May 15, 2006, two lots were under contract at an average price of $125,000. Depending upon sales activity, infrastructure improvements are expected by the Developer to commence in approximately August 2006 and be completed in Summer 2007. Saddle Ridge is located on rolling terrain and features open meadow lots with views of the Ski Area as well as forested lots with views of the Golf Course and conservation easement area.

Saddle Ridge II Area. The Saddle Ridge II area comprises approximately 24 acres, of which 11 acres are platted pursuant to Granby Ranch Filing No. 6 for the development of 18 single family lots, and 13 acres are not yet platted (but which are subject to Granby Ranch Filing No. 6 Phase 2 ("Granby Ranch Filing 6-2"), which was originally submitted to the Town in August 2005 and is currently being partially redesigned to achieve engineering efficiencies and add lots). Filing No. 6-2 is expected to approve 16 single family lots, for a total of 34 lots within Saddle Ridge II. Saddle Ridge II is located above Saddle Ridge on a wooded, moderately hilly parcel. Lots feature views of the continental divide mountains, Fraser Canyon, the Ski Area, the Golf Course and Rocky Mountain National Park depending on their location. Sales activity within Saddle Ridge II is not expected to commence by the Developer until approximately Summer 2006.

Seven Eagles. The Seven Eagles area comprises approximately 8.5 acres, all of which acres are platted pursuant to Granby Ranch Filing No. 6 for the development of seven single family lots with an average size of 0.35 acres. The neighborhood is located to the east of Saddle Ridge and to the north of Eisenhower Camp. The terrain is open and sloping, and the neighborhood features views of the continental divide mountains and Fraser Canyon. The lots in this area are expected to be offered for sale beginning in Summer 2006.

Eagle Crest. The Eagle Crest area comprises approximately 52.3 acres, all of which are located in Granby Ranch Filing No. 6-2. This filing is currently under review by the Town. It is anticipated at this time that Eagle Crest will contain approximately 32 lots ranging from 0.75 to 1.0 acre in size. Eagle Crest is located above Saddle Ridge II at the highest elevation of all neighborhoods currently being planned or developed in Granby Ranch. Lots are generally wooded and moderately hilly. Depending upon location, lots offer views of Rocky Mountain National Park, the Golf Course, the Ski Area and the Fraser River.

Mountain Vista. The Mountain Vista area comprises approximately 40.6 acres, none of which is yet platted or under development review by the Town. The Developer anticipates submitting a plat to the Town for review in Summer 2006. Mountain Vista is currently planned to be a single family neighborhood containing approximately 70 lots adjacent to the East Mountain portion of the Ski Area. This neighborhood represents Granby Ranch's first ski-in/ski-out residential opportunity (other than Kicking Horse, which is not part of the District or the Development but is physically located adjacent to the Ski Area). Preliminary plans include a ski-way threading through the neighborhood and providing access to the Kicking Horse chair lift.

Additional Potential Development Areas. In addition to the six neighborhoods described above, the Developer owns four additional areas within the District which are not planned for immediate development and are not included within the Phase I Forecast attached as Appendix A, but are included within the Build-Out Projection. See "DISTRICT FINANCIAL INFORMATION – Forecast" and "RISK FACTORS – Forecast." These properties are generally described below, as well as the Developer's current expectation as to their eventual use; however, such plans are preliminary only and are subject to material change.

The first area is approximately eight acres of vacant property located at the base of the Ski Area (the "Ski Base Area"). None of this property is currently platted or under development review by the Town. Due to its location adjacent to the Ski Area, the Ski Base Area is anticipated to be a higher density development, possibly including a restaurant, renovated ski lodge, condominium units and retail. Current plans are for the construction of approximately 112 multi-family units, but prior to construction, subdivision plats and FPDP's must be approved by the Town. No plats or FPDP's for this area have yet been submitted to the Town for review. The second area is approximately 16.66 acres located to the west of the Ski Base Area known as Middle Camp. Middle Camp is a potential multi-family neighborhood that is not yet platted or under development. Approximately 35 residential units are anticipated to be developed in this area. This area is expected to have a ski-in/ski-out component at the south end. Development of this area is not expected to occur until after development of the Ski Base Area. The third area is approximately 8 acres known as the Entry Parcel, which is located at the current entrance to Granby Ranch along U.S. Highway 40. This area is zoned for potential commercial development. The fourth area is approximately 37 acres located near the Ski Base Area known as the Range Camp. It is currently the site of the Developer's administrative offices, but is planned for eventual development for multi-family residential uses.

Property in the SolVista District (Kicking Horse). The SolVista District contains approximately 54 acres of property, of which approximately 41 acres are undeveloped vacant property, and approximately 13 acres are developed (the "Kicking Horse Property") and contain the Kicking Horse Lodge condominiums ("Kicking Horse"). Pursuant to the SolVista Funding Agreement, the SolVista District has agreed to share certain revenue with the District for the purpose of paying debt service on the Bonds. See "SECURITY FOR THE BONDS – Pledged Revenue – Kicking Horse Tax Sharing Agreement."

Kicking Horse consist of 115 condominiums in eight buildings which were constructed in early 2002. All of the property within the SolVista District has now been constructed and all but six units have been sold to individual homebuyers. The approximately 13 acres of Kicking Horse Property are not within the boundaries of the Town or the District.

Recreational Amenities

Recreational amenities are a central feature to the Developer's marketing plan for Granby Ranch. A portion of these amenities already exist, and additional amenities are in the planning stages. As used herein, the term "Amenities" refers to the Ski Area, the Golf Course, the fishing facilities on the Fraser River, and various trails and other existing and planned recreational improvements in the Development. Each is described below.

The Ski Area. The Ski Area opened in the late 1970's. The Ski Area was initially known as Val Moritz. In approximately 1981, it was purchased by a new owner, which made certain improvements to the Ski Area and renamed it Silver Creek. In 1995, SolVista purchased the Ski Area (along with the other property in the Development). SolVista has made certain additional improvements to the Ski Area, which was renamed SolVista in 2000 and SolVista Basin at Granby Ranch in 2004. The Ski Area is currently leased by the Developer to the Headwaters District, but is managed and operated by the Developer pursuant to an agreement with the Headwaters District. See "THE DISTRICT – Description of the Headwaters District - Ski Area and Golf Course Lease and Management."

The Ski Area is relatively unique in Colorado in that it is located on private property owned by the Developer (subject to the Lease Purchase Agreement with the Headwaters District). Most ski areas are located on U.S. Forest Service land, and any improvements to such ski areas typically require the approval of the Federal government. In contrast, improvements to the Ski Area require only local approvals such as compliance with local zoning and building codes.

The Ski Area features two mountains, the East Mountain and the West Mountain, both served by a common base area lodge. The lodge consists of a three-story facility which houses lift ticket sales, a ski school desk, an information desk, rentals, a retail shop, a lost and found, lockers, a cafeteria and lounge, and selected administrative offices. The lodge was constructed in approximately 1982. First aid facilities are located in the Ski Patrol building just east of the base lodge. The Ski Area includes 33 downhill ski runs, 25 miles of Nordic ski trails, six chairlifts (installed in 1982, 1983, 1995, 1999 and 2001) and 1,000 vertical feet, located on approximately 270 acres. The Ski Area operates a beginning ski school and a Ski Patrol. High season one-day ski passes for the 2005-06 season range from $24.00 for children to $46.00 for adults. In a typical season, the Ski Area is open from mid-December to early April.

The following table contains Ski Area visitor data for the past ten years. Skier visits decreased approximately 41% from the peak season of 1997-98 through the most recent season of 2005-06. The Developer states that the decrease in skier visits over the past approximately eight years is due primarily to decreased marketing efforts during those years, as SolVista changed the emphasis of the Development from a stand-alone ski area to a residential development with a ski area amenity. From the 2004-05 season to the 2005-06 season, skier visits increased over 10% (based upon estimated data for the 2005-06 season). See "RISK FACTORS - Dependence Upon the Golf Course and Ski Area."

SolVista Historical Skier Visits – Past 10 Years

Ski Season	Skier Visits	Percent Change
1995-96	91,016	--
1996-97	95,401	4.8%
1997-98	107,399	12.6
1998-99	90,330	(15.9)
1999-00	92,514	2.4
2000-01	71,303	(22.9)
2001-02	62,837	(11.9)
2002-03	65,900	4.9
2003-04	58,482	(11.3)
2004-05	57,866	(1.0)
2005-06	64,882	12.1

Source: Colorado Ski Country USA (1995-96 through 2004-05) and the Ski Area (2005-06).

The following table contains visitor data for selected ski areas in the Front Range area, as well as statewide totals, for the past 5 years, as compared to the Ski Area for the past 5 years. For the 2005-06 ski season, skier visits to SolVista represented 0.5% of statewide skier visits. Over the past 6 years, skier visits statewide have increased 7.4%, while skier visits to the Ski Area have decreased 9.0%. For the current 2005-06 season, Colorado Ski Country USA reports that skier visits were 12,524,907, representing a 6% increase over last ski season and setting a new record for visits at Colorado's ski resorts. Skier visits to Colorado accounted for over 21% of the nation's ski business in 2005-06, making Colorado the top ski destination state.

Statewide Historical Skier Visits – Past 5 Years

Ski Resorts	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
SolVista	71,303	62,837	65,900	58,482	57,886
Percent Change	--	(11.9)%	4.9%	(11.3)%	(1.0)%
Selected Front Range Areas:					
Eldora Mountain	233,741	250,000	286,528	278,454	281,238
Winter Park	978,539	975,256	998,772	955,615	990,837
Loveland	209,757	199,781	244,621	203,916	240,961
Summit County (1)	3,885,759	3,695,220	3,839,129	3,553,059	3,866,523
Eagle County (2)	2,322,430	2,193,980	2,329,314	2,324,055	2,383,542
Total	7,630,226	7,314,237	7,698,364	7,315,099	7,763,101
Percent Change	--	(4.1)%	5.3%	(5.0)%	6.1%
Colorado Total (3) (4)	11,666,672	11,128,131	11,605,777	11,250,761	11,815,572
Percent Change	--	(4.6)%	4.3%	(3.1)%	5.0%

(1) Consists of Keystone, Breckenridge, Copper Mountain and Arapahoe Basin.
(2) Consists of Vail and Beaver Creek.
(3) In addition to the resorts listed in this table, these amounts include skier visits to Aspen Highlands, Aspen Mountain, Buttermilk Mountain, Crested Butte, Cuchara Mountain, Durango Mountain, Howelsen Hill, Silverton, Snowmass, Steamboat, Telluride, Wolf Creek, Monarch, Powderhorn, Ski Cooper and Sunlight.
(4) For the 2005-06 ski season, 12,524,907 skier visits occurred in Colorado, which is an increase of 6.0% over 2004-05. As of the date hereof, skier visitor data for individual resorts is not yet available for the 2005-06 ski season.

Source: Colorado Ski Country USA

The Golf Course. Headwaters Golf Course was designed by Michael Asmundson. Nine holes opened for play in June 2001, and nine additional holes opened for play in June 2004. The Golf Course is located at an elevation of approximately 8,100 feet, and contains a driving range, putting green, temporary clubhouse, grille, pro shop and full-time professional golf staff. The Golf Course is open to the public. The current peak season fee for play is $80.00. The Golf Course sponsors golf clubs and tournaments and provides lessons. Approximately 151 acres within the District are used for the Golf Course. The Golf Course is currently leased by the Developer to the Headwaters District, but is managed and operated by the Developer pursuant to an agreement with the Headwaters District. See "THE DISTRICT – Description of the Headwaters District - Ski Area and Golf Course Lease and Management."

The following table contains golf rounds information for the past five years for the Golf Course, as well as for the other golf courses in the local area. Golf rounds declined 18% from 2004 to 2005, in part due to adverse weather conditions in 2005.

Local Historical Number of Golf Rounds Played – Past 5 Years

Golf Course	2001	2002	2003	2004	2005
Pole Creek Golf Club (1)	26,713	29,565	25,466	26,293	28,672
Grand Lake Golf Course (2)	21,148	23,686	13,124	12,703	14,486
Headwaters Golf Course (3)	4,793(4)	8,315	10,578	11,496 (5)	9,395
Grand Elk Golf Club (6)	n/a	75	11,000	9,000	9,800

(1) Consists of a 27-hole public course operated by Fraser Valley Recreation District.
(2) Consists of an 18-hole public course operated by Grand Lake Metropolitan Recreation District.
(3) Consists of an 18-hole public course operated by the Developer and described further above. The first nine holes were open for play in 2001, 2002 and 2003. The entire 18-hole course opened in June 2004.
(4) First nine holes opened for play in mid-June 2001.
(5) Second nine holes opened for play in mid-June 2004.
(6) Consists of an 18-hole public course operated by the developer of the Grand Elk Ranch project.

Source: The Developer (for Headwaters data) and individual courses.

Fishing. Granby Ranch includes a segment of the Fraser River. The Developer has identified certain fishing access points along the river and administers such access through the Golf Course pro shop.

Hiking, Trails and Open Space. The approximately 5,000 acres of Granby Ranch include approximately 492 acres (in addition to the 421 acres of the Ski Area and Golf Course) which are set aside for open space. Hiking trails and other recreational uses of the property are permitted by the Zoning Plan (described below). In recognition of the amount of property set aside for open space and trails by the Zoning Plan, the Zoning Plan states that no park, open space, green belt or similar requirements may be imposed in connection with any final development plans or subdivision applications.

The Zoning Plan further requires the Developer to grant an easement to Headwaters Trails Alliance for a portion of the Fraser to Granby trail at a location to be determined. The first phase of this trail, approximately 1.5 miles in length, has been constructed, and certain subsequent phases have been staked. If the trail has not been constructed by March

6, 2018, then the Developer is obligated to construct it (and the Town may withhold any further final development plan or subdivision approvals if it is not constructed by March 6, 2020).

Other Recreational Activities. As a year-round resort area, Granby Ranch offers numerous summer and winter recreational activities in addition to those listed above, including snowshoeing, hiking, Nordic/cross-country skiing, mountain biking, and special events such as festivals and concerts. Granby Ranch is located approximately 20 miles from the western entrance to Rocky Mountain National Park and the Town of Grand Lake.

Granby Ranch Community Club; Amenity Access. The existing Amenities are currently open to the general public upon the payment of applicable greens fees, ski lift tickets or other appropriate charges. Future Amenities may or may not be open to the general public. Pursuant to the Amenity Fee Resolution (described in "THE DISTRICT – Description of the Headwaters District"), however, the Headwaters District has granted priority access to the Amenities to residents of the Development who have paid the Amenity Fee. Pursuant to the Town IGA, the Headwaters District is further obligated to provide secondary priority access to Town residents who do not live in the Development. The Headwaters District's access plan, set forth primarily in the Amenity Fee Resolution, is known as the Granby Ranch Community Club, which offers an opportunity to those residing within the Development to acquire priority access to the Amenities. The club offers its members, and, for certain categories of membership, their families and guests, the right to use the Amenities in accordance with the terms and conditions of a membership plan. In addition to access to the Amenities granted by virtue of the payment of the Amenity Fee, certain other membership categories are available for payment of an additional annual fee. See "THE DISTRICT – Description of the Headwaters District – Amenity Fee."

Property Acquisition Price and Appraisals

SolVista acquired the property in the Development (including the operating Ski Area) in 1995 for approximately $12 million, and contributed the Ski Area, Golf Course and remaining undeveloped property within the Development to the Developer in 2005. No information is available regarding the acquisition price of the 972 acres of property in the District, as the acquisition included all of the approximately 5,000 acres of the Development.

The Developer has obtained two appraisals of the property within the Development, or portions thereof, within the past two years. These appraisals do not pertain specifically to the 972 acres of property within the District, but do contain separate appraisals of the Ski Area and the Golf Course, both of which are located within the District. ***The Bonds are not secured by any lien upon the Ski Area, the Golf Course or any other property within the District, and prospective purchasers of the Bonds should not rely upon these appraisals as an indication of the District's ability to repay the Bonds.*** Furthermore, all land is unique and it should not be assumed that the value of the 972 acres of property within the District bears any relationship to the overall value of the entire Development, or any particular portions thereof. Also, the values set forth in the appraisals do not bear any relationship to the market values as determined by the County assessor for purposes of establishing the assessed values of the parcels located within the District and should not be used in attempting to estimate the amount of property taxes that are or will be payable with respect to all or any portion of the property within the District. Prospective purchasers of the Bonds are cautioned against placing any undue

reliance on the appraisals. The appraisals are available for review from the sources indicated in "INTRODUCTION—Additional Information."

The first appraisal pertains to all 5,000 acres of the Development, and was conducted by Rocky Mountain Valuation Specialists, Lakewood, Colorado ("RMVS"). In a report dated October 6, 2004 (the "RMVS Appraisal"), RMVS concluded that the Ski Area had an "as is" value of $8,310,000 and that the Golf Course had an "as is" value of $9,540,000. RMVS concluded that the remainder of the Development had an "as is" value of $83,140,000. In a supplemental letter dated December 20, 2005, the RMVS Appraiser clarified that the value of the Golf Course cannot be determined based upon the Golf Course alone, but only as a part of the overall Granby Ranch real estate development. ***The RMVS Appraisal is subject to a variety of material assumptions and limiting conditions set forth in the RMVS Appraisal. Further, the RMVS Appraisal states that it is a "Summary Report" and not a "Self Contained Report" as such terms are defined by the Uniform Standards of Professional Appraisal Practice, and therefore cannot be understood properly without additional information which is on file with the RMVS Appraiser. Finally, the RMVS Appraisal appraised the entire 5,000 acre development. Other than the separate appraisals of the Ski Area and the Golf Course contained therein, the RMVS Appraisal does not separately identify or appraise the property within the boundaries of the District.*** **See "FORWARD LOOKING STATEMENTS" and "RISK FACTORS—Risk of Reductions in Assessed Value; Market Value of Land."**

The second appraisal pertains to the Ski Area and Golf Course, and approximately 73 acres of fishing property located within the Development (but not within the District). This appraisal was conducted by Rocky Mountain Valuation Consultants, Inc., Lakewood, Colorado ("RMVC"). In a report dated January 23, 2006 (the "RMVC Appraisal"), RMVC concluded that the Ski Area had an "as is" value as of August 16, 2005, of $8,050,000, and that the Golf Course had an "as is" value as of August 16, 2005, of $11,350,000. RMVC further calculated the liquidation value (defined as the price that an owner is compelled to accept when the property's sale must occur within less than a reasonable market exposure) of the Ski Area as of August 16, 2005, was $2,820,000, and the liquidation value of the Golf Course as of August 16, 2005, was $7,380,000. ***The RMVC Appraisal is subject to a variety of material assumptions and limiting conditions set forth in the RMVC Appraisal. Further, the RMVC Appraisal states that it is a "Limited Restricted Appraisal Report" as defined by the Uniform Standards of Professional Appraisal Practice, and therefore cannot be understood properly without additional information which is on file with the RMVC Appraiser.*** **See "FORWARD LOOKING STATEMENTS" and "RISK FACTORS—Risk of Reductions in Assessed Value; Market Value of Land."**

In addition, the Developer is aware that the Development Lender obtained an appraisal of the property in the Development prior to extending the Development Loan. The Developer has not obtained a copy of this appraisal; however, the Development Lender informed the Developer that such appraisal concluded that the value of the property in the Development as of the date of such appraisal was approximately $64.1 million.

Further, as described above in "Developer's Business Plan – Additional Funding," on May 3, 2006, Granby Investments funded the acquisition of a 35% equity interest in Developer for $10 million (of which $2 million was distributed and $8 million was retained),

plus a commitment to make a $5 million loan to the Developer, subject to certain terms and conditions described above.

Development Financing

Pursuant to a loan agreement dated June 1, 2005 (the "Original Loan Agreement"), the Developer secured a loan from Redwood Capital Finance Company, LLC (the "Development Lender"), that originally provided for a total of $29.5 million of financing, consisting of a $19.0 million term loan, a $8.0 million revolving line of credit, and a $2.5 million letter of credit facility. Pursuant to two amendments to the Original Loan Agreement, the Development Lender agreed to make additional advances to the Developer, increasing the total financing provided by the Development Lender to $35.5 million (consisting of a $19.0 million term loan, a $13.0 million revolving line of credit and a $3.5 million letter of credit facility). The Original Loan Agreement, as amended by such amendments, is referred to herein as the "Development Loan Agreement," and the loans provided for by the Development Loan Agreement are referred to herein collectively as the "Development Loan." The maturity date of the Development Loan is June 1, 2008.

The Development Loan is secured by a deed of trust encumbering the property within the Development and the improvements located thereon which are owned by the Developer, by certain other assets of the Developer, and by a parcel of land within the District that is owned by the directors of the District. The Headwaters District has subordinated its interests in the Ski Area and the Golf Course to the Development Lender; however, the Headwaters District and the Development Lender have entered into a subordination, non-disturbance and attornment agreement. An aggregate of $10 million of the Development Loan is guaranteed (subject to certain limitations) by Gerald Engle, Marise Cipriani and Michael Gilliland.

As of May 15, 2006, $16.8 million was outstanding on the term loan, $9.5 million was outstanding on the revolving line of credit and a face amount of approximately $1.9 million of letters of credit were issued. Amounts repaid on the term loan may not be reborrowed. Amounts repaid on the revolving loan may be reborrowed, subject to the Developer's satisfaction of the conditions precedent to borrowing and a limitation that the total amount of all revolving advances made over the term of the loan (including revolving advances that have been repaid) cannot exceed $55,600,000.

The Development Loan Agreement requires a substantial portion of the Developer's net cash flow to be used to repay the Development Loan, subject to the Developer's ability to reborrow amounts repaid under the revolving line of credit. In addition, at the time of any principal payment to the Development Lender (other than payments of amounts under the letter of credit facility), the Developer is required to pay a fee of 0.5% of the amount paid, subject to an aggregate cap of $160,000.

Generally, 85% of the Developer's Net Sales Proceeds (as defined in the Development Loan Agreement to mean the greater of net sales proceeds and 94% of the gross sales proceeds) from sales of property within the development are required to be used to repay the Development Loan. In the case of residential lots and unplatted parcels, the lesser of $65,000

per lot and the full 85% of Net Sales Proceeds is applied to repay the revolving loan. In the case of commercial parcels, 65% of the Net Sales Proceeds are applied to repay the revolving loan. In each case, portions of the 85% of the Net Sales Proceeds that are not applied to repay the revolving loan are applied to repay the term loan. The Development Loan Agreement contains a number of additional mandatory prepayment provisions applicable to the Developer's net cash flow from other sources, which are described in Appendix K.

The maturity date of the Development Loan is June 1, 2008. By December 1, 2006, the Developer is required to sell lots in sufficient quantity and at sales prices that generate Net Sales Proceeds in an amount sufficient to reduce the outstanding principal amount of the term loan by $3,283,919, and to pay the additional 0.5% additional fee required in connection with such repayments by January 15, 2007. In addition, by June 29, 2007, the Developer is required to repay $18,800,000 of the principal amount of the Development Loan from Net Sales Proceeds from sales of property within the Development (or from certain proceeds received by the Developer from the issuance of debt by a special district to purchase the Ski Area or the Golf Course, which the Developer does not expect to receive). If the Developer does not meet this deadline, the Developer has until September 29, 2007 to satisfy the $18,800,000 prepayment requirement from Net Cash Flow from sales of additional property within the Development or from the Developer's available cash that is not required to be paid to the Development Lender under the other mandatory prepayment provisions of the Development Loan Agreement. As of May 15, 2006, the Developer had repaid $4,211,045, leaving $14,588,955 of this prepayment amount remaining. See "RISK FACTORS – Risks Associated with the Development Loan."

The Development Loan Agreement contains customary covenants and events of default for a transaction of its type, which are described in Appendix K, including without limitation requirements to obtain the Development Lender's consent with respect to many matters related to the Development and the operation of the Developer's business.

The Development Loan requires the consent of the Development Lender to certain actions which are expected to occur related to the issuance of the Bonds, and the Underwriter's obligation to purchase the Bonds is contingent upon the Development Lender providing such consent on or before the date of issuance of the Bonds.

Owners' Association and Restrictive Covenants

The property in the District is subject to the following declarations: (i) Master Declaration of Easements, Covenants, Conditions and Restrictions and Reservation of Easements for Silver Creek recorded June 1, 1983 (as amended by the First Amendment thereto recorded on December 12, 1997); and (ii) Declaration of Covenants, Conditions and Restrictions for Silver Creek Development Area recorded May 11, 2000. Portions of the property within the District are also subject to the Declaration of Covenants, Conditions and Restrictions for Silver Creek Residential recorded May 11, 2000. The Developer has recorded a Declaration of Covenants, Conditions and Restrictions for Granby Ranch Residential (the "Granby Ranch Residential Declaration") against some of the residential property within the District, and is anticipating subjecting additional residential property to this Declaration as such property is conveyed to purchasers. It is anticipated that covenant enforcement and other traditional homeowner's association duties will be provided by a new homeowners association to be formed pursuant to

the Granby Ranch Residential Declaration. It is anticipated that architectural review will be controlled by the Developer (or a successor Declarant) until the Developer (or a successor Declarant) no longer owns or has the right to annex property to the Granby Ranch Residential Declaration. At this time, it has not been determined by the Developer and Village Homes whether the property purchased by Village Homes will be included within the Granby Ranch Residential Declaration or within a different declaration.

Competition

The Developer retained Economics Research Associates ("ERA") to conduct a market research report for Granby Ranch. ERA provided this report on October 31, 2005 (the "Market Report"). In the Market Report, ERA evaluated the market experience of existing competitive developments and assessed the plans for potential developments in the area, the most significant being the revitalization and expansion of Winter Park and the build-out of the IntraWest residential base area village. ERA concluded that IntraWest was not directly competitive with Granby Ranch, but that the Winter Park improvements would directly benefit real estate development in the area, including Granby Ranch, based on the volume of investment by IntraWest, and the benefit of having a branded operator operate Winter Park ski area. According to ERA, the primary market for Granby Ranch is Colorado's "Front Range," in particular the Denver Greater Metropolitan Area, which is within a four-hour drive of Granby Ranch.

Several current projects offer real estate product in the Fraser Valley which compete or could compete with Granby Ranch. The master-planned project which the Developer believes most directly competes with Granby Ranch is Grand Park, which is a mixed use development located on approximately 1,330 acres in the Town of Fraser, approximately ten miles from the entrance to Granby Ranch. Grand Park is planned to contain up to 395,000 square feet of retail development, approximately 2,500 residential units and additional lodging units. It is currently in its first phase and is offering single family homes ranging in price from approximately $400,000 to $800,000.

The Innsbruck-Val Moritz neighborhood is located within the overall Granby Ranch area but is not within the 5,000 acre area defined herein as Granby Ranch or the Development. Innsbruck-Val Moritz contains approximately 400 single family lots, of which approximately 200 contain houses and approximately 200 remain vacant. The Developer believes that the original developer of this area no longer owns any lots, and the vacant lots are owned by individual owners, some of whom are offering lots for sale on an individual basis. Property owners are not subject to the Amenity Fee or other Granby Ranch fees, but can use the Amenities as members of the general public.

Additional existing projects that offer real estate product in the Fraser Valley include the following projects: (1) Winter Park base area (planned for approximately 1,550 condominium units in the Founder's Pointe and Fraser Crossing projects, of which approximately 200-280 units are currently being offered, located 15 miles from Granby Ranch, and featuring ski-in and ski-out access to Winter Park Ski Resort); (2) Grand Elk Ranch & Club (planned for approximately 800 single family, townhome and duplex units on 440 acres, of which approximately 20 single family lots and 45 single family homes or townhomes are

currently being offered, located within the Town across U.S. Highway 40 from Granby Ranch, and featuring an 18-hole golf course, restaurant, and alpine club for Winter Park); (3) Orvis Shore Fox (planned for approximately 50 lots on 1,500 acres, located within the Town approximately 6 miles from Granby Ranch, and featuring private fishing on the Colorado River); (4) Rendezvous (planned for approximately 275 residential units, of which approximately 10 single family lots and 14 single family homes or townhomes are currently being offered, located approximately 12 miles from Granby Ranch, and featuring fishing on the Fraser River); and (5) the Fairways at Pole Creek (planned for approximately 240 single family lots, of which approximately 10 lots remain on the market, located approximately 6 miles from Granby Ranch, and featuring a 27-hole golf course).

Environmental Study

In 2005, the Developer retained CTL Thompson, Inc. ("CTL") to conduct a Phase I Environmental Site Assessment of the Development. CTL issued a report dated April 4, 2005, and updated this report on November 23, 2005 (as updated, the "Phase I Report"). CTL reported the existence of various buildings and improvements on the site, including a ski lodge, administration office, real estate office, ski maintenance shop, chair lifts, golf maintenance building, golf maintenance shop, golf club house, golf course pump houses and other structures. In the Phase I Report, CTL concluded that no environmental conditions exist on the property. CTL did, however, recommend that certain asphalt piles be disposed of, that a catch basin associated with an above-ground storage tank be modified and that a catch basin be constructed around two other above-ground storage tanks. See "RISK FACTORS – Environmental Risks." The Developer states that all such conditions have been remedied.

As part of the platting of each parcel, the Developer is required to identify and mitigate any wetlands that may be present on the parcel. Accordingly, in the preparation of the seven approved plats and the five pending plats, the Developer has retained a wetlands consultant to provide such services and the Developer has mitigated or submitted a mitigation plan for any wetlands within such plats.

DISTRICT FINANCIAL INFORMATION

Sources of District Revenues

General. Ad valorem property taxes, described below and in "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT," are expected to constitute the largest source of District revenue. Additional sources of potential revenue include the other components of the Pledged Revenue which are described in "SECURITY FOR THE BONDS – Pledged Revenue." Projected revenues and expenditures of the District are set forth in the Forecast attached hereto as Appendix A. See "DISTRICT FINANCIAL INFORMATION – Forecast" and "RISK FACTORS – Forecast."

District Mill Levy. The District anticipates imposing a debt service mill levy (consisting of the Required Mill Levy) and an operations and maintenance mill levy (the "Operating Mill Levy"). The maximum mill levy which the District is permitted to impose under the Service Plan is 50 mills, as adjusted for certain changes in law. Pursuant to the Indenture, the Required Mill Levy must be imposed in the minimum amount of 41.5 mills, and up to the maximum 50 mills (as adjusted) if necessary, and the revenues from the Required Mill Levy must be deposited to the Bond Fund. See "SECURITY FOR THE BONDS – Pledged Revenue – Required Mill Levy." Based upon the projections set forth in the Phase I Forecast, however, the District expects that only approximately 41.5 mills will be required to be used to pay debt service on the Bonds, and that 8.5 mills will be available to be imposed as the Operating Mill Levy. See the Phase I Forecast attached as Appendix A, and "Financing Plan for Operations Costs" below.

The Service Plan (as amended on June 27, 2006) provides that the District's property tax levy cannot exceed 50 mills for operating and debt repayment purposes; provided, however, in the event that the method of calculating assessed valuation is changed after May 1, 2003, the mill levy limitation shall be increased or decreased to reflect such change, as reasonably determined by the Board so that, to the greatest extent possible, the actual property tax revenues generated by the mill levy as adjusted are neither enhanced or diminished as a consequence of such adjustment. On May 22, 2003, the State legislature changed the residential assessment rate from 9.15% to 7.96%, and the District's accountants will adjust the mill levies set forth above to reflect this change. Due to the Town's approval of the Service Plan amendment on June 27, 2006, the District's accountants expect to request the Trustee to transfer the Bond proceeds in the Restricted Account to the Unrestricted Account after the issuance of the Bonds. See "USES OF PROCEEDS," "THE BONDS – Funds and Accounts – Project Fund," "RISK FACTORS – Possibility of Mandatory Redemptions" and "THE BONDS – Prior Redemption."

District Fees. The District imposes the following fees.

Capital Fee. Pursuant to the Fee Resolution, the Capital Fee is imposed upon each residential unit, and upon each single family equivalent (for commercial property), at the time a building permit is obtained from the Town for that unit or single family equivalent. The Capital Fee is part of the Pledged Revenue and is described in "SECURITY FOR THE BONDS – Pledged Revenue – Capital Fee."

Operations Fee. On June 7, 2006, the District and the Headwaters District adopted a "Joint Resolution of the Boards of Directors of Headwaters Metropolitan District and Granby Ranch Metropolitan District Concerning the Imposition of District Fees" (the "Operations Fee Resolution"), pursuant to which the District authorized the imposition of a fee to pay for operational expenses (the "Operations Fee"). Pursuant to this resolution, a monthly Operations Fee is authorized to be imposed for each residential unit (and, for commercial property, for each single family equivalent) within the boundaries of the District at a monthly rate determined on an ongoing basis. The Districts anticipate that the Operations Fee will only be imposed in the event of a shortfall in the operations budget of the District. Revenues from the Operations Fee, if any, are required to be used for the operational costs of the District and are not pledged to the payment of the Bonds. See "Financing Plan for Operations Costs" below.

Potential Sales and Use Tax Revenue. The Annexation and Development Agreement dated March 5, 2003, pursuant to which Granby Ranch was annexed to the Town, provides that the Town will, subject to annual appropriation by the Town's Board of Trustees, and subject to the prior deduction of costs allocated for the provision of police protection to the Development, share sales and use tax generated within Granby Ranch (the "Shared Sales and Use Taxes") with the Headwaters District or another public entity (the "Infrastructure Provider"). Pursuant to the Town IGA, the Town has agreed that the Shared Sales and Use Taxes will be paid to the Headwaters District.

The Annexation Agreement provides that for the first 10 years (i.e., the period March 5, 2003 through March 5, 2013), after the cost of providing police protection to the property in Granby Ranch is first deducted and paid to the Town: (a) the Town shall receive and retain 60% of the use tax generated from activities within Granby Ranch and the remaining 40% will be paid to the Infrastructure Provider; and (b) the Town shall receive 40% of all sales tax revenues from commercial sales within Granby Ranch and the remaining 60% will be paid to the Infrastructure Provider. The Annexation Agreement further provides that for the second 10 years (i.e., the period March 5, 2013 through March 5, 2023), after the cost of providing police protection to the property in Granby Ranch is first deducted and paid to the Town: (a) the Town shall receive and retain 50% of the use tax generated from activities within Granby Ranch and the remaining 50% will be paid to the Infrastructure Provider; and (b) the Town shall receive 50% of all sales tax revenues from commercial sales within Granby Ranch and the remaining 50% will be paid to the Infrastructure Provider.

In 2005, the Town paid $68,007 of Shared Sales and Use Taxes to the Headwaters District. For 2006, the Town has allocated 5.6% of its police budget to the Development, based upon a comparison of the value of the property in the Development with the value of the

property in the remainder of the Town. This amount is $10,646, plus an administrative fee of 3%, for a total police cost allocation of $12,797 in 2006. The amount of $2,106 of Shared Sales and Use Taxes (consisting entirely of sales tax) was allocated by the Town to the Headwater District in February, and the amount of $2,050 of Shared Sales and Use Taxes (consisting entirely of sales tax) was allocated in March. No amounts have been paid to the Headwaters District, however, due to the prior police cost allocation. Until such amount has been paid, no amount of Shared Sales and Use Taxes is expected to be received by the Headwaters District in 2006.

The Town's obligation to share such revenue takes effect only after the cost of providing police protection to the Development is first deducted and paid to the Town. Further, all payments by the Town are expressly subject to annual appropriation by the Town acting in its sole and exclusive discretion; provided, however, that the Annexation Agreement provides that it is the present intention and expectation of the parties that the Town will in fact make all of the payments contemplated therein. Finally, there is no assurance that future construction activities or retail sales within the Development will be sufficient to finance the Headwater District's or the District's operational costs, and/or the operational costs of any future metropolitan districts.

Forecast

In connection with the issuance of the Bonds, the Developer provided certain assessed valuation forecasts, development projections and other information to Clifton Gunderson LLP, Certified Public Accountants, Greenwood Village, Colorado, which compiled this information in the form of a forecast. These procedures and results are set forth in a Forecasted Surplus Cash Balances and Cash Receipts and Disbursements (the "Forecast") attached as Appendix A to this Limited Offering Memorandum. See "FORWARD-LOOKING STATEMENTS," "RISK FACTORS – Forecast" and Appendix A.

The Forecast consists of a forecast (the "Phase I Forecast") followed by explanatory notes. The Phase I Forecast contains the primary forecast used in the sizing and structuring of the Bonds. Note 18 and pages A1 through A18 of the Forecast contain a slow-down projection (the "Sensitivity Phase I Projection"), and Note 19 and pages B1 through B24 of the Forecast contain a build-out projection (the "Build-Out Projection"). Each is described below.

Phase I Forecast. The Phase I Forecast assumes that 741 residential units will be developed in the District. The Phase I Forecast is the financing plan upon which the Bonds have been structured and the terms of the Bonds have been determined. Based upon the development projected to occur in the Phase I Forecast and the assumptions used in preparing the Phase I Forecast, debt service on the Bonds could be paid using only the Pledged Revenue (using a debt service mill levy of 41.5 mills), without reliance upon the Additional Security. The actual amount of the Required Mill Levy will be determined by the Board each year and can be as high as 50.0 mills (subject to adjustment). If the Required Mill Levy is higher than 41.5 mills each year, the corresponding Operating Mill Levy will be lower than the 8.5 mills projected in the Phase I Forecast. See "Financing Plan for Operations Costs" above and "RISK FACTORS - Operating Costs of the District."

Sensitivity Phase I Projection. Note 18 and pages A1 through A15 contain the Sensitivity Phase I Projection. The Sensitivity Phase I Projection assumes that the same 741 residential units will be developed in the District, but also assumes a rate of development which is slowed to the point where the Bonds can be paid only by using the Surplus Fund and the Lot Sale Escrow in addition to the Pledged Revenue. The result of the Sensitivity Phase I Projection is that the Pledged Revenue (using a debt service mill levy of 50.0 mills, as adjusted), when combined with the Surplus Fund and the Lot Sale Escrow, is projected to be sufficient to pay debt service on the Bonds if the build out schedule is up to 81% slower than projected in the Phase I Forecast. The Sensitivity Phase I Projection does not include the use of the Reserve Fund, which would be available to pay debt service on the Bonds even after the use of Surplus Fund and the Lot Sale Escrow. The Sensitivity Phase I Projection also does not anticipate any draws being required on the Guaranty Agreement.

Build-Out Projection. Note 19 and pages B1 through B25 contain the Build-Out Projection. The Build-Out Projection assumes that 741 residential units will be developed in the District in the same manner forecast in the Phase I Forecast, but also assumes that an additional 235 residential units will be developed (consisting of the Base Camp, Middle Camp and Range View Camp neighborhoods) and that 109,000 square feet of commercial space will be developed. *The additional development contained in the Build-Out Projection reflects the Developer's preliminary projections and is attached for informational purposes only to show the potential assessed valuation of the property in the District if it is completely developed at the times and at the level shown in the Build-Out Projection.*

The Developer's current expectation as to the level and timing of development is set forth in the Phase I Forecast and the Build-Out Projection. The Phase I Forecast and the Build-Out Projection, however, are based on key assumptions made by the Developer and, like any forecast, are inherently subject to variations in the assumed data. These assumptions include, but are not limited to (a) that the remaining unplatted property intended for residential use will be platted to allow the development of the lots described herein; (b) that property will be sold at the times and for the prices shown therein; (c) that residential units and commercial development will be constructed on such property at the times and with the values shown therein; (d) that the District's funds will be invested at certain assumed interest rates; and (e) that property values will increase at a rate of 2% per year. ***If the assumptions set forth above and the other assumptions of the Phase I Forecast do not occur as described therein, there is a risk that the Pledged Revenue and the Additional Security will be insufficient to pay debt service on the Bonds. No absorption or feasibility study has been conducted by any party other than the internal projections prepared by the Developer and compiled by Clifton Gunderson LLP as explained above (although two market analyses have been prepared as described in "THE DEVELOPMENT – Market Studies," such analyses have not been prepared in connection with the issuance of the Bonds). See "FORWARD-LOOKING STATEMENTS" and "RISK FACTORS."***

Financing Plan for Operations Costs

The District expects to have operations and maintenance costs in the amounts set forth in the Forecast. Such costs are expected to include general District administrative costs (legal fees, accountant's and auditors' fees, insurance, election costs, etc.) as well as costs of operating and maintaining District facilities such as streets. The District expects to fund such costs from the following sources, in this order of priority: (a) the Operating Mill Levy, (b) Shared Sales and Use Taxes, (c) Developer advances (see "THE DISTRICT – Description of the Headwaters District - Developer Funding Agreements with the Headwaters District") and (d) the Operations Fee.

Based upon the projections set forth in the Phase I Forecast, the District expects that approximately 41.5 mills of its permitted 50 mill levy will be necessary to pay debt service on the Bonds, and that approximately 8.5 mills will be available to be imposed as the Operating Mill Levy. If development does not occur as projected in the Phase I Forecast, however, a higher portion (or all) of the 50 mills may be required to be imposed as the Required Mill Levy and used to pay debt service. In such an event, the Operating Mill Levy will be less than 8.5 mills, and could potentially be zero mills. In the event that Operating Mill Levy revenues are insufficient to pay operations and maintenance costs, and in the event that Shared Sales and Use Taxes are insufficient, the next source of operations funds is expected to be Developer advances. There is no guaranty that the Developer will have sufficient funds to provide such advances. In the event that the Developer does not have sufficient funds, the District anticipates imposing the Operations Fee.

Headwaters Fees

The Headwaters District also imposes the Amenity Fee upon property within the Development. The Amenity Fee is not payable to Granby Ranch Metropolitan District and is not a part of the Pledged Revenue or the Additional Security; however, it is described herein to describe the entirety of fees imposed by the District and the Headwaters District. The Amenity Fee and the operations of the Headwaters District are described in "THE DISTRICT – Description of the Headwaters District," and the use of the Amenity Fee is described in "THE DEVELOPMENT – Recreational Amenities."

Budget Process

The District is required by law to adopt an annual budget setting forth all proposed expenditures for the administration, operation, maintenance, debt service and capital projects of all spending agencies of the District. The budget must also show the anticipated revenues for the budget year, the estimated beginning and ending fund balances, the corresponding actual figures for the prior fiscal year, and a written budget message describing the important features of the proposed budget. No budget adopted shall provide for expenditures in excess of available revenues and beginning fund balances.

No later than October 15 of each year, the person appointed to prepare the budget must submit a proposed budget to the Board for the ensuing year. The Board must cause to be published a notice that such proposed budget is open for inspection by the public. Prior to

adoption, any elector of the District may register his or her objections to the proposed budget. The District must adopt its budget and enact a resolution making appropriations by December 15. The District is also required to file a certified copy of its budget with the Colorado Division of Local Government in the Department of Local Affairs. If it fails to do so by the following January 31, the division may authorize the County Treasurer to prohibit release of the District's tax revenues and other moneys held by the County Treasurer until the District files its budget.

In general, the District cannot expend money for any of the purposes set out in the appropriation resolution in excess of the amount appropriated. However, in the case of an emergency or some contingency which was not reasonably foreseeable, the Board may authorize the expenditure of funds in excess of the budget by adopting a resolution. If the District receives revenues which were unanticipated at the time of adoption of the budget, the Board may authorize the expenditure of such revenues by adopting a supplemental budget after notice and hearing.

Financial Statements

Under State law, the Board is required to have the financial statements of the District audited annually unless exempt. For 2003 and 2004, the District was exempt from this audit requirement because its revenues have been less than the statutory minimum amount each year (during 2003 this amount was $300,000 and during 2004, this amount was $500,000). The District's financial statements for the year ended December 31, 2005, were audited by Chadwick, Steinkirchner, Davis & Co. P.C., Certified Public Accountants, Grand Junction, Colorado, and are attached hereto as Appendix G.

District Funds

The District currently uses one fund to account for its activities, which is the Debt Service Fund, which currently consists primarily of expenditures related to the Headwaters IGA. See "THE DISTRICT - District Agreements – Headwaters IGA."

2005 Financial Statements and 2005-06 Budget Summaries – The District

Set forth below are summaries of the District's audited 2005 financial statements and 2005-06 budgets for its Debt Service Fund. Complete audited 2005 financial statements are attached as Appendix G.

2005 Financial Statements and 2005-06 Budget Summary – District Debt Service Fund

	2005		2006
	Budget	Actual	Budget
REVENUES			
Property tax – for IGA service cost (1)	$84,937	$84,957	$145,778
Specific ownership tax	6,795	6,098	11,662
Interest	--	118	--
Payment in lieu of taxes (2)	--	--	89,160
Total	91,732	91,173	246,600
EXPENDITURES			
IGA payments (3)	84,937	1,871	10,850,368
Property tax rebate	--	84,937	--
Payment to Town (4)	--	--	337,200
Bond interest	--	37,500	858,823
County Treasurer's fee	2,548	4,248	7,289
Transfer to Headwaters	1,150,000	--	--
Total	1,274,985	91,056	12,053,680
EXCESS OF REVENUES OVER EXPENDITURES	(1,183,253)	117	(11,807,080)
OTHER SOURCES (USES) OF FUNDS			
Transfers in (out)	(2,500)	--	--
Bond proceeds	1,250,000	--	14,215,000
Costs of issuance and cap. interest	(62,500)	--	(506,300)
Total	1,185,000	--	13,708,700
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	1,747	117	
FUND BALANCE – BEG. OF YEAR	--	--	115
FUND BALANCE - END OF YEAR	$ 1,747	$ 117	$1,901,735

(1) Represents taxes levied by the District to satisfy its annual obligations to the Headwaters District pursuant to the Headwaters IGA. See "THE DISTRICT – District Agreements."

(2) Represents a payment in lieu of taxes to be made by the Developer. This payment is required to be made prior to the issuance of the Bonds, and deposited to the Surplus Fund. See "SECURITY FOR THE BONDS – Funds and Accounts – Surplus Fund."

(3) Represents payments to the Headwaters District pursuant to the Headwaters IGA. See "THE DISTRICT – District Agreements."

(4) Represents the payment to the Town required by the Town IGA. See "USES OF PROCEEDS" and "THE DISTRICT – District Agreements."

Source: District's 2005 financial statements and 2006 budget.

SOLVISTA DISTRICT FINANCIAL INFORMATION

The Bonds are not obligations of the SolVista District. Pursuant to the SolVista Funding Agreement, however, the SolVista District is obligated to impose certain property taxes and to pay the proceeds thereof to the District, and such revenues are pledged to the payment of the Bonds. See "SECURITY FOR THE BONDS – Pledged Revenue – SolVista Tax Revenues." Accordingly, financial information concerning the SolVista District is provided below. Additional financial information regarding the SolVista District is provided in "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Tax Data of the SolVista District."

Sources of SolVista District Revenues

Ad valorem property taxes, described below and in "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT," constitute the SolVista Tax Revenues pledged to the Bonds, and are the largest source of SolVista District revenue. Additional sources of expected revenue include investment income and specific ownership tax revenue. See "SECURITY FOR THE BONDS – Pledged Revenue – SolVista Tax Revenues" and "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Tax Data of the SolVista District" for additional information regarding the SolVista Tax Revenues. Projected SolVista Tax Revenues are set forth in the Forecast attached hereto as Appendix A. See ""DISTRICT FINANCIAL INFORMATION – Forecast" and "RISK FACTORS – Forecast."

Budget Process

The SolVista District is subject to the same budget requirements and procedures as the District. See "DISTRICT FINANCIAL INFORMATION – Budget Process."

Financial Statements

Under State law, the Board is required to have the financial statements of the District audited annually unless exempt. The SolVista District's financial statements for the year ended December 31, 2005, were audited by Chadwick, Steinkirchner, Davis & Co. P.C., Certified Public Accountants, Grand Junction, Colorado, and are attached hereto as Appendix H.

District Funds

The SolVista District uses a single fund to account for all of its activities, which is the General Fund. See "SECURITY FOR THE BONDS – Pledged Revenue – SolVista Tax Revenues."

Historical Financial Statements and 2006 Budget Summary – SolVista District

Set forth below is a summary of the SolVista District's 2003-05 financial statements (of which the 2004 financial statements are unaudited) and a summary of its 2006 budget for the General Fund. Complete audited 2005 financial statements are attached as Appendix H.

Historical Financial Statements and 2006 Budget Summary – SolVista District General Fund

	2003	2004 (1)	2005	2006 Budget
REVENUES				
Property tax	$132,444	$124,018	$169,820	$55,329
Specific ownership tax	12,776	10,359	12,886	4,426
Interest	1,328	1,436	1,833	67
Total	146,548	135,813	184,539	59,822
EXPENDITURES				
General government	--	209,522	121,039	--
Accounting and administration	16,990	--	--	11,000
Financial consulting	9,794	--	--	--
Utilities	1,808	--	--	--
Engineering	--	--	--	--
Repairs and maintenance	20,851	10,843	--	--
Insurance	4,861	--	--	2,000
Legal	163,123	--	--	6,000
Organizational costs	48,197	--	--	--
Office supplies	1,931	--	--	2,000
Telephone	1,192	--	--	--
County Treasurer's fee	6,676	--	--	2,766
Miscellaneous	--	--	--	--
Water purchase	9,900	--	--	--
Developer reimbursement	25,258	--	138,000	37,000
Total	310,581	220,365	259,039	62,766
EXCESS OF REVENUES OVER EXPENDITURES	(164,033)	(84,552)	(74,500)	(2,944)
OTHER SOURCES (USES) OF FUNDS				
Bond proceeds (2)	--	--	--	800,000
2005 GO Bond interest (3)	--	--	--	(36,000)
Advances from developer	257,514	126,176	50,134	--
Developer repayment	--	--	--	(724,000)
Bond issue costs	--	--	--	(40,000)
Operating transfers in (out)	(2,634)	(113,356)	--	--
Total	254,880	12,820	50,134	--
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	90,847	(71,733)	(24,366)	(2,944)
FUND BALANCE – BEG. OF YEAR	29,523	120,370	46,637	4,451
FUND BALANCE - END OF YEAR	$120,370	$48,637	$24,271	$1,506

(1) Unaudited. In 2004, the SolVista District was exempt from the audit requirement under State law.

Source: 2003 and 2005 audited financial statements, 2004 unaudited financial statements, and 2006 budget.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Limited Offering Memorandum contains general information concerning historic economic and demographic conditions in and surrounding the Town and the County. It is intended only to provide prospective investors with general information regarding the District's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future.

Population and Age Distribution

Population. The following table sets forth a history of the population of the Town of Granby, Grand County and the State. Between 1990 and 2000, Grand County's population increased 56.2% and the State's population increased 30.6%, the Town of Granby's population increased 57.9%.

Population

Year	Town of Granby	Percent Change	Grand County	Percent Change	Colorado	Percent Change
1960	503	--	3,557	--	1,753,947	--
1970	554	10.1%	4,107	15.5%	2,209,596	26.0%
1980	963	73.8	7,475	82.0	2,889,735	30.8
1990	966	0.3	7,966	6.6	3,294,394	14.0
2000	1,525	57.9	12,442	56.2	4,301,261	30.6
2001	1,577	3.4	13,253	6.5	4,446,529	3.4
2002	1,603	1.6	13,421	1.3	4,521,484	1.7
2003	1,670	4.2	13,732	2.3	4,586,455	1.4
2004	1,746	4.6	13,943	1.5	4,653,023	1.4

Sources: Figures for 1960 through 2000 were obtained from the United States Department of Commerce, Bureau of Census; figures for 2001-2004 are estimates provided by the Colorado Department of Local Affairs, Division of the Local Government, and are subject to periodic revision.

Age Distribution. The following table sets forth a comparative age distribution profile for Grand County, the State and the United States as of April 1, 2005.

Age Distribution - 2005

Age	Percent of Population		
	Grand County	Colorado	United States
0-17	21.1%	25.3%	24.9%
18-24	8.6	9.8	9.9
25-34	15.2	15.2	13.4
35-49	25.8	23.3	22.4
50 and Older	29.3	26.4	29.4

Source: Sales & Marketing Management "Survey of Buying Power," 2005 edition.

Income

The following table sets forth annual per capita personal income levels for Grand County, the State and the United States. Per capita personal income levels in Grand County have consistently been lower than personal income levels in the State and the United States during the period shown.

Per Capita Personal Income

Year	Grand County	Colorado	United States
2000	$27,639	$33,371	$29,845
2001	29,185	34,493	30,574
2002	29,683	34,027	30,810
2003	30,868	34,528	31,484
2004	32,707	36,113	33,050
2005(1)	n/a	37,946	34,586

(1) Preliminary.

Source: United States Department of Commerce, Bureau of Economic Analysis.

The following two tables reflect the Median Household Effective Buying Income ("EBI"), and also the percentage of households by EBI groups as reported in Sales & Marketing Management, "Survey of Buying Power." EBI is a classification developed by Sales & Marketing Management. EBI is defined as "money income" (which includes wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veteran Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income) less personal tax and nontax payments. Deductions are made for personal federal, state and local income taxes, personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as "disposable" or "after-tax" income.

Median Household Effective Buying Income

Year	Grand County	Colorado	United States
2001	$39,177	$39,741	$39,129
2002	37,728	44,050	38,365
2003	43,194	43,510	38,035
2004	44,553	43,544	38,201
2005	46,224	44,489	39,324

Source: Sales & Marketing Management "Survey of Buying Power," 2001-2005.

Percent of Households by Effective Buying Income Group - 2005

Effective Buying Income Group	Grand County	Colorado	United States
Under $20,000	13.0%	16.1%	21.5%
$20,000 - 34,999	19.9	21.3	22.5
$35,000 - 49,999	22.9	19.4	19.3
$50,000 and Over	44.2	43.2	36.7

Source: Sales & Marketing Management "Survey of Buying Power," 2005 edition.

Employment

The following table presents information on employment within Grand County, the State and the United States, for the time period indicated.

Labor Force and Percent Unemployed

	Grand County		Colorado		United States
Year	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2001	7,501	3.2%	2,394,885	3.9%	4.7%
2002	8,424	4.1	2,443,321	5.9	5.8
2003	8,429	4.9	2,479,753	6.2	6.0
2004	8,479	4.3	2,522,225	5.5	5.5
2005	8,385	4.2	2,547,895	5.0	5.1
Month of February(1)					
2005	8,835	4.6%	2,524,472	5.7%	5.4%
2006	8,836	3.7	2,593,140	4.6	4.8

(1) Most current revised figures available. Figures for Grand County and the State are not seasonally adjusted.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Labor and Industry Focus.

The following table sets forth the number of individuals employed within selected industries in Grand County which are covered by unemployment insurance. In 2004, the largest employment sector in Grand County was services, followed, in order, by government; retail trade; and construction. For the 12-month period ended December 31, 2004, total average employment in Grand County decreased by approximately 1.1% as compared to the same 12-month period ending December 31, 2003. Total average wages in Grand County increased 6.1% during the same time period.

Average Number of Employees Within Selected Industries – Grand County

	2000	2001(1)	2002	2003	2004	2005(2)
Agriculture, Forestry and Fisheries	25	18	21	23	50	105
Mining	n/a(3)	n/a(3)	n/a(3)	n/a(3)	n/a(3)	n/a(3)
Construction	627	700	734	698	727	779
Manufacturing	122	83	87	88	93	91
Transportation, Communication and Public Utilities	178	129	139	136	134	127
Wholesale Trade	59	43	50	54	67	77
Retail Trade	1,511	735	700	725	751	837
Finance, Insurance and Real Estate	652	632	553	501	504	497
Services	2,322	3,269	3,281	3,429	3,242	3,166
Non-classifiable	0	0	0	n/a(3)	n/a(3)	0
Government	1,076	1,082	1,161	1,141	1,127	1,170
Total	6,574	6,752	6,785	6,864	6,785	6,943

(1) In 2001, the Colorado Department of Labor and Employment, following a decision by the United States Bureau of Labor Statistics, adopted the North American Industrial Classification System ("NAICS"). The NAICS coding is not directly comparable to the Standard Industrial Classification used in prior years. No historical time series data using the NAICS coding is available.
(2) Figures are through the 3rd quarter 2005.
(3) Due to confidentiality, figures were not released.

Source: State of Colorado, Division of Employment and Training, Colorado Employment and Wages Collected by Unemployment Insurance.

A selection of some of the largest employers in Grand County is set forth below. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted; therefore, no representation can be made that these employers will continue to maintain their status as major employers in the County.

Selected Major Employers in Grand County

Name of Employer	Product or Service	Estimated Number of Employees(1)
Winter Park Resort	Ski resort	350 Summer 1,500 Winter
Henderson Mine and Mill	Molybdenum mining	550
Grand County	Government	250
East Grand County School District (2)	Education	200
Granby Ranch (2) (3)	Recreation community	80 Summer 170 Winter
The Roofing Company (2)	Building	140
Kremmling Memorial Hospital	Health care	90
West Grand County School District	Education	90
Mountain Parks Electric Inc. (2)	Electric cooperative	70
Silver Creek Lodging	Resort lodging	65
Grand Elk LLC (2) (4)	Real estate development	50 Summer 25 Winter

(1) As of May 2006.
(2) Located in the Town of Granby.
(3) Granby Ranch has approximately 30 year-round employees.
(4) Grand Elk LLC dba Grand Elk Ranch and Club maintains a golf course, club and marina.

Source: Individual employers.

Retail Sales

The following table sets forth annual retail sales figures for the Town of Granby, Grand County and the State.

Retail Sales
(in thousands)

Year	Town of Granby	Percent Change	Grand County	Percent Change	Colorado	Percent Change
2001	$48,732	--	$304,017	--	$102,633,648	--
2002	43,576	(10.6)%	304,854	0.3%	103,777,621	1.1%
2003	55,247	26.8	316,668	3.9	105,420,075	1.6
2004	67,444	22.1	349,081	10.2	114,280,780	8.4
2005	89,091	32.1	406,231	16.4	122,907,090	7.5
2006(1)	n/a	--	88,519	--	18,777,645	--

(1) Figures are through February 2006.

Source: State of Colorado, Department of Revenue, Sales Tax Statistics, 2001-2006.

Current Construction

The following table sets forth the number of permits issued for construction in Grand County during the time period indicated.

History of Building Permits Issued in Grand County (1)

	Single Family		Multi-Family		All Other	
Year	Permits	Value	Units	Value	Permits	Value
2001	301	$ 65,271,443	190	$24,620,938	760	$20,091,688
2002	318	74,183,529	17	1,648,863	772	24,739,552
2003	352	84,342,254	41	8,043,821	713	20,443,638
2004	395	99,213,599	62	10,669,966	744	22,084,040
2005	446	113,239,887	147	27,431,764	608	62,507,789

(1) Includes unincorporated area and municipalities.

Source: Grand County Building Department.

The following table sets forth the number of permits issued for construction in the Town of Granby during the time period indicated.

History of Building Permits Issued in the Town of Granby (1)

	Single Family		Multi-Family		All Other	
Year	Permits	Value	Units	Value	Permits	Value
2000	24	$3,510,674	20	$2,612,040	82	$6,654,845
2001	17	2,120,470	0	0	29	1,360,499
2002	18	3,634,881	0	0	47	4,975,122
2003	29	7,644,605	0	0	26	676,381
2004	18	4,330,163	3	650,592	35	5,383,844
2005	78	15,861,412	1	523,437	72	5,472,610

(1) Permits in the Town of Granby are issued by Grand County Building Department. Subsequently, the figures set forth in this table are included in the building permit totals in the Grand County table above.

Source: Grand County Building Department.

Foreclosure Activity

The following table sets forth the number of foreclosures filed in Grand County during the time period shown. Such information only represents the number of foreclosures filed and does not take into account foreclosures which were filed and subsequently redeemed or withdrawn.

History of Foreclosures - Grand County

Year	Number of Foreclosures Filed	Percent Change
2002	39	--
2003	47	20.5%
2004	41	(12.8)
2005	47	14.6
2006(1)	22	--

(1) Through May 15, 2006.

Source: Grand County Public Trustee's Office.

TAX MATTERS

Generally. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code"), that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to any Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

In the opinion of Bond Counsel, interest on the Bonds is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date of delivery of the Bonds. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of Colorado or any other state or jurisdiction.

Changes in Federal Tax Law. From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending or proposed legislation.

LEGAL MATTERS

Litigation

The District and its general counsel state that no litigation of any nature is now pending or, to the best of their knowledge, threatened, seeking to restrain or to enjoin the execution, issuance, or delivery of the Bonds or the Indenture, or the levy or collection of any taxes to pay the principal of or interest on the Bonds, or in any manner questioning the authority or proceedings for the 2003 Election, or the issuance of the Bonds, the execution of the Indenture, or the levy or collection of said taxes, or affecting the validity of the 2003 Election, the Bonds, the Indenture, or the levy or collection of said taxes; and no litigation of any nature is now pending or, to the best of our knowledge, threatened, which, if determined adversely to the District, would have a material adverse effect upon the District's ability to comply with its obligations under the Bond Resolution or the Indenture, or to consummate the transactions contemplated thereby.

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the "Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the District, for injuries which lie in tort or could lie in tort.

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle, owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its

public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of $150,000; (b) for an injury to two or more persons in any single occurrence, the sum of $600,000; except in such instance, no person may recover in excess of $150,000. The District may increase any maximum amount that may be recovered from the District for certain types of injuries. However, the District may not be held liable either directly or by indemnification for punitive or exemplary damages unless the District voluntarily pays such damages in accordance with State law. The District has not acted to increase the damage limitations in the Immunity Act.

The District may be subject to civil liability and damages including punitive or exemplary damages under federal laws, and it may not be able to claim sovereign immunity for actions founded upon federal laws. Examples of such civil liability include suits filed pursuant to Section 1983 of Title 42 of the United States Code, alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined from engaging in anti-competitive practices which violate federal and State antitrust laws. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Approval of Certain Legal Proceedings

Legal matters relating to the issuance of the Bonds, as well as the treatment of interest on the Bonds for purposes of federal and State income taxation, are subject to the approving legal opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. Such opinion, the form of which is attached hereto as Appendix E, will be dated as of and delivered at closing. Certain legal matters pertaining to the organization and operation of the District will be passed upon by its general counsel, White, Bear & Ankele, Professional Corporation, Highlands Ranch, Colorado, and certain legal matters pertaining to the Developer and the Guaranty Agreement will be passed upon by Holme Roberts & Owen LLP, Denver, Colorado, counsel to the Developer. Legal fees to Bond Counsel and to Sherman & Howard L.L.C., counsel to the Underwriter, are contingent upon the sale and delivery of the Bonds.

Certain Constitutional Limitations

In 1992, the voters of Colorado approved a constitutional amendment which is codified as Article X, Section 20, of the Colorado Constitution (the Taxpayers Bill of Rights or "TABOR"). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District ("local governments"), but does not apply to "enterprises," defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

Because some provisions of TABOR are unclear, litigation seeking judicial interpretation of its provisions has been commenced on numerous occasions since its adoption.

Additional litigation may be commenced in the future seeking further interpretation of TABOR. No representation can be made as to the overall impact of TABOR on the future activities of the District, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues, and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government's spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever, subject to certain exceptions such as the refinancing of obligations at a lower interest rate.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for school districts, the percentage change in enrollment from year to year, and for non-school districts, the actual value of new construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service, however, including the debt service on the Bonds, can be paid without regard to any spending limits, assuming revenues are available to do so. The District's voters have approved election questions which authorize the District to retain excess revenues which may otherwise be required by TABOR to be refunded to taxpayers. In addition, the District's voters approved the issuance of the Bonds at the 2003 Election. See "DISTRICT DEBT STRUCTURE."

Emergency Reserve Funds. TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. The District has budgeted emergency reserves as required by TABOR.

Other Limitations. TABOR also prohibits new or increased real property transfer tax rates and local government income taxes. TABOR allows local governments to enact exemptions and credits to reduce or end business personal property taxes; provided, however, the local governments' spending is reduced by the amount saved by such action. With the exception of K-12 public education and federal programs, TABOR also allows local governments (subject to certain notice and phase-out requirements) to reduce or end subsidies to any program delegated for administration by the general assembly; provided, however, the local governments' spending is reduced by the amount saved by such action.

INDEPENDENT AUDITORS

The financial statements of the District as of December 31, 2005, and for the year then ended, which are included herein as Appendix G, have been audited by Chadwick, Steinkirchner, Davis & Co. P.C., Certified Public Accountants, Grand Junction, Colorado, as stated in their report appearing herein. The financial statements of the SolVista District as of December 31, 2005, and for the year then ended, which are included herein as Appendix H, have been audited by Chadwick, Steinkirchner, Davis & Co. P.C., Certified Public Accountants, Grand Junction, Colorado, as stated in their report appearing herein. The financial statements of the Developer as of December 31, 2005, and for the period March 21, 2005, through December 31, 2005, which are included herein as Appendix I, have been audited by Marc, James & Associates, PC, Certified Public Accountants, Highlands Ranch, Colorado, as stated in their report appearing herein.

NO RATINGS OR REGISTRATION

The District has not submitted, and does not intend to submit, an application to any securities rating agency with respect to the Bonds.

Registration or qualification of the placement of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the federal Securities Act of 1933, as amended, the Colorado Securities Act, as amended, or the Colorado Municipal Bond Supervision Act, as amended, pursuant to exemptions from registration provided in such acts. THE DISTRICT ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED.

The "Colorado Municipal Bond Supervision Act," Article 59 of Title 11, C.R.S., generally provides for the Colorado Securities Commissioner (the "Commissioner") to regulate and monitor the issuance of municipal securities by special districts and certain other entities. Among other things, the act requires that all bonds, debentures, or other obligations issued by a special district must first be registered with the Commissioner unless exempt under the act. The Bonds qualify for an exemption from registration because the Bonds are being issued in authorized denominations of not less than $500,000.

UNDERWRITING

D.A. Davidson & Co., Denver, Colorado (the "Underwriter") has agreed to purchase the Bonds from the District under a Bond Purchase Agreement at a purchase price equal to $14,430,500.00 (which is equal to the par amount of the Bonds, less Underwriter's discount of $294,500.00). The Underwriter is committed to take and pay for all of the Bonds if any are taken.

LIMITED OFFERING MEMORANDUM CERTIFICATION

The preparation of this Limited Offering Memorandum and its distribution have been authorized by the District. This Limited Offering Memorandum is hereby duly approved by the District as of the date on the cover page hereof.

GRANBY RANCH METROPOLITAN DISTRICT

By /s/ Julie Krueger
Chairman of the Board and President

LIMITED OFFERING MEMORANDUM CERTIFICATION

The preparation of this Limited Offering Memorandum and its distribution have been authorized by the District. This Limited Offering Memorandum is hereby duly approved by the District as of the date on the cover page hereof.

GRANBY RANCH METROPOLITAN DISTRICT

By /s/ Julie Krueger
Chairman of the Board and President

APPENDIX A

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

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GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

June 28, 2006

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Clifton
Gunderson LLP
Certified Public Accountants & Consultants

Accountant's Report

The Board of Directors of
Granby Ranch Metropolitan District
Grand County, Colorado

We have compiled the accompanying forecasted surplus cash balances and cash receipts and disbursements of Granby Ranch Metropolitan District (the "District") for the General Fund and Debt Service Fund as of December 31, 2005 and for the calendar years ending through 2036 (the "forecast"), in accordance with attestation standards established by the American Institute of Certified Public Accountants (the "AICPA").

A compilation is limited to presenting in the form of a forecast; information that is the representation of the District's Board of Directors and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying schedules or assumptions. However, we did become aware of a departure from the guidelines for presentation of a forecast established by the AICPA, which is described below. Furthermore, because events and circumstances frequently do not occur as expected, there will usually be differences between the forecasted and actual results, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying presentations of projections of the surplus cash balances and cash receipts and disbursements as of December 31, 2005 and for the calendar years ending through 2036, under the hypothetical assumptions in Note 18, assuming that the development of Phase I occurs with slower build-out, and under the hypothetical assumptions in Note 19, assuming development of Phase II occurs, are not a part of the forecast and are presented for additional analysis only, and should not be used for any other purpose. Such projections have not been subjected to the procedures applied in the compilation of the forecast, and we express no assurance of any kind with respect to such projections. Furthermore, even if development of Phase I occurs with slower build-out or development of Phase II occurs, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

As discussed in Note 4, the forecast is presented on the cash basis of accounting, whereas the historical financial statements for the forecast period and the projection period are expected to be presented in conformity with generally accepted accounting principles on the accrual basis for government wide statements and the modified accrual basis for individual fund financial statements for all funds of the District by fund type. Guidelines for presentation of a forecast established by the AICPA require disclosure of the differences resulting from the use of a different basis of accounting in the forecast and the projection than that expected to be used in the historical financial statements for the period. Accordingly, if the AICPA presentation guidelines were followed, the titles in the forecast and the projection would indicate that the presentation reflects the following: surplus cash balances and the cash received and disbursed rather than net assets or fund balances and the revenue and expenses or expenditures that would be recognized under generally accepted accounting principles based on the accrual basis and the modified accrual basis of accounting.

Clifton Gunderson LLP

Greenwood Village, Colorado
June 28, 2006

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SUMMARY

GENERAL FUND

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

			Mill Levy			Cash Receipts					Cash Disbursements				Cash Balances		
Collection Year	Total Assessed Value (See Page 14)	Total Mill Levy	General Fund Mill Levy	Transport. Mill Levy (1)	Total General Fund Mill Levy	Net Property Taxes 94.50%	Specific Ownership Taxes 7.00%	Annual Developer Advances and/or Operations Fees (2)	Interest Income at 3.00%	Total Cash Receipts	Service Costs Inflated (3) 1.00%	Less Sales and Use Tax Revenue (See Page 16)	Transportation Costs	Total Cash Disbursements	Annual Surplus Cash (Deficit)	Cumulative Surplus Cash Balances	Collection Year
2005									0	0							2005
2006	2,915,550	50.000						123,000	0	123,000	250,000	(128,595)		121,405	1,595	1,595	2006
2007	4,913,063	50.000	8.500		8.500	39,464	2,762	185,000	48	227,274	350,000	(122,887)		227,113	161	1,756	2007
2008	7,548,407	51.054	8.679	0.000	8.679	61,909	4,334	109,000	53	175,296	300,000	(125,295)		174,705	591	2,347	2008
2009	10,160,814	52.386	8.906	0.000	8.906	85,515	5,986	86,000	70	177,571	303,000	(125,195)		177,805	(234)	2,113	2009
2010	11,893,724	54.735	9.305	0.000	9.305	104,584	7,321	65,000	63	176,968	306,030	(129,785)		176,245	723	2,836	2010
2011	13,375,890	55.934	9.509	0.000	9.509	120,196	8,414	63,000	85	191,695	309,090	(117,952)		191,138	557	3,393	2011
2012	14,826,533	57.682	9.806	0.000	9.806	137,393	9,618	57,000	102	204,113	312,181	(107,467)		204,714	(601)	2,791	2012
2013	16,292,262	58.649	9.970	0.000	9.970	153,500	10,745	82,000	84	246,329	315,303	(68,820)		246,483	(154)	2,638	2013
2014	17,650,995	60.361	10.261	0.000	10.261	171,155	11,981	95,000	79	278,215	318,456	(40,550)		277,906	309	2,947	2014
2015	18,904,933	61.000	10.370	0.000	10.370	185,262	12,968	91,000	88	289,318	321,641	(31,789)		289,852	(534)	2,413	2015
2016	19,713,654	62.423	10.612	0.000	10.612	197,695	13,839	82,000	72	293,606	324,857	(31,674)		293,183	423	2,836	2016
2017	20,227,453	62.619	10.645	0.000	10.645	203,479	14,244	86,000	85	303,808	328,106	(24,520)		303,586	222	3,058	2017
2018	20,626,153	63.877	10.859	0.000	10.859	211,661	14,816	80,000	92	306,569	331,387	(24,400)		306,987	(418)	2,640	2018
2019	21,034,081	64.016	10.883	6.402	17.285	343,569	24,050	84,000	79	451,698	334,701	(10,204)	127,246	451,743	(45)	2,595	2019
2020	21,382,964	65.289	11.099	6.529	17.628	356,207	24,934	79,000	78	460,219	338,048	(10,079)	131,930	459,899	320	2,916	2020
2021	21,739,731	65.400	11.118	6.540	17.658	362,767	25,394	89,000	87	477,248	341,428	1,776	134,358	477,562	(314)	2,601	2021
2022	21,956,494	66.642	11.329	6.664	17.993	373,339	26,134	85,000	78	484,551	344,842	1,906	138,274	485,022	(471)	2,130	2022
2023	22,177,298	66.682	11.336	6.668	18.004	377,324	26,413	84,000	64	487,801	348,290	0	139,750	488,040	(239)	1,891	2023
2024	22,220,144	67.936	11.549	6.794	18.343	385,159	26,961	82,000	57	494,177	351,773	0	142,653	494,426	(249)	1,642	2024
2025	22,263,577	67.960	11.553	6.796	18.349	386,045	27,023	85,000	49	498,117	355,291	0	142,981	498,272	(155)	1,487	2025
2026	22,307,770	69.242	11.771	6.924	18.695	394,112	27,588	83,000	45	504,745	358,844	0	145,970	504,814	(69)	1,418	2026
2027	22,307,770	69.242	11.771	6.924	18.695	394,112	27,588	87,000	43	508,743	362,432	0	145,970	508,402	341	1,759	2027
2028	22,308,706	70.528	11.990	7.053	19.043	401,454	28,102	85,000	53	514,609	366,056	0	148,684	514,740	(131)	1,628	2028
2029	22,308,706	70.528	11.990	7.053	19.043	401,454	28,102	89,000	49	518,605	369,717	0	148,684	518,401	204	1,832	2029
2030	20,293,271	74.007	12.581	7.401	19.982	383,191	26,823	105,000	55	515,069	373,414	0	141,924	515,338	(269)	1,563	2030
2031	20,293,271	74.007	12.581	7.401	19.982	383,191	26,823	109,000	47	519,061	377,148	0	141,924	519,072	(11)	1,552	2031
2032	20,294,569	75.475	12.831	7.547	20.378	390,825	27,358	107,000	47	525,230	380,919	0	144,748	525,667	(437)	1,115	2032
2033	20,294,569	75.475	12.831	7.547	20.378	390,825	27,358	111,000	33	529,216	384,728	0	144,748	529,476	(260)	855	2033
2034	20,296,053	76.971	13.085	7.697	20.782	398,595	27,902	110,000	26	536,523	388,575	0	147,628	536,203	320	1,175	2034
2035	20,296,053	76.971	13.085	7.697	20.782	398,595	27,902	116,000	35	542,532	392,461	0	147,628	540,089	2,443	3,618	2035
2036	20,297,729	78.495	13.344	7.850	21.194	406,522	28,457	112,000	109	547,088	396,386	0	150,566	546,952	136	3,754	2036
						8,599,099	601,940	2,906,000	1,955	12,108,994	10,635,104	(1,095,530)	2,565,666	12,105,240	3,754		

(1) The Transportation Mill Levy up to a maximum of 5 mills (subject to adjustment) is to be imposed on property within the District once the build out has exceeded 700 Single Family Equivalents in the Development. The forecast assumes the Transportation Mill Levy will be imposed when 700 Certificates of Occupancy are issued within the District boundaries only, which is expected to be achieved by the end of 2018. The Transportation Mill Levy could actually be imposed earlier at the

(2) The District may impose an Operations Fee to help fund Service Costs. The Developer expects Developer Advances could be repaid from Phase II development in Note 19.

(3) Service Costs are estimated to be $250,000 in 2006; $350,000 in 2007; $300,000 in 2008 and inflated 1% annually thereafter.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SUMMARY

DEBT SERVICE FUND

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

	Mill Levy				Cash Receipts					Cash Disbursements							Cash Balances			
												Bonds Surplus Fund								
Collection Year	Total Assessed Value (See Page 14)	Debt Service Fund Mill Levy	Net Property Taxes 94.50%	Specific Ownership Taxes 7.00%	Net SolVista Tax Revenue (see Page 15)	Total Capital Fees (4) $6,255	Ski Area Payment in Lieu of Property Taxes	Interest Income at 3.00%	Total Annual Cash Receipts	Net Debt Service on 2006 Bonds (See Page 19)	Cumulative Cash Available for Surplus Fund	Transfer to (Release from)	Cumulative Surplus Balance	Debt to Assessed Ratio	Release to District	Total Cash Disbursements & Transfers to (from) Surplus Fund	Annual Surplus Cash (Deficit)	Cumulative Surplus Cash Balances	Collection Year	Lot Sale Escrow Account Annual Balances (5) (See Page 21)
2005																			2005	
2006	2,915,550	50.000	137,760	9,643	0	600,480	87,157	0	835,040	0	835,040	835,040	835,040	505%		835,040	0	0	2006	510,000
2007	4,913,063	41.500	192,678	13,487	15,054	487,890	0	25,051	734,160	0	734,160	734,160	1,569,199	300%		734,160	0	0	2007	877,500
2008	7,548,407	42.375	302,271	21,159	45,056	500,400	0	47,076	915,962	0	915,962	915,962	2,485,161	195%		915,962	0	0	2008	1,077,500
2009	10,160,814	43.480	417,494	29,225	45,056	500,400	0	74,555	1,066,730	403,097	663,633	663,633	3,148,794	145%		1,066,730	0	0	2009	1,162,500
2010	11,893,724	45.430	510,614	35,743	43,002	512,910	0	94,464	1,196,733	1,088,389	108,344	108,344	3,257,138	123%		1,196,733	0	0	2010	1,177,500
2011	13,375,890	46.425	586,822	41,078	43,002	481,635	0	97,714	1,250,251	1,138,264	111,987	111,987	3,369,126	107%		1,250,251	0	0	2011	1,177,500
2012	14,826,533	47.876	670,794	46,956	42,982	425,340	0	101,074	1,287,146	1,169,089	118,057	118,057	3,487,183	95%		1,287,146	0	0	2012	1,177,500
2013	16,292,262	48.679	749,471	52,463	42,982	256,455	0	104,615	1,205,986	1,081,876	124,110	124,110	3,611,292	85%		1,205,986	0	0	2013	1,177,500
2014	17,650,995	50.100	835,678	58,497	42,962	143,865	0	108,339	1,189,341	1,064,389	124,952	124,952	3,736,244	78%		1,189,341	0	0	2014	1,177,500
2015	18,904,933	50.630	904,513	63,316	42,962	100,080	0	112,087	1,222,958	1,097,239	125,719	125,719	3,861,963	72%		1,222,958	0	0	2015	1,177,500
2016	19,713,654	51.811	965,208	67,565	42,943	100,080	0	115,859	1,291,655	1,157,051	134,604	134,604	3,996,567	67%		1,291,655	0	0	2016	1,177,500
2017	20,227,453	51.974	993,480	69,544	42,943	81,315	0	119,897	1,307,179	1,176,801	130,378	130,378	4,126,944	64%		1,307,179	0	0	2017	1,177,500
2018	20,626,153	53.018	1,033,412	72,339	42,923	81,315	0	123,808	1,353,797	1,173,851	179,946	179,946	4,306,890	61%		1,353,797	0	0	2018	1,177,500
2019	21,034,081	46.731	928,890	65,022	42,923	43,785	0	129,207	1,209,827	1,069,551	140,276	140,276	4,447,166	58%		1,209,827	0	0	2019	1,177,500
2020	21,382,964	47.661	963,082	67,416	42,904	43,785	0	133,415	1,250,602	1,105,651	144,951	144,951	4,592,116	56%		1,250,602	0	0	2020	1,177,500
2021	21,739,731	47.742	980,814	68,657	42,904	12,510	0	137,763	1,242,648	1,098,039	144,609	144,609	4,736,725	53%		1,242,648	0	0	2021	1,177,500
2022	21,956,494	48.649	1,009,409	70,659	42,884	12,510	0	142,102	1,277,564	1,129,414	148,150	148,150	4,884,875	51%		1,277,564	0	0	2022	1,177,500
2023	22,177,298	48.678	1,020,167	71,412	42,884	12,510	0	146,546	1,293,519	1,137,076	156,443	156,443	5,041,318	48%		1,293,519	0	0	2023	1,177,500
2024	22,220,144	49.593	1,041,363	72,895	42,865	0	0	151,240	1,308,363	1,157,376	150,987	150,987	5,192,304	46%		1,308,363	0	0	2024	1,177,500
2025	22,263,577	49.611	1,043,771	73,064	42,865	0	0	155,769	1,315,469	1,159,301	156,168	(5,192,304)	0	44%	5,192,304	1,159,301	156,168	156,168	2025	0
2026	22,307,770	50.547	1,065,568	74,590	42,845	0	0	4,685	1,187,688	1,178,864				41%		1,178,864	8,824	164,992	2026	
2027	22,307,770	50.547	1,065,568	74,590	0	0	0	4,950	1,145,108	1,134,714				38%		1,134,714	10,394	175,386	2027	
2028	22,308,706	51.485	1,085,399	75,978	0	0	0	5,262	1,166,639	1,155,901				35%		1,155,901	10,738	186,123	2028	
2029	22,308,706	51.485	1,085,399	75,978	0	0	0	5,584	1,166,961	1,158,039				32%		1,158,039	8,922	195,045	2029	
2030	20,293,271	54.025	1,036,051	72,524	0	0	0	5,851	1,114,426	1,102,139				32%		1,102,139	12,287	207,332	2030	
2031	20,293,271	54.025	1,036,051	72,524	0	0	0	6,220	1,114,795	1,106,914				29%		1,106,914	7,881	215,213	2031	
2032	20,294,569	55.097	1,056,662	73,966	0	0	0	6,456	1,137,084	1,128,314				25%		1,128,314	8,770	223,984	2032	
2033	20,294,569	55.097	1,056,662	73,966	0	0	0	6,720	1,137,348	1,124,989				21%		1,124,989	12,359	236,343	2033	
2034	20,296,053	56.189	1,077,691	75,438	0	0	0	7,090	1,160,219	1,148,289				16%		1,148,289	11,930	248,273	2034	
2035	20,296,053	56.189	1,077,691	75,438	0	0	0	7,448	1,160,577	1,146,189				11%		1,146,189	14,388	262,661	2035	
2036	20,297,729	57.301	1,099,119	76,938	0	0	0	7,880	1,183,937	1,170,626				0%		1,170,626	13,311	275,971	2036	
			27,029,552	1,892,070	834,941	4,397,265	87,157	2,188,727	36,429,712	30,961,436		0			5,192,304	36,153,741	275,971			

(4) Capital Fees are forecasted to be collected the year prior to completion of construction of the units. Capital Fees from 38 units are assumed to have been collected and spent in 2005 and are not available for payment on the Bonds. Capital Fees received by the District between April 1, 2006 and July 5, 2006, will be deposited to the Surplus Fund on the date of issuance of the Bonds.

(5) The Lot Sale Escrow is not owned by the District but is additional security for payment on the Bonds.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 1 of 10 - Continued on to Page 6)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential											
		Tall Timbers [6]			Fairway [6]			Peakview [6]			Aspen Meadows [7]		
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $425,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $275,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $200,000	Annual Value of New Residences
Inflation compounded annually			2.00%			2.00%			2.00%			2.00%	
2004	2006												
2005	2007												
2006	2008	12	350,000	4,200,000	13	425,000	5,525,000	12	275,000	3,300,000		200,000	0
2007	2009	12	357,000	4,284,000	12	433,500	5,202,000	12	280,500	3,366,000	45	204,000	9,180,000
2008	2010	12	364,140	4,369,680	12	442,170	5,306,040	12	286,110	3,433,320	15	208,080	3,121,200
2009	2011	12	371,423	4,457,074	12	451,013	5,412,161	12	291,832	3,501,986	15	212,242	3,183,624
2010	2012	12	378,851	4,546,215	12	460,034	5,520,404	12	297,669	3,572,026	15	216,486	3,247,296
2011	2013	12	386,428	4,637,139	12	469,234	5,630,812	12	303,622	3,643,467	15	220,816	3,312,242
2012	2014	12	394,157	4,729,882	12	478,619	5,743,428	12	309,695	3,716,336	15	225,232	3,378,487
2013	2015	12	402,040	4,824,480	12	488,191	5,858,297	4	315,889	1,263,554	15	229,737	3,446,057
2014	2016	5	410,081	2,050,404	5	497,955	2,489,776		322,206	0	6	234,332	1,405,991
2015	2017												
2016	2018												
2017	2019												
2018	2020												
2019	2021												
2020	2022												
2021	2023												
2022	2024												
2023	2025												
2024	2026												
2025	2027												
2026	2028												
2027	2029												
2028	2030												
2029	2031												
2030	2032												
2031	2033												
2032	2034												
2033	2035												
2034	2036												
		101		38,098,874	102		46,687,918	88		25,796,689	141		30,274,897

(6) Subject to an Option and Purchase and Sale Agreement with Village Homes of Colorado, Inc.
(7) Property Sold to Aspen Meadows Condominiums, LLC on July 30, 2004.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 2 of 10 - Continued from Page 5 and on to Page 7)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential											
		Eisenhower Camp (8)			Ranch View (9)			Saddle Ridge (9)			Eagle Crest (9)		
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence $300,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $450,000	Annual Value of New Residences
Inflation compounded annually			2.00%			2.00%			2.00%			2.00%	
2004	2006												
2005	2007												
2006	2008		300,000	0	1	350,000	350,000		350,000	0		450,000	0
2007	2009	8	306,000	2,448,000	2	357,000	714,000		357,000	0		459,000	0
2008	2010	8	312,120	2,496,960	3	364,140	1,092,420	3	364,140	1,092,420		468,180	0
2009	2011	8	318,362	2,546,899	3	371,423	1,114,268	3	371,423	1,114,268	2	477,544	955,087
2010	2012	8	324,730	2,597,837	3	378,851	1,136,554	3	378,851	1,136,554	2	487,094	974,189
2011	2013	8	331,224	2,649,794	3	386,428	1,159,285	3	386,428	1,159,285	3	496,836	1,490,509
2012	2014	8	337,849	2,702,790	3	394,157	1,182,471	3	394,157	1,182,471	4	506,773	2,027,092
2013	2015	8	344,606	2,756,846	3	402,040	1,206,120	3	402,040	1,206,120	3	516,909	1,550,726
2014	2016	8	351,498	2,811,983	3	410,081	1,230,242	3	410,081	1,230,242	3	527,247	1,581,740
2015	2017	7	358,528	2,509,694	3	418,282	1,254,847	3	418,282	1,254,847	3	537,792	1,613,375
2016	2018		365,698	0	3	426,648	1,279,944	3	426,648	1,279,944	3	548,547	1,645,642
2017	2019		373,012	0	3	435,181	1,305,543	3	435,181	1,305,543	3	559,518	1,678,555
2018	2020		380,473	0	3	443,885	1,331,654		443,885	0	3	570,709	1,712,126
2019	2021		388,082	0	3	452,762	1,358,287		452,762	0	3	582,123	1,746,369
2020	2022		395,844	0					461,818	0		593,765	0
2021	2023		403,761	0					471,054	0		605,641	0
2022	2024		411,836	0					480,475	0		617,754	0
2023	2025		420,072	0					490,084	0		630,109	0
2024	2026		428,474	0					499,886	0			
2025	2027												
2026	2028												
2027	2029												
2028	2030												
2029	2031												
2030	2032												
2031	2033												
2032	2034												
2033	2035												
2034	2036												
		71		23,520,803	39		15,715,635	30		11,961,694	32		16,975,410

(8) Subject to an Option and Purchase and Sale Agreement with Eisenhower Cabins, LLC

(9) Lots owned by the Developer for Sale to individual homeowners.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 3 of 10 - Continued from Page 6 and on to Page 8)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential											
		Mountain Vista (9)			Silver Star (10)			Saddle Ridge II (9)			Seven Eagles (9)		
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence $400,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $425,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences
Inflation compounded annually			2.00%			2.00%			2.00%			2.00%	
2004	2006												
2005	2007												
2006	2008		400,000	0		425,000	0		350,000			350,000	
2007	2009		408,000	0	5	433,500	2,167,500		357,000	0		357,000	
2008	2010	5	416,160	2,080,800	5	442,170	2,210,850	2	364,140	728,280	1	364,140	364,140
2009	2011	5	424,483	2,122,416	5	451,013	2,255,067	2	371,423	742,846	1	371,423	371,423
2010	2012	5	432,973	2,164,864	5	460,034	2,300,168	2	378,851	757,703	1	378,851	378,851
2011	2013	5	441,632	2,208,162	6	469,234	2,815,406	2	386,428	772,857	1	386,428	386,428
2012	2014	5	450,465	2,252,325				2	394,157	788,314	1	394,157	394,157
2013	2015	5	459,474	2,297,371				2	402,040	804,080	1	402,040	402,040
2014	2016	5	468,664	2,343,319				2	410,081	820,162	1	410,081	410,081
2015	2017	5	478,037	2,390,185				2	418,282	836,565			
2016	2018	5	487,598	2,437,989				2	426,648	853,296			
2017	2019	5	497,350	2,486,749				2	435,181	870,362			
2018	2020	5	507,297	2,536,484				2	443,885	887,769			
2019	2021	5	517,443	2,587,213				2	452,762	905,525			
2020	2022	5	527,792	2,638,958				2	461,818	923,635			
2021	2023	5	538,347	2,691,737				2	471,054	942,108			
2022	2024							2	480,475	960,950			
2023	2025							2	490,084	980,169			
2024	2026							2	499,886	999,772			
2025	2027												
2026	2028												
2027	2029												
2028	2030												
2029	2031												
2030	2032												
2031	2033												
2032	2034												
2033	2035												
2034	2036												
		70		33,238,572	26		11,748,991	34		14,574,393	7		2,707,120

(9) Lots owned by the Developer for Sale to individual homeowners.
(10) Current owner plans to construct townhome buildings.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 4 of 10 - Continued from Page 7 and on to Page 9)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		TOTAL RESIDENTIAL UNITS		Est. Biennial	Cumulative	Estimated	
Construction Year	Collection Year	Annual Number of Residential Units	Annual Value of New Residential Units	Revaluation per State Statute at 2.00%	Market Value of New Residences	Residential Assessment Ratio	RESIDENTIAL ASSESSED VALUATION
							(See Page 14)
2004	2006						
2005	2007	0	0		0	7.96%	0
2006	2008	38	13,375,000	0	13,375,000	7.96%	1,064,650
2007	2009	96	27,361,500		40,736,500	7.96%	3,242,625
2008	2010	78	26,296,110	814,730	67,847,340	7.49%	5,081,766
2009	2011	80	27,777,119		95,624,459	7.49%	7,162,272
2010	2012	80	28,332,661	1,912,489	125,869,609	7.34%	9,239,081
2011	2013	82	29,865,386		155,734,995	7.34%	11,431,260
2012	2014	77	28,097,753	3,114,700	186,947,448	7.19%	13,447,870
2013	2015	68	25,615,691		212,563,139	7.19%	15,290,508
2014	2016	41	16,373,940	4,251,263	233,188,342	7.05%	16,438,678
2015	2017	23	9,859,513		243,047,855	7.05%	17,133,727
2016	2018	16	7,496,815	4,860,957	255,405,627	6.91%	17,644,794
2017	2019	16	7,646,752		263,052,379	6.91%	18,173,072
2018	2020	13	6,468,033	5,261,048	274,781,460	6.77%	18,603,713
2019	2021	13	6,597,394		281,378,854	6.77%	19,050,380
2020	2022	7	3,562,593	5,627,577	290,569,024	6.63%	19,279,137
2021	2023	7	3,633,845		294,202,869	6.63%	19,520,241
2022	2024	2	960,950	5,884,057	301,047,876	6.50%	19,574,916
2023	2025	2	980,169		302,028,045	6.50%	19,638,649
2024	2026	2	999,772	6,040,561	309,068,378	6.37%	19,694,502
2025	2027	0	0		309,068,378	6.37%	19,694,502
2026	2028	0	0	6,181,368	315,249,746	6.24%	19,686,624
2027	2029	0	0		315,249,746	6.24%	19,686,624
2028	2030	0	0	6,304,995	321,554,741	6.12%	19,678,749
2029	2031	0	0		321,554,741	6.12%	19,678,749
2030	2032	0	0	6,431,095	327,985,836	6.00%	19,670,878
2031	2033	0	0		327,985,836	6.00%	19,670,878
2032	2034	0	0	6,559,717	334,545,553	5.88%	19,663,009
2033	2035	0	0		334,545,553	5.88%	19,663,009
2034	2036	0	0	6,690,911	341,236,464	5.76%	19,655,144
		741	271,300,996	69,935,468			

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 5 of 10 - Continued from Page 8 and on to Page 10)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Commercial												
		Granby Ranch Entrance				Log Cabin Admin Offices			Golf Course and Ski Area [11]			Cumulative	Estimated	
Construction Year	Collection Year	Sale Center Value	Parcel Value	Est. Biennial Revaluation at 2.00%	Cumulative Market Value	Log Cabin Value	Est. Biennial Revaluation at 2.00%	Cumulative Market Value	Golf Course Value	Ski Area Value	Cumulative Market Value [12]	Market Value of All Commercial	Commercial Assessment Ratio	COMMERCIAL ASSESSED VALUATION
														(See Page 14)
2004	2006													
2005	2007	650,586	136,517		787,103	459,482		459,482	1,819,724	5,133,897	6,953,621	8,200,206	29.00%	2,378,060
2006	2008			15,742	802,845		9,190	468,672			6,953,621	8,225,138	29.00%	2,385,290
2007	2009				802,845			468,672			6,953,621	8,225,138	29.00%	2,385,290
2008	2010			16,057	818,902		9,373	478,045			6,953,621	8,250,568	29.00%	2,392,665
2009	2011				818,902			478,045			6,953,621	8,250,568	29.00%	2,392,665
2010	2012			16,378	835,280		9,561	487,606			6,953,621	8,276,507	29.00%	2,400,187
2011	2013				835,280			487,606			6,953,621	8,276,507	29.00%	2,400,187
2012	2014			16,706	851,986		9,752	497,358			6,953,621	8,302,965	29.00%	2,407,860
2013	2015				851,986			497,358			6,953,621	8,302,965	29.00%	2,407,860
2014	2016			17,040	869,026		9,947	507,305			6,953,621	8,329,952	29.00%	2,415,686
2015	2017				869,026			507,305			6,953,621	8,329,952	29.00%	2,415,686
2016	2018			17,381	886,407		10,146	517,451			6,953,621	8,357,479	29.00%	2,423,669
2017	2019				886,407			517,451			6,953,621	8,357,479	29.00%	2,423,669
2018	2020			17,728	904,135		10,349	527,800			6,953,621	8,385,556	29.00%	2,431,811
2019	2021				904,135			527,800			6,953,621	8,385,556	29.00%	2,431,811
2020	2022			18,083	922,218		10,556	538,356			6,953,621	8,414,195	29.00%	2,440,117
2021	2023				922,218			538,356			6,953,621	8,414,195	29.00%	2,440,117
2022	2024			18,444	940,662		10,767	549,123			6,953,621	8,443,406	29.00%	2,448,588
2023	2025				940,662			549,123			6,953,621	8,443,406	29.00%	2,448,588
2024	2026			18,813	959,475		10,982	560,105			6,953,621	8,473,201	29.00%	2,457,228
2025	2027				959,475			560,105			6,953,621	8,473,201	29.00%	2,457,228
2026	2028			19,190	978,665		11,202	571,307			6,953,621	8,503,593	29.00%	2,466,042
2027	2029				978,665			571,307			6,953,621	8,503,593	29.00%	2,466,042
2028	2030			19,573	998,238		11,426	582,733	(1,819,724)	(5,133,897)	0	1,580,971	29.00%	458,482
2029	2031				998,238			582,733			0	1,580,971	29.00%	458,482
2030	2032			19,965	1,018,203		11,655	594,388			0	1,612,591	29.00%	467,651
2031	2033				1,018,203			594,388			0	1,612,591	29.00%	467,651
2032	2034			20,364	1,038,567		11,888	606,276			0	1,644,843	29.00%	477,004
2033	2035				1,038,567			606,276			0	1,644,843	29.00%	477,004
2034	2036			20,771	1,059,338		12,126	618,402			0	1,677,740	29.00%	486,545
		650,586	136,517	272,235		459,482	158,920		0	0				

(11) Headwaters District is assumed to take ownership of the Golf Course and Ski Area as of 12/31/2029 at which time the property will be removed from the tax rolls.

(12) The Golf Course and Ski Area are not being inflated by the 2% biennial revaluation as it is anticipated that a large portion of the actual value is attributable to personal property.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 6 of 10 - Continued from Page 9 and on to Page 11)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Platted Residential Land															
		Tall Timbers				Fairway				Peakview				Aspen Meadows			
Construction Year	Collection Year	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $425,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $275,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $200,000 10.00%	Less: Lots Used	Annual Actual Value
2004	2006																
2005	2007	41	1,435,000	0	1,435,000	15	637,500	0	637,500	32	880,000	0	880,000	141	2,820,000	0	2,820,000
2006	2008	37	1,295,000	(420,000)	875,000	30	1,275,000	(552,500)	722,500	28	770,000	(330,000)	440,000			0	0
2007	2009	23	805,000	(420,000)	385,000	27	1,147,500	(510,000)	637,500	28	770,000	(330,000)	440,000			(900,000)	(900,000)
2008	2010			(420,000)	(420,000)	30	1,275,000	(510,000)	765,000			(330,000)	(330,000)			(300,000)	(300,000)
2009	2011			(420,000)	(420,000)			(510,000)	(510,000)			(330,000)	(330,000)			(300,000)	(300,000)
2010	2012			(420,000)	(420,000)			(510,000)	(510,000)			(330,000)	(330,000)			(300,000)	(300,000)
2011	2013			(420,000)	(420,000)			(510,000)	(510,000)			(330,000)	(330,000)			(300,000)	(300,000)
2012	2014			(420,000)	(420,000)			(510,000)	(510,000)			(330,000)	(330,000)			(300,000)	(300,000)
2013	2015			(420,000)	(420,000)			(510,000)	(510,000)			(110,000)	(110,000)			(300,000)	(300,000)
2014	2016			(175,000)	(175,000)			(212,500)	(212,500)							(120,000)	(120,000)
2015	2017																
2016	2018																
2017	2019																
2018	2020																
2019	2021																
2020	2022																
2021	2023																
2022	2024																
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2032	2034																
2033	2035																
2034	2036																
		101	3,535,000	(3,535,000)	0	102	4,335,000	(4,335,000)	0	88	2,420,000	(2,420,000)	0	141	2,820,000	(2,820,000)	0

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 7 of 10 - Continued from Page 10 and on to Page 12)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Platted Residential Land															
		Eisenhower Camp				Ranch View				Saddle Ridge				Eagle Crest			
Construction Year	Collection Year	Platted Lot Takedown	Platted & Finished Lots $300,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $450,000 10.00%	Less: Lots Used	Annual Actual Value
2004	2006																
2005	2007		0	0	0	16	560,000	0	560,000		0	0	0		0	0	0
2006	2008	25	750,000	0	750,000	23	805,000	(35,000)	770,000	30	1,050,000	0	1,050,000		0	0	0
2007	2009	12	360,000	(240,000)	120,000		0	(70,000)	(70,000)			0	0	32	1,440,000	0	1,440,000
2008	2010	25	750,000	(240,000)	510,000		0	(105,000)	(105,000)			(105,000)	(105,000)			0	0
2009	2011	9	270,000	(240,000)	30,000		0	(105,000)	(105,000)			(105,000)	(105,000)			(90,000)	(90,000)
2010	2012			(240,000)	(240,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(90,000)	(90,000)
2011	2013			(240,000)	(240,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2012	2014			(240,000)	(240,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(180,000)	(180,000)
2013	2015			(240,000)	(240,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2014	2016			(240,000)	(240,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2015	2017			(210,000)	(210,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2016	2018						0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2017	2019						0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2018	2020						0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2019	2021						0	(105,000)	(105,000)							(135,000)	(135,000)
2020	2022						0	(105,000)	(105,000)							(135,000)	(135,000)
2021	2023																
2022	2024																
2023	2025																
2024	2026																
2025	2027																
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2029	2031																
2030	2032																
2031	2033																
2032	2034																
2033	2035																
2034	2036																
		71	2,130,000	(2,130,000)	0	39	1,365,000	(1,365,000)	0	30	1,050,000	(1,050,000)	0	32	1,440,000	(1,440,000)	0

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Platted Residential Land															
		Mountain Vista				Silver Star				Saddle Ridge II				Seven Eagles			
Construction Year	Collection Year	Platted Lot Takedown	Platted & Finished Lots $400,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $425,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value
2004	2006																
2005	2007		0	0	0		0	0	0		0	0	0		0	0	0
2006	2008	10	400,000	0	400,000	5	212,500	0	212,500	34	1,190,000	0	1,190,000	7	245,000	0	245,000
2007	2009	20	800,000	0	800,000	5	212,500	(212,500)	0			0	0			0	0
2008	2010	20	800,000	(200,000)	600,000	5	212,500	(212,500)	0			(70,000)	(70,000)			(35,000)	(35,000)
2009	2011	20	800,000	(200,000)	600,000	5	212,500	(212,500)	0			(70,000)	(70,000)			(35,000)	(35,000)
2010	2012			(200,000)	(200,000)	6	255,000	(212,500)	42,500			(70,000)	(70,000)			(35,000)	(35,000)
2011	2013			(200,000)	(200,000)			(255,000)	(255,000)			(70,000)	(70,000)			(35,000)	(35,000)
2012	2014			(200,000)	(200,000)							(70,000)	(70,000)			(35,000)	(35,000)
2013	2015			(200,000)	(200,000)							(70,000)	(70,000)			(35,000)	(35,000)
2014	2016			(200,000)	(200,000)							(70,000)	(70,000)			(35,000)	(35,000)
2015	2017			(200,000)	(200,000)							(70,000)	(70,000)				
2016	2018			(200,000)	(200,000)							(70,000)	(70,000)				
2017	2019			(200,000)	(200,000)							(70,000)	(70,000)				
2018	2020			(200,000)	(200,000)							(70,000)	(70,000)				
2019	2021			(200,000)	(200,000)							(70,000)	(70,000)				
2020	2022			(200,000)	(200,000)							(70,000)	(70,000)				
2021	2023			(200,000)	(200,000)							(70,000)	(70,000)				
2022	2024											(70,000)	(70,000)				
2023	2025											(70,000)	(70,000)				
2024	2026											(70,000)	(70,000)				
2025	2027																
2026	2028																
2027	2029																
2028	2030																
2029	2031																
2030	2032																
2031	2033																
2032	2034																
2033	2035																
2034	2036																
		70	2,800,000	(2,800,000)	0	26	1,105,000	(1,105,000)	0	34	1,190,000	(1,190,000)	0	7	245,000	(245,000)	0

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 9 of 10 - Continued from Page 12 and on to Page 14)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Total Platted Residential Land						
Construction Year	Collection Year	Annual Platted Lot Takedown	Annual Actual Values	Existing Undeveloped Land to be Developed $2,794,914	Existing Undeveloped Land NOT to be Developed $538,069	Cumulative Market Value of Platted & Undeveloped Land	Estimated Land Assessment Ratio	LAND ASSESSED VALUATION
								(See Page 14)
2004	2006							
2005	2007	245	6,332,500	1,870,820	538,069	8,741,389	29.00%	2,535,003
2006	2008	229	6,255,000	(863,745)		14,132,644	29.00%	4,098,467
2007	2009	147	2,052,500	(554,457)		15,630,687	29.00%	4,532,899
2008	2010	80	(90,000)	(301,745)		15,238,942	29.00%	4,419,293
2009	2011	34	(1,935,000)	(128,242)		13,175,700	29.00%	3,820,953
2010	2012	6	(2,162,500)	(22,631)		10,990,569	29.00%	3,187,265
2011	2013		(2,505,000)	0		8,485,569	29.00%	2,460,815
2012	2014		(2,295,000)	0		6,190,569	29.00%	1,795,265
2013	2015		(2,030,000)	0		4,160,569	29.00%	1,206,565
2014	2016		(1,197,500)	0		2,963,069	29.00%	859,290
2015	2017		(625,000)	0		2,338,069	29.00%	678,040
2016	2018		(415,000)	0		1,923,069	29.00%	557,690
2017	2019		(415,000)	0		1,508,069	29.00%	437,340
2018	2020		(310,000)	0		1,198,069	29.00%	347,440
2019	2021		(310,000)	0		888,069	29.00%	257,540
2020	2022		(70,000)	0		818,069	29.00%	237,240
2021	2023		(70,000)	0		748,069	29.00%	216,940
2022	2024		(70,000)	0		678,069	29.00%	196,640
2023	2025		(70,000)	0		608,069	29.00%	176,340
2024	2026		(70,000)	0		538,069	29.00%	156,040
2025	2027		0	0		538,069	29.00%	156,040
2026	2028		0	0		538,069	29.00%	156,040
2027	2029		0	0		538,069	29.00%	156,040
2028	2030		0	0		538,069	29.00%	156,040
2029	2031		0	0		538,069	29.00%	156,040
2030	2032		0	0		538,069	29.00%	156,040
2031	2033		0	0		538,069	29.00%	156,040
2032	2034		0	0		538,069	29.00%	156,040
2033	2035		0	0		538,069	29.00%	156,040
2034	2036		0	0		538,069	29.00%	156,040
		741						

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 10 of 10 - Continued from Page 13)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

Construction Year	Collection Year	RESIDENTIAL ASSESSED VALUATION (See Page 8)	COMMERCIAL ASSESSED VALUATION (See Page 9)	LAND ASSESSED VALUATION (See Page 13)	TOTAL ASSESSED VALUATION	Collection Year	
2004	2006				2,915,550	2006	(13)
2005	2007	0	2,378,060	2,535,003	4,913,063	2007	
2006	2008	1,064,650	2,385,290	4,098,467	7,548,407	2008	
2007	2009	3,242,625	2,385,290	4,532,899	10,160,814	2009	
2008	2010	5,081,766	2,392,665	4,419,293	11,893,724	2010	
2009	2011	7,162,272	2,392,665	3,820,953	13,375,890	2011	
2010	2012	9,239,081	2,400,187	3,187,265	14,826,533	2012	
2011	2013	11,431,260	2,400,187	2,460,815	16,292,262	2013	
2012	2014	13,447,870	2,407,860	1,795,265	17,650,995	2014	
2013	2015	15,290,508	2,407,860	1,206,565	18,904,933	2015	
2014	2016	16,438,678	2,415,686	859,290	19,713,654	2016	
2015	2017	17,133,727	2,415,686	678,040	20,227,453	2017	
2016	2018	17,644,794	2,423,669	557,690	20,626,153	2018	
2017	2019	18,173,072	2,423,669	437,340	21,034,081	2019	
2018	2020	18,603,713	2,431,811	347,440	21,382,964	2020	
2019	2021	19,050,380	2,431,811	257,540	21,739,731	2021	
2020	2022	19,279,137	2,440,117	237,240	21,956,494	2022	
2021	2023	19,520,241	2,440,117	216,940	22,177,298	2023	
2022	2024	19,574,916	2,448,588	196,640	22,220,144	2024	
2023	2025	19,638,649	2,448,588	176,340	22,263,577	2025	
2024	2026	19,694,502	2,457,228	156,040	22,307,770	2026	
2025	2027	19,694,502	2,457,228	156,040	22,307,770	2027	
2026	2028	19,686,624	2,466,042	156,040	22,308,706	2028	
2027	2029	19,686,624	2,466,042	156,040	22,308,706	2029	
2028	2030	19,678,749	458,482	156,040	20,293,271	2030	
2029	2031	19,678,749	458,482	156,040	20,293,271	2031	
2030	2032	19,670,878	467,651	156,040	20,294,569	2032	
2031	2033	19,670,878	467,651	156,040	20,294,569	2033	
2032	2034	19,663,009	477,004	156,040	20,296,053	2034	
2033	2035	19,663,009	477,004	156,040	20,296,053	2035	
2034	2036	19,655,144	486,545	156,040	20,297,729	2036	

(13) Adjusted to assessed valuation as provided by the County Assessor in December, 2005.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED SOL VISTA METROPOLITAN DISTRICT CASH RECEIPTS AND DISBURSEMENTS

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

			Residential Property								
	Construction Year	Collection Year	Est. Biennial Revaluation 2.00%	Cumulative Market Value	Estimated Residential Ratio	Assessed Valuation	Mill Levy	Net Property Taxes 94.50%	Annual Receipts for Sol Vista per IGA	Disbursements for Sol Vista O & M	Net Payments to Granby Ranch
(13)	2004	2006		26,617,965	7.96%	2,118,705	0.000	0	0		0
	2005	2007		26,617,965	7.96%	2,118,705	25.000	50,054	50,054	35,000	15,054
	2006	2008	532,359	27,150,324	7.96%	2,161,081	25.000	51,056	51,056	6,000	45,056
	2007	2009		27,150,324	7.96%	2,161,081	25.000	51,056	51,056	6,000	45,056
	2008	2010	543,006	27,693,330	7.49%	2,074,145	25.000	49,002	49,002	6,000	43,002
	2009	2011		27,693,330	7.49%	2,074,145	25.000	49,002	49,002	6,000	43,002
	2010	2012	553,867	28,247,197	7.34%	2,073,316	25.000	48,982	48,982	6,000	42,982
	2011	2013		28,247,197	7.34%	2,073,316	25.000	48,982	48,982	6,000	42,982
	2012	2014	564,944	28,812,141	7.19%	2,072,486	25.000	48,962	48,962	6,000	42,962
	2013	2015		28,812,141	7.19%	2,072,486	25.000	48,962	48,962	6,000	42,962
	2014	2016	576,243	29,388,384	7.05%	2,071,657	25.000	48,943	48,943	6,000	42,943
	2015	2017		29,388,384	7.05%	2,071,657	25.000	48,943	48,943	6,000	42,943
	2016	2018	587,768	29,976,152	6.91%	2,070,829	25.000	48,923	48,923	6,000	42,923
	2017	2019		29,976,152	6.91%	2,070,829	25.000	48,923	48,923	6,000	42,923
	2018	2020	599,523	30,575,675	6.77%	2,070,000	25.000	48,904	48,904	6,000	42,904
	2019	2021		30,575,675	6.77%	2,070,000	25.000	48,904	48,904	6,000	42,904
	2020	2022	611,514	31,187,189	6.63%	2,069,172	25.000	48,884	48,884	6,000	42,884
	2021	2023		31,187,189	6.63%	2,069,172	25.000	48,884	48,884	6,000	42,884
	2022	2024	623,744	31,810,933	6.50%	2,068,345	25.000	48,865	48,865	6,000	42,865
	2023	2025		31,810,933	6.50%	2,068,345	25.000	48,865	48,865	6,000	42,865
	2024	2026	636,219	32,447,152	6.37%	2,067,517	25.000	48,845	48,845	6,000	42,845
	2025	2027							0		0
	2026	2028							0		0
	2027	2029							0		0
	2028	2030							0		0
	2029	2031							0		0
	2030	2032							0		0
	2031	2033							0		0
	2032	2034							0		0
	2033	2035							0		0
	2034	2036							0		0
			5,829,187					983,941	983,941	149,000	834,941

(13) Adjusted to assessed valuation as provided by the County Assessor in December, 2005.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED SALES AND USE TAX REVENUE

(Page 1 of 3 - Continues on to Page 17)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		ANTICIPATED SALES & USE TAX REVENUE				
Construction Year	Collection Year	Existing Commercial Sales Tax Revenue	Total Annual Use Tax Revenue (see Page 18)	Combined Sales & Use Tax Revenue	Less Police Protection Costs at $15,000	Total Annual Revenue
Inflation compounded annually at		2.00%			2.00%	
2004	2006		128,595	128,595		128,595
2005	2007		122,887	122,887		122,887
2006	2008	10,000	130,295	140,295	(15,000)	125,295
2007	2009	10,200	130,295	140,495	(15,300)	125,195
2008	2010	10,404	134,987	145,391	(15,606)	129,785
2009	2011	10,612	123,258	133,870	(15,918)	117,952
2010	2012	10,824	112,879	123,703	(16,236)	107,467
2011	2013	11,041	74,341	85,381	(16,561)	68,820
2012	2014	11,262	46,181	57,442	(16,892)	40,550
2013	2015	11,487	37,533	49,020	(17,230)	31,789
2014	2016	11,717	37,533	49,249	(17,575)	31,674
2015	2017	11,951	30,495	42,446	(17,926)	24,520
2016	2018	12,190	30,495	42,685	(18,285)	24,400
2017	2019	12,434	16,421	28,854	(18,651)	10,204
2018	2020	12,682	16,421	29,103	(19,024)	10,079
2019	2021	12,936	4,692	17,628	(19,404)	(1,776)
2020	2022	13,195	4,692	17,886	(19,792)	(1,906)
2021	2023					
2022	2024					
2023	2025					
2024	2026					
2025	2027					
2026	2028					
2027	2029					
2028	2030					
2029	2031					
2030	2032					
2031	2033					
2032	2034					
2033	2035					
2034	2036					
		172,934	1,181,997	1,354,932	(259,401)	1,095,530

(14) Sales and Use Tax revenue is not pledged for payment on the Series 2006 Bonds.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED SALES AND USE TAX REVENUE

(Page 2 of 3 - Continued from Page 16 and on to Page 18)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		ANTICIPATED USE TAX REVENUE BY PRODUCT TYPE [15]													
		Tall Timbers		Fairway Cabins		Peakview Townhomes		Aspen Meadows		Eisenhower Camp		Ranch View		Saddle Ridge	
		Avg. Unit Sq. Footage 1400		Avg. Unit Sq. Footage 2200		Avg. Unit Sq. Footage 950		Avg. Unit Sq. Footage 1000		Avg. Unit Sq. Footage 1200		Avg. Unit Sq. Footage 2400		Avg. Unit Sq. Footage 2400	
Construction Year	Collection Year	Building Permits Issued	Use Tax of $1,420.50 per/Unit	Building Permits Issued	Use Tax of $2,160.74 per/Unit	Building Permits Issued	Use Tax of $1,004.11 per/Unit	Building Permits Issued	Use Tax of $1,050.38 per/Unit	Building Permits Issued	Use Tax of $1,235.44 per/Unit	Building Permits Issued	Use Tax of $2,345.80 per/Unit	Building Permits Issued	Use Tax of $2,345.80 per/Unit
2004	2006	12	17,046	12	25,929	12	12,049	45	47,267	8	9,883	2	4,692		
2005	2007	12	17,046	12	25,929	12	12,049	15	15,756	8	9,883	3	7,037	3	7,037
2006	2008	12	17,046	12	25,929	12	12,049	15	15,756	8	9,883	3	7,037	3	7,037
2007	2009	12	17,046	12	25,929	12	12,049	15	15,756	8	9,883	3	7,037	3	7,037
2008	2010	12	17,046	12	25,929	12	12,049	15	15,756	8	9,883	3	7,037	3	7,037
2009	2011	12	17,046	12	25,929	12	12,049	15	15,756	8	9,883	3	7,037	3	7,037
2010	2012	12	17,046	12	25,929	4	4,016	15	15,756	8	9,883	3	7,037	3	7,037
2011	2013	5	7,102	5	10,804			6	6,302	8	9,883	3	7,037	3	7,037
2012	2014									7	8,648	3	7,037	3	7,037
2013	2015											3	7,037	3	7,037
2014	2016											3	7,037	3	7,037
2015	2017											3	7,037		
2016	2018											3	7,037		
2017	2019														
2018	2020														
2019	2021														
2020	2022														
2021	2023														
2022	2024														
2023	2025														
2024	2026														
2025	2027														
2026	2028														
2027	2029														
2028	2030														
2029	2031														
2030	2032														
2031	2033														
2032	2034														
2033	2035														
2034	2036														
		77	109,378	89	192,305	76	76,312	141	148,103	71	87,716	38	89,140	30	70,374

(15) The District receives 40% of the Use Tax Revenue that the Town of Granby receives per their Intergovernmental Agreement. The tax due per unit factor has been adjusted to reflect the District's portion of the Use Tax Revenue. The District's share of the revenue changes in 2013 to 50%, however, this forecast does not reflect the change. The Sales and Use Tax Revenue Sharing agreement expires on 3/5/2023. Use Taxes are forecasted to be collected the year prior to completion of construction of the units.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED SALES AND USE TAX REVENUE

(Page 3 of 3 - Continued from Page 17)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		ANTICIPATED USE TAX REVENUE BY PRODUCT TYPE[15]											
		Eagle Crest		Mountain Vista		Silver Star		Saddle Ridge II		Seven Eagles			
		Avg. Unit Sq. Footage 2400		Avg. Unit Sq. Footage 2400		Avg. Unit Sq. Footage 2400		Avg. Unit Sq. Footage 2400		Avg. Unit Sq. Footage 2800			
Construction Year	Collection Year	Building Permits Issued	Use Tax of $2,345.80 per/Unit	Building Permits Issued	Use Tax of $2,345.80 per/Unit	Building Permits Issued	Use Tax of $2,345.80 per/Unit	Building Permits Issued	Use Tax of $2,345.80 per/Unit	Building Permits Issued	Use Tax of $2,715.92 per/Unit	Total Annual Units	Total Annual Use Tax Revenue (See Page 16)
2004	2006					5	11,729					96	128,595
2005	2007			5	11,729	5	11,729	2	4,692	1		78	122,887
2006	2008	2	4,692	5	11,729	5	11,729	2	4,692	1	2,716	80	130,295
2007	2009	2	4,692	5	11,729	5	11,729	2	4,692	1	2,716	80	130,295
2008	2010	3	7,037	5	11,729	6	14,075	2	4,692	1	2,716	82	134,987
2009	2011	4	9,383	5	11,729			2	4,692	1	2,716	77	123,258
2010	2012	3	7,037	5	11,729			2	4,692	1	2,716	68	112,879
2011	2013	3	7,037	5	11,729			2	4,692	1	2,716	41	74,341
2012	2014	3	7,037	5	11,729			2	4,692			23	46,181
2013	2015	3	7,037	5	11,729			2	4,692			16	37,533
2014	2016	3	7,037	5	11,729			2	4,692			16	37,533
2015	2017	3	7,037	5	11,729			2	4,692			13	30,495
2016	2018	3	7,037	5	11,729			2	4,692			13	30,495
2017	2019			5	11,729			2	4,692			7	16,421
2018	2020			5	11,729			2	4,692			7	16,421
2019	2021							2	4,692			2	4,692
2020	2022							2	4,692			2	4,692
2021	2023												
2022	2024												
2023	2025												
2024	2026												
2025	2027												
2026	2028												
2027	2029												
2028	2030												
2029	2031												
2030	2032												
2031	2033												
2032	2034												
2033	2035												
2034	2036												
		32	75,065	70	164,206	26	60,991	32	75,065	7	16,295	701	1,181,997

Units constructed prior to 2006	38
Units to be constructed after 2023	2
Total Units	741

(15) The District receives 40% of the Use Tax Revenue that the Town of Granby receives per their Intergovernmental Agreement. The tax due per unit factor has been adjusted to reflect the District's portion of the Use Tax Revenue. The District's share of the revenue changes in 2013 to 50%, however, this forecast does not reflect the change. The Sales and Use Tax Revenue Sharing agreement expires on 3/5/2023. Use Taxes are forecasted to be collected the year prior to completion of construction of the units.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE of ESTIMATED BOND DEBT SERVICE REQUIREMENTS

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

Series 2006 Bond Issue

Dated: **July 5, 2006** **$14,725,000**

Issued: **July 5, 2006**

Interest Rates: **6.75%** Principal payments due on December 1.

Year	Principal	Coupon	Interest	Total 2006 Bonds Debt Service	Reduce Debt Service By Capitalized Interest (See Page 20)	Reduce Debt Service By Reserve Fund Interest	Net 2006 Bonds Debt Service Payments	Bond Principal Outstanding	Year
								14,725,000	
2006	0	6.75%	403,097	403,097	(403,097)		0	14,725,000	2006
2007	0	6.75%	993,938	993,938	(993,938)		0	14,725,000	2007
2008	0	6.75%	993,938	993,938	(993,938)		0	14,725,000	2008
2009	0	6.75%	993,938	993,938	(590,840)		403,097	14,725,000	2009
2010	150,000	6.75%	993,938	1,143,938		(55,549)	1,088,389	14,575,000	2010
2011	210,000	6.75%	983,813	1,193,813		(55,549)	1,138,264	14,365,000	2011
2012	255,000	6.75%	969,638	1,224,638		(55,549)	1,169,089	14,110,000	2012
2013	185,000	6.75%	952,425	1,137,425		(55,549)	1,081,876	13,925,000	2013
2014	180,000	6.75%	939,938	1,119,938		(55,549)	1,064,389	13,745,000	2014
2015	225,000	6.75%	927,788	1,152,788		(55,549)	1,097,239	13,520,000	2015
2016	300,000	6.75%	912,600	1,212,600		(55,549)	1,157,051	13,220,000	2016
2017	340,000	6.75%	892,350	1,232,350		(55,549)	1,176,801	12,880,000	2017
2018	360,000	6.75%	869,400	1,229,400		(55,549)	1,173,851	12,520,000	2018
2019	280,000	6.75%	845,100	1,125,100		(55,549)	1,069,551	12,240,000	2019
2020	335,000	6.75%	826,200	1,161,200		(55,549)	1,105,651	11,905,000	2020
2021	350,000	6.75%	803,588	1,153,588		(55,549)	1,098,039	11,555,000	2021
2022	405,000	6.75%	779,963	1,184,963		(55,549)	1,129,414	11,150,000	2022
2023	440,000	6.75%	752,625	1,192,625		(55,549)	1,137,076	10,710,000	2023
2024	490,000	6.75%	722,925	1,212,925		(55,549)	1,157,376	10,220,000	2024
2025	525,000	6.75%	689,850	1,214,850		(55,549)	1,159,301	9,695,000	2025
2026	580,000	6.75%	654,413	1,234,413		(55,549)	1,178,864	9,115,000	2026
2027	575,000	6.75%	615,263	1,190,263		(55,549)	1,134,714	8,540,000	2027
2028	635,000	6.75%	576,450	1,211,450		(55,549)	1,155,901	7,905,000	2028
2029	680,000	6.75%	533,588	1,213,588		(55,549)	1,158,039	7,225,000	2029
2030	670,000	6.75%	487,688	1,157,688		(55,549)	1,102,139	6,555,000	2030
2031	720,000	6.75%	442,463	1,162,463		(55,549)	1,106,914	5,835,000	2031
2032	790,000	6.75%	393,863	1,183,863		(55,549)	1,128,314	5,045,000	2032
2033	840,000	6.75%	340,538	1,180,538		(55,549)	1,124,989	4,205,000	2033
2034	920,000	6.75%	283,838	1,203,838		(55,549)	1,148,289	3,285,000	2034
2035	980,000	6.75%	221,738	1,201,738		(55,549)	1,146,189	2,305,000	2035
2036	2,305,000	6.75%	155,588	2,460,588		(1,289,961)	1,170,626	0	2036
	14,725,000		21,952,472	36,677,472	(2,981,813)	(2,734,224)	30,961,436		

USE OF PROCEEDS:

Project Fund:			
Unrestricted Account	7,878,442		
Restricted Account	1,987,875		
Payment to Town of Granby	378,000		
Capitalized Interest	2,586,771	Interest at	4.50%
Reserve Fund	1,234,413	Interest at	4.50%
Issuance Costs	659,500		
	14,725,000		

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF CAPITALIZED BOND INTEREST

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

CALCULATION of CAPITALIZED INTEREST on SERIES 2006 BOND ISSUE

Date	Beginning Balance	Capitalized Interest	Debt Service Reserve Fund	Interest at 4.50%	Disbursements To Debt Service	Ending Balance
		(See Page 19)			(See Page 19)	
7/05/2006		2,586,770.54				2,586,770.54
12/01/2006	2,586,770.54		22,528.03	47,208.56	(403,096.88)	2,253,410.25
6/01/2007	2,253,410.25		27,774.28	50,701.73	(496,968.75)	1,834,917.51
12/01/2007	1,834,917.51		27,774.28	41,285.64	(496,968.75)	1,407,008.68
6/01/2008	1,407,008.68		27,774.28	31,657.70	(496,968.75)	969,471.91
12/01/2008	969,471.91		27,774.28	21,813.12	(496,968.75)	522,090.56
6/01/2009	522,090.56		27,774.28	11,747.04	(496,968.75)	64,643.13
12/01/2009	64,643.13		27,774.28	1,454.47	(93,871.88)	0.00
		2,586,770.54	189,173.72	205,868.26	(2,981,812.51)	

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF LOT SALE ESCROW DEPOSITS AND RELEASES TO DEVELOPER

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

Collection Year	Lots Sold	Deposited to Escrow at $2,500	Draws on Lot Escrow to Debt Service Fund	Debt to Assessed Ratio	Releases from Escrow	Cumulative Balance (Maximum Amount of $1,500,000)
2005	0			0%		
2006	204	510,000		505%	0	510,000
2007	147	367,500		300%	0	877,500
2008	80	200,000		195%	0	1,077,500
2009	34	85,000		145%	0	1,162,500
2010	6	15,000		123%	0	1,177,500
2011				107%	0	1,177,500
2012				95%	0	1,177,500
2013				85%	0	1,177,500
2014				78%	0	1,177,500
2015				72%	0	1,177,500
2016				67%	0	1,177,500
2017				64%	0	1,177,500
2018				61%	0	1,177,500
2019				58%	0	1,177,500
2020				56%	0	1,177,500
2021				53%	0	1,177,500
2022				51%	0	1,177,500
2023				48%	0	1,177,500
2024				46%	0	1,177,500
2025				44%	1,177,500	0
2026				41%		
2027				38%		
2028				32%		
2029				32%		
2030				29%		
2031				25%		
2032				21%		
2033				16%		
2034				11%		
2035				0%		
2036				0%		
	471	1,177,500	0		1,177,500	

245	2005 Lots sold prior to issuance of the Bonds.
25	2006 Lots sold prior to issuance of the Bonds.
741	Total Lots for Phase I

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

June 28, 2006

NOTE 1) NATURE AND LIMITATION OF FORECAST

This forecast of financial information is for the purpose of a financial analysis of the proposed issuance of Limited Tax General Obligation Bonds, Series 2006 (the "Bonds") by Granby Ranch Metropolitan District (the "District"), located in the Town of Granby, Colorado (the "Town"). The forecast displays how the proposed Bonds will be repaid from forecasted cash receipts and disbursements for the District under the following assumptions, which are not all-inclusive.

This financial forecast presents, to the best knowledge and belief of the Board of Directors of the District (collectively, "Management"), the District's expected cash position and results of cash receipts and disbursements for the forecast period for the General Fund and Debt Service Fund. Accordingly, the forecast reflects Management's judgment, as of June 28, 2006, the date of this forecast, of the expected conditions within the District and the District's expected course of action.

It is assumed that the Bond proceeds, and any interest earned thereon, will be used to: (i) reimburse the Developer (defined herein) for a portion of the eligible costs of constructing public improvements and for certain other costs permitted to be reimbursed to the Developer under the Indenture; (ii) finance the costs of additional public improvements; (iii) fund capitalized interest; (iv) fund the Reserve Fund; and (v) pay the bond issuance costs.

The assumptions disclosed herein are those that Management believes are significant to the forecast; however, they are not all-inclusive. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Assumptions relating to the market values of the residential and commercial property and the build out schedule of such property are particularly sensitive as they relate to the forecast. A small variation in these assumptions could have a large effect on the forecasted results. There is a high probability that the forecasted assessed values derived from these assumptions will vary from the actual future assessed values.

NOTE 1) NATURE AND LIMITATION OF FORECAST (continued)

The forecast is expressed in terms of 2006 dollars, with the only adjustments for inflation as follows. The market values of residential properties are based on 2006 values and are forecasted to increase 2% compounded annually, starting in 2007, through build-out. The market values of residential and commercial properties are also forecasted to increase 2% biennially pursuant to the reassessment of property required by State statute. The residential assessment ratio is assumed to decline beginning in tax collection year 2010 while the mill levies are expected to increase so that property tax revenues remain consistent, as explained in Note 6. The commercial assessment ratio is assumed to remain at a constant 29% for the entire forecast period. Service Costs in the General Fund are assumed to increase by 1% per year commencing in 2009. Sales tax revenue and police protection costs deducted from the sales and use tax revenue are assumed to inflate 2% per year starting in 2009.

NOTE 2) ORGANIZATION

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court in Grand County, Colorado (the "County") on November 25, 2003, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town on July 22, 2003.

The District was established and authorized to construct, operate and maintain the following public improvements: streets, roadways and drainage; traffic and safety protection; parks and recreation; sanitation; water; transportation; mosquito control; and television relay and translator systems.

At the time of formation of the District, the Headwaters Metropolitan District (the "Headwaters District") was also formed. The function of the Headwaters District, as set forth in its service plan, is to construct public improvements serving the Development and to own and operate those improvements (to the extent such improvements are not transferred to another governmental entity), and to provide administrative services to the District.

NOTE 2) ORGANIZATION (continued)

The Development is defined as the Granby Ranch mixed-use development containing approximately 5,000 acres of primarily undeveloped mountain property annexed to the Town in March, 2003. The Development contains the SolVista Basin at Granby Ranch ski area (the "Ski Area"), the Headwaters Golf Course (the "Golf Course") and a segment of the Fraser River. Of the approximately 5,000 acres in the Development, approximately 972 acres are within the District, including the Ski Area and Golf Course.

The District has no employees and all administrative functions are contracted.

NOTE 3) BOARD OF DIRECTORS AND DEVELOPER

The Developer of the property is Granby Realty Holdings, LLC, a Colorado limited liability company formed in 2004 (the "Developer"). The two members of the Developer are SolVista Corp., a Colorado corporation formed in 1995, and Granby Investments LLC, a Delaware limited liability company formed in 2006.

All of the members of the Board of Directors of the District are principals or employees of or consultants to the Developer.

The Developer has provided the information regarding the number of residential units estimated to be built each year and the initial sales values for the residential properties to be developed, based upon their knowledge and experience in developing other properties. The Developer anticipates that sales values will be increased by 2%, compounded annually, for each year beyond 2006.

NOTE 4) BASIS OF ACCOUNTING

The basis of accounting for this forecast is the cash basis, which is a basis of accounting that is different from that required by the generally accepted accounting principles under which the District will prepare its financial statements.

NOTE 5) DISTRICT AGREEMENTS

Town Intergovernmental Agreement

The District, the Headwaters District and the Town are parties to an Intergovernmental Agreement dated December 9, 2003, as amended by a First Amendment thereto dated May 20, 2005, and a Second Amendment thereto dated April 11, 2006 (as amended, the "Town IGA"). The Town will provide water and sanitation service to the Development through Granby Sanitation District, and the District and the Headwaters District (collectively, the "Districts") will provide road, drainage, landscaping and parks and recreational facilities maintenance.

In the Town IGA, the Town agrees that it will share revenue with the Headwaters District (such as sales and use tax revenue) in accordance with the Annexation Agreement (defined below). The Districts also agree to transfer 8% of any District bond proceeds to the Town, to be used to assist with the financing of jointly funded public improvements. These bond proceeds are required to be allocated to the Town as follows: 0% of the first $10 million of District bonds, 8% of the proceeds of the second $10 million of District bonds, 16% of the proceeds from the third $10 million of District bonds and 8% of all subsequent District bonds. Based upon the par amount of the Bonds of $14,725,000, the amount of $378,000 is expected to be transferred to the Town from Bond proceeds, pursuant to this obligation.

If the Town determines that the streets within the Development are not being maintained to Town standards, the Town may perform required remedial work and charge the Districts for its actual costs. The Districts agree to pay such amounts from: (i) any Shared Sales and Use Taxes then available; (ii) any property tax revenues of the Districts budgeted for street maintenance and then available for such purpose; (iii) the proceeds of the Operations Fee then available and; (iv) advances received from the Developer pursuant to the Operation Funding Agreement.

NOTE 5) DISTRICT AGREEMENTS (continued)

At such time as a public transportation system is necessitated by development within the Development, the District is required to impose a mill levy of up to 5 mills (subject to adjustment for changes in the ratio of actual value to assessed value of property within the District ("subject to adjustment") (the "Transportation Mill Levy") for the purpose of funding public transportation. If the Transportation Mill Levy is ever imposed, the Required Mill Levy is subject to reduction so that the entire mill levy of the District does not exceed 50 mills (subject to adjustment). In no event shall the District be obligated to impose the Transportation Mill Levy until certificates of occupancy are issued for at least 700 single family equivalent units ("SFE's") within the Development. For purposes of the forecast, the Transportation Mill Levy is assumed to be imposed when certificates of occupancy are issued for 700 SFE's within the District boundaries, which is projected to occur in 2019.

Headwaters Intergovernmental Agreement

Prior to the issuance of the Bonds, the Districts will enter into a District Facilities Construction and Service Agreement (the "Headwaters IGA"). Pursuant to this agreement, the Districts agree that the Headwaters District will own, operate, maintain and construct the public improvements described in the Service Plan, and the District will pay all costs related to the construction, operation and maintenance of the improvements by the Headwaters District. The Headwaters IGA provides that all payment obligations of the District to the Headwaters District there under shall be payable on a basis subordinate to the Bonds.

The Headwaters IGA also provides that so long as general obligation bonds of the District are outstanding (including the Bonds), all Capital Fees (as defined in Note 8) shall be paid by the Headwaters District to the District as security for such bonds.

The Headwaters District will pay all operation, maintenance and administrative costs of the District, excluding costs related to the operation and maintenance of the Ski Area and Golf Course, ("Service Costs") and the District will pay the Headwaters District for such Service Costs annually. The Headwaters District will collect and retain all Shared Sales and Use Taxes and such taxes will be credited against the amounts owed to the Headwaters District by the District for Service Costs. The forecast calculates the amount of the Shared Sales and Use Taxes to be credited against the Service Costs on a Schedule of Sales and Use Tax Revenue. Such revenue as well as the total estimated Service Costs are shown separately on the Summary page of the General Fund.

NOTE 6) PROPERTY TAXES

The primary source of revenue or cash receipts is expected to be ad valorem property taxes. Property taxes are determined annually by the District's Board of Directors and are certified to the County Commissioners as to rate of levy based upon the assessed valuation of the property within the District. The Grand County Assessor determines the assessed valuation. The levy is expressed in terms of mills. A mill is equal to 1/10 of one cent per dollar of assessed valuation. The District set its initial mill levy at 50 mills for collection in 2006 for debt service. The forecast expects that the District will set its mill levy at 8.5 mills for operations and 41.5 mills for debt service for collection in 2007.

Transportation Mill Levy

Pursuant to the Town IGA, the District may be required to impose a maximum of 5 mills (subject to adjustment after the date of the Town IGA) to fund the operation of a public transportation system, if such system is necessitated. The Transportation Mill Levy will not be imposed until certificates of occupancy are issued for 700 SFE's within the Development. The total mill levy for all purposes of the District may not exceed 50 mills (subject to adjustment).

For purposes of the forecast, 700 units within the District boundaries are expected to be completed by the end of 2018. Therefore, the 5 mills (subject to adjustment) for public transportation will be imposed for collection year 2019 and the debt service mill levy will be reduced accordingly.

Gallagher Amendment

The Gallagher Amendment to the Colorado Constitution states that residential assessed values Statewide must be approximately 45% of total assessed values. When the market values of residential property increase faster than the values of nonresidential property, the residential assessment ratio must decline to maintain the 45 percent/55 percent ratio.

According to information as set forth in the Colorado Legislative Council Staff Forecast entitled "Focus Colorado: Economic and Revenue Forecast, 2005-2011" issued on December 20, 2005, the residential assessment rate is forecasted to remain at 7.96% in 2007, and decline to 7.49% in 2009 (2008 and 2010 collection years, respectively). The forecasts of the Legislative Council Staff are estimates only, do not have the force of law, and may or may not occur as forecasted.

NOTE 6) PROPERTY TAXES (continued)

This forecast has included the current residential assessment rate of 7.96% effective for collections in 2007. The residential assessment rate is forecasted to decline to 7.49% for 2010 collection and then decrease 2% every other year throughout the term of the forecast period. The commercial assessment rate is expected to remain constant at 29% throughout the term of the forecast period.

It is assumed that the District's Board will increase the mill levy, (as allowed under the District's Service Plan and by the Indenture, up to the Required Mill Levy of 50 mills, subject to adjustment) to maintain a mill levy that produces tax revenue in relation to current assessed valuation generally equivalent to revenue generated by the total 50 mills in the tax collection year 2006. Such increases in mill levies have been adjusted annually based on the ratio of residential and commercial property tax revenue to the total property tax revenue.

Amendment of Service Plan and Town IGA

The District is seeking approval of the Town to amend the Service Plan and the Town IGA to provide that the date from which adjustments in the ratio of actual value to assessed value may be made shall be May 1, 2003.

Build-out

The assessed valuation for the District is dependent upon the build-out schedule of the residential properties within the District. The forecasted development build-out schedule and conversion to assessed valuation is presented as a Schedule of Estimated Assessed Valuation. Land value for lots platted and improved is forecasted to increase in value the year before construction of the residence begins at 10% of the total estimated market value of the completed residence. The vacant land value is reduced to zero when the residence is completed. The assessed valuation rate for raw ground and platted and improved land is 29% until residential construction commences. All residential property has been assumed to be assessed at the residential property rates as explained above.

NOTE 6) PROPERTY TAXES (continued)

Beginning Assessed Value

The estimated levy year 2005/collection year 2006 assessed value of the property currently within the District, as adjusted, is $3,344,625. Due to recent material exclusions of property from, and inclusions of property into, the District, such amount represents an estimate prepared by the District's accountants, and is not an official certified valuation from the Grand County Assessor. The forecast assumes that during 2006, $1,836,425 will be added to this assessed value for land platted and improved and that $267,987 will be deducted from the assessed value for vacant land converted to platted and improved land, resulting in total assessed value for levy year 2006/collection year 2007 of $4,913,063.

Golf Course and Ski Area Assessed Value

On June 1, 2005, the Developer and the Headwaters District entered into an agreement, which agreement is anticipated to be amended and restated prior to the issuance of the Bonds (as amended and restated, the "Lease Purchase Agreement") pursuant to which the Developer leases and has given the option to purchase the Ski Area and the Golf Course to the Headwaters District. The lease is subject to renewal by the Headwaters District for 24 annual terms. The Headwaters District pays rental payments to the Developer each year to the extent of Amenity Fees collected. The Headwaters District imposes an Amenity Fee in the amount of $10,000 per residential dwelling unit to fund the costs of constructing and/or replacing certain park and recreation amenities, including the Golf Course, Ski Area, Fraser River improvements, trails and other improvements.

Based upon the forecasted receipt of Amenity Fees, the District does not expect that the Headwaters District will have funds available to pay the full purchase price due under the Lease Purchase Agreement prior to December 31, 2029. Accordingly, it is expected that the Golf Course and the Ski Area will remain in the ownership of the Developer until that date, at which time those amenities are assumed to be transferred to the Headwaters District and removed from the tax rolls of the District.

Treasurer's Fees

The property taxes resultant from the above mill levy and assessed valuation have been reduced for the Grand County Treasurer's 5% fee for collection of the taxes and further reduced by 0.5% to allow for uncollectible taxes.

NOTE 7) SPECIFIC OWNERSHIP TAXES

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately 7% of the property taxes collected by both the General Fund and the Debt Service Fund. Specific ownership taxes attributable to the Required Mill Levy are pledged to the Bonds during the term such bonds are outstanding.

NOTE 8) CAPITAL FEES

On May 26, 2005, the Districts adopted the Joint Resolution of Headwaters Metropolitan District and Granby Ranch Metropolitan District to Establish a Capital Facilities Fee. Prior to the issuance of the Bonds, the Districts will adopt the Amended and Restated Joint Resolution of the Board of Directors of Headwaters Metropolitan District and Granby Ranch Metropolitan District to Establish a Capital Facilities Fee (as amended and restated, the "Fee Resolution").

The Fee Resolution establishes a fee, effective June 1, 2005, upon all property within the District (the "Capital Fee") due upon the earlier of: (i) the date a building permit is issued by the Town for any property within the District; or (ii) the date specified in any prepayment contract. The Capital Fee is initially in the amount of $6,255 per residential dwelling unit and $6,255 per SFE for property utilized for commercial, office or industrial use. The Boards of Directors may increase the Capital Fee from time to time, not to exceed a cumulative increase of 10% per year.

The forecast assumes that the Capital Fee rate will remain at the initial amount through build out and will be pledged to the payment of principal and interest on the Bonds during the term such bonds are outstanding. The anticipated collection of the Capital Fees is shown on the Summary page of the Debt Service Fund of the forecast. Capital Fees on 38 units are assumed to have been collected by the District and spent in 2005 and are not therefore included in revenue for purposes of the forecast. Capital Fees received by the District between April 1, 2006 and July 5, 2006, are required, to be deposited into the Surplus Fund on the date of issuance of the Bonds.

NOTE 9) SOLVISTA TAX REVENUE

Property within SolVista Metropolitan District (the "SolVista District") was previously improved by SolVista Inc. and the Developer. The District and the SolVista District have entered into the SolVista Funding Agreement, as of June 7, 2006, pursuant to which the District agrees to pay a portion of the Bond proceeds to the SolVista District for reimbursement to SolVista Inc. and the Developer for the public improvements constructed within the SolVista District. In return, the SolVista District agrees to impose a mill levy of 25 mills (not subject to adjustment) and remit the resulting property taxes, net of the SolVista District's Annual Operating Costs ("SolVista Tax Revenue"), to the District for payment on the Bonds. Annual Operating Costs are the maximum of $35,000 in 2007 and $6,000 per year for each year thereafter, assuming that the SolVista District is dissolved in 2007. Imposition and collection of the 25 mill levy is required to continue even if the SolVista District is dissolved. Such property tax pledge begins for collection year 2007 and ends in collection year 2026. The SolVista Tax Revenue does not include any specific ownership taxes collected by the SolVista District. The SolVista Tax Revenue is presented in the forecast as the Schedule of SolVista Metropolitan District Cash Receipts and Disbursements.

NOTE 10) OPERATIONS FEES

On June 7, 2006 the Districts adopted a "Joint Resolution of the Boards of Directors of Headwaters Metropolitan District and Granby Ranch Metropolitan District Concerning the Imposition of District Fees" (the "Operations Fee Resolution"), pursuant to which the Districts expect to impose a fee to pay for operational expenses (the "Operations Fee").

Pursuant to this resolution, a monthly Operations Fee is authorized to be imposed for each platted residential unit within the boundaries of the District. Initially, the Operations Fee is $0.0 (zero). The Districts anticipate that the Operations Fee will only be increased to an amount over zero in the event of a shortfall in the operations budget of the District. Revenues from the Operations Fee, if any, are required to be used only for the operational costs of the District. The forecast assumes that a combination of the Operations Fee and Developer advances will be needed to fund the District's operating costs.

NOTE 11) SALES AND USE TAX REVENUE

The Annexation and Development Agreement dated March 5, 2003 (the "Annexation Agreement"), pursuant to which Granby Ranch was annexed to the Town, provides that the Town will, subject to annual appropriation by the Town's Board of Trustees, share sales and use tax revenue generated within the Development (the "Shared Sales and Use Taxes") with the Headwaters District or another public entity (the "Infrastructure Provider"). Pursuant to the Town IGA, the Town has agreed that a portion of the Shared Sales and Use Taxes will be paid to the Headwaters District and applied to the operational costs of the Districts. Costs allocable to police protection within the Development will be retained by the Town and deducted from the Shared Sales and Use Taxes paid to the Headwaters District.

The Annexation Agreement provides that for the first 10 years (i.e., the period commencing March 5, 2003 through March 5, 2013), the Town will receive and retain 60% of the use tax generated from activities within the Development and 40% of all sales tax revenues from commercial sales within the Development and the Infrastructure Provider will be paid the remainder of the sales and use tax revenue. The Annexation Agreement further provides that for the second 10 years (i.e., the period commencing March 5, 2013 through March 5, 2023), the Town will receive and retain 50% of the use tax generated from activities within the Development and 50% of all sales tax revenues from commercial sales within the Development and the Infrastructure Provider will be paid the remainder of the sales and use tax revenue.

The Town's obligation to share such revenue takes effect only after the cost of providing police protection to the Development is first deducted and retained by the Town. Further, all payments by the Town are expressly subject to annual appropriation by the Town. However, the Annexation Agreement provides that it is the present intention and expectation of the parties that the Town will in fact make all of the payments contemplated therein.

The forecast displays the calculation of the Headwaters District portion of Shared Sales and Use Tax revenue as well as the cost of police protection deducted from such revenue on the Schedule of Estimated Sales and Use Tax Revenue. The forecast does not adjust the sharing percentages for the second 10 year period. Police protection costs are assumed to be $15,000 per year, inflated 2% annually.

NOTE 12) SKI AREA PAYMENT IN LIEU OF PROPERTY TAXES

The Developer has agreed to make a payment to the District in lieu of property taxes for the collection year 2006 in the amount of $87,157. This payment represents revenue that would have been received by levying 50 mills against the assessed value of certain property contained in the Ski Area that was not included in the District boundaries until 2006. The $87,157 payment will be deposited in the Surplus Fund established by the Trust Indenture pursuant to which the Bonds are being issued.

NOTE 13) DEVELOPER ADVANCES

Pursuant to a 2006 Funding and Reimbursement Agreement, dated April 11, 2006, the Developer is obligated to advance funds to the Headwaters District for operations, maintenance and administrative costs to the extent the Districts do not have sufficient revenues from other sources to pay such costs. The Headwaters District has agreed to repay any such advances with interest at 8%, if funds are available for such repayment. The obligation of the Developer to advance funds for operations, maintenance and administrative costs terminates when 700 SFE's are platted within the District.

The costs associated with operations, maintenance, and administration of the District may be lessened if future districts are formed within the Development. The District and future districts may realize individual cost savings as services are provided to the entire Development.

Pursuant to a Developer Construction Reimbursement / Construction Management / and Operational Funding Agreement, dated June 1, 2005 (the "Construction Funding Agreement"), to the extent the Developer constructs certain public improvements described in the Service Plan, the Headwaters District agreed to pay the costs of such improvements from any source lawfully available to it, including the proceeds of bonds, property taxes or other sources, but is not obligated to make the payment from any particular source. Approximately $1,700,000 of Bond proceeds will be transferred to the Headwaters District for the repayment of Developer advances for public improvements allocable to and benefiting the District.

NOTE 14) INTEREST INCOME

The forecast includes interest income earned on monies that are forecasted to be on deposit or invested by the District in the cumulative surplus cash balance and the Surplus Fund established for the Bonds at the prior year-end at an interest rate of 3% through the entire forecast period. Additional interest earned on deposits from Bond proceeds, for payment of Bond interest expense during an initial period (capitalized interest), has been included in the debt service schedule at 4.5%. The calculation of this interest is also shown as a separate Schedule of Capitalized Bond Interest. Additional interest earned on deposits from Bond proceeds for the Reserve Fund has been calculated using an interest rate of 4.5% and has been netted against the debt service schedule.

NOTE 15) SERVICE COSTS

Pursuant to the Headwaters IGA, the Headwaters District will pay all Service Costs of the District and the District will pay the Headwaters District for such Service Costs annually. Service Costs include operation, maintenance and administrative costs of the District, excluding costs related to the operation and maintenance of the Ski Area and Golf Course. Administrative expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting and audit, general engineering, insurance, banking, meeting expense, statutory compliance, and other administrative expenses. Service Costs have been included in the forecast at $250,000 in 2006, $350,000 in 2007, and $300,000 in 2008 and then inflated 1% per year thereafter. The burden of these costs to the District could be decreased if future districts are formed within the Development that could provide a reduction in unit costs.

NOTE 16) INFRASTRUCTURE IMPROVEMENTS

The Developer estimates that as of 2006, the total cost of the remaining public improvements necessary to serve the property in the District is approximately $45.4 million. The District anticipates that approximately $7.2 million of Bond proceeds will be used for construction of such remaining public infrastructure. The District further estimates that approximately $18.3 million of the remaining infrastructure costs will be paid for by future bulk lot purchasers, such as Village Homes and the Eisenhower Cabins Developer. The remaining approximate $19.9 million of costs will be required to be financed by the Developer.

NOTE 17) DEBT SERVICE; BOND SECURITY

The District anticipates issuing Bonds on July 5, 2006, in the amount of $14,725,000. The proceeds of such debt will be used to (i) reimburse the Developer for a portion of the cost of constructing public improvements and for certain other costs permitted to be reimbursed to the Developer under the Indenture; (ii) finance the cost of additional public improvements; (iii) fund capitalized interest; (iv) fund the Reserve Fund; and (v) pay the costs of issuing the Bonds.

The Bonds are assumed to bear interest at 6.75%. The bond interest is payable semi-annually on June 1 and December 1, with annual mandatory sinking fund principal payments on December 1 of each year beginning on December 1, 2010. The scheduled interest payments on the Bonds commence on December 1, 2006, and principal is payable per the mandatory sinking fund payment schedule with a final maturity on December 1, 2036.

The Bonds are payable solely from and to the extent of Pledged Revenue, which includes property taxes derived from the Required Mill Levy net of the cost of collection, SolVista Tax Revenues, Capital Fees, Specific Ownership Taxes attributable to the Required Mill Levy, and any other legally available moneys credited to the Bond Fund. The Bonds are also secured by funds on deposit, if any, in the Surplus Fund, the Lot Sale Escrow, the Reserve Fund, and in certain circumstances, by funds on deposit, if any, in the Project Fund. The Guaranty Agreement provides that the Developer has guaranteed the payment of principal and interest on the Bonds if the Pledged Revenue deposited to the Bond Fund is insufficient to pay the principal and interest on the Bonds (after transferring any available funds from the Surplus Fund and the Lot Sale Escrow).

Required Mill Levy

The Required Mill Levy is defined in the Indenture as a mill levy imposed upon all taxable property of the District each year that will raise property tax revenues in an amount sufficient to pay the principal and interest on the Bonds as the same become due and payable, but not less than 41.5 mills and not in excess of 50 mills (subject to adjustment as described below). Subsequent to any date on which the Town has notified the District that the conditions precedent to the imposition of the Transportation Mill Levy (5 mills, subject to adjustment as described below) have been satisfied, the imposition will not exceed 45 mills (subject to adjustment as described below).

NOTE 17) DEBT SERVICE; BOND SECURITY (continued)

The minimum and maximum mill levies stated above will be subject to adjustment. Initially, the date from which such adjustment may be made shall be July 22, 2003; however, if the District's Service Plan is amended to provide that the adjustment may be made from a date prior to June 30, 2003, then the earlier date shall apply henceforth. As of the date of issuance of the Bonds, the mill levy references have not yet adjusted. The District has proposed to the Town, however, that the Service Plan be amended to provide that the date from which adjustments may be made shall be May 1, 2003. Until such amendment is approved, a portion of the Bond proceeds will be withheld in the Restricted Account.

Restricted Account

Bond proceeds of $1,987,875 are expected to be deposited to the Restricted Account of the Project Fund. The funds in the Restricted Account will be transferred to the Unrestricted Account at such time as the Service Plan of the District has been amended to provide that the adjustment for changes in the ratio of actual value to assessed value may be made from a date prior to June 30, 2003. Any moneys remaining in the Restricted Account on September 30, 2006 will be used to redeem Bonds on December 1, 2006, to the extent possible.

Reserve Fund

The Reserve Fund shall be initially funded from Bond proceeds in the amount of the Reserve Fund Requirement equal to $1,234,413. In the event the amounts credited to the Bond Fund from all sources of available Pledged Revenues (including amounts received pursuant to the Guaranty Agreement) and amounts on deposit in the Surplus Fund and Lot Sale Escrow are insufficient to pay the principal of or interest on the Bonds when due, moneys in the Reserve Fund, to the extent available, will be used to make such principal and interest payments. Pledged Revenue not needed to pay principal and interest on the Bonds will be used to replenish the Reserve Fund to the Reserve Fund Requirement amount.

NOTE 17) DEBT SERVICE; BOND SECURITY (continued)

Surplus Fund

Pledged Revenue not needed to pay principal and interest on the Bonds or replenish the Reserve Fund to the Reserve Fund Requirement amount, shall be accumulated and maintained in the Surplus Fund until the District's Debt to Assessed Ratio is 45% or less or until the amounts on deposit in the Reserve Fund, the Surplus Fund and the Bond Fund are sufficient to fully pay the principal of and interest on the Bonds and have been applied to that purpose. There is no maximum amount of moneys which may accumulate in the Surplus Fund. On or after any date that the District's Debt to Assessed Ratio is 45% or less, all amounts on deposit in the Surplus Fund shall be released to the District upon request of the District.

The forecast reveals that the Debt to Assessed Ratio will be equal to or less than 45% in 2025, at which time the Surplus Fund can be released to the District. The District may choose to use the released funds to partially reimburse the Developer for the cost of constructing public improvements.

The Surplus Fund is required to be funded upon issuance of the Bonds in an amount equal to the number of Capital Fees received by the District between April 1, 2006 and July 5, 2006, multiplied by $6,255, plus $87,157 which constitutes a payment in lieu of taxes received by the District prior to the date of issuance of the Bonds.

Lot Sale Escrow Agreement

The Lot Sale Escrow Agreement dated as of June 1, 2006 provides that the Developer will deposit funds with the Escrow Agent in amounts equal to the lesser of 15% of the Net Sale Proceeds of any sale of property by the Developer or (a) for platted residential lots, $2,500 per lot or (b) for unplatted residential property and residential property platted only in tracts, an amount equal to the pro-rata equivalent of $5,000 per acre (the "Per Lot Escrow Deposit") from the Net Sale Proceeds of property sold by the Developer, up to an aggregate maximum amount of $1,500,000.

The Lot Sale Escrow Agreement terminates when the District's Debt to Assessed Ratio is equal to or less than 45%. Any interest earned on moneys deposited into the Escrow Account will be paid to the Developer.

NOTE 17) DEBT SERVICE; BOND SECURITY (continued)

Guaranty Agreement

The Indenture provides that if the Pledged Revenue deposited to the Bond Fund is insufficient to pay principal and interest on the Bonds (after transferring any available funds from the Surplus Fund and the Lot Sale Escrow, but prior to transferring any available funds from the Project Fund and the Reserve Fund), the Trustee will seek payment for principal and interest on the Bonds from the Developer pursuant to a Guaranty Agreement dated as of June 1, 2006, between the Developer, the Trustee, and the District (the "Guaranty Agreement"). Pursuant to the Guaranty Agreement, the Developer guarantees the payment of principal and interest on the Bonds when due, to the extent not paid from other sources as described above.

Debt Assumptions

Assumptions related to debt principal amounts, bond interest rates, issuance costs, capitalized interest amounts and related interest earned, Reserve Fund amounts and related interest earned, and other related debt service costs for the Bonds have been provided by D.A. Davidson & Co., the underwriter of the proposed bond issue of the District.

NOTE 18) PROJECTION UNDER THE HYPOTHETICAL ASSUMPTION OF SLOWER BUILD-OUT OF PHASE I

For purposes of analysis of repayment of the Bonds, the District projected cash receipts and disbursements of the District's **Debt Service Fund only**, as displayed on Pages A1 through A15. The projection assumes a build-out schedule that is slowed to the point at which available funds, assuming the imposition of the maximum mill levy of 50 mills (subject to adjustment) and the use of the Surplus Fund and the Lot Sale Escrow, are insufficient to pay principal and interest on the Bonds. The projection does not include the use of the Reserve Fund, which would be available to pay principal and interest on the Bonds after the use of the Surplus Fund and the Lot Sale Escrow, nor does it anticipate any draws being required on the Guaranty Agreement. The results of the analysis using these assumptions are as follows:

> The build out schedule could be **slowed by as much as 81%** of the reasonably expected schedule as displayed in the forecast.

NOTE 18) PROJECTION UNDER THE HYPOTHETICAL ASSUMPTION OF SLOWER BUILD-OUT OF PHASE I (continued)

The build-out has been **slowed for mathematical purposes** (resulting in an improbable build-out scenario) and may not be reflective of actual build-out. The schedule of increases to land values for lots platted and improved has not been slowed.

The funds accumulated in the **Surplus Fund** are completely used for principal and interest on the Bonds by 2015 and subsequently begin to accumulate beginning in 2025 before the Surplus Fund is released in 2029.

The **Lot Sale Escrow** is drawn down to the lowest balance of $15,500 in 2024 to pay principal and interest on the Bonds.

The **Debt to Assessed Ratio** will be equal to or less than 45% in 2029 at which time an approximate projected $162,463 Surplus Fund balance could be released to the District, the Developer could then be released from the Guaranty Agreement, and the Lot Sale Escrow could be released to the Developer.

Cash Surplus balances will accumulate to over $3 million by the end of 2036 assuming that the maximum mill levy will be imposed throughout the projection period.

The General Fund is not displayed in this projection. As a result of slower build-out and reduced revenues from property taxes, the Developer would be required to contribute or advance additional funds to the District to pay for Service Costs due to the Headwaters District.

NOTE 19) PROJECTION UNDER THE HYPOTHETICAL ASSUMPTION OF PHASE I AND PHASE II BUILD OUT

For purposes of analysis of repayment of the Bonds, the District projected cash receipts and disbursements of the District's **General and Debt Service Funds**, as displayed on Pages B1 through B25. The projection assumes a build out schedule of 976 residential units and 109,000 square feet of commercial property. The mill levies are assumed to be the same as those used in the base forecast. The results of the analysis using these assumptions are as follows:

The total amount needed to fund Service Costs through **Developer advances and/or Operations Fees** is approximately $360,000. The projection assumes that the $360,000 needed will be advanced by the Developer and repaid to the Developer, without interest.

Sales and Use Tax Revenue increases approximately 91% primarily due to sales tax revenue on the projected additional commercial property.

The **Debt to Assessed Ratio** will be equal to or less than 45% in 2017 at which time the approximate projected $8.3 million Surplus Fund balance could be released to the District, the Developer could then be released from the Guaranty Agreement, and the Lot Sale Escrow could be released to the Developer.

Cash Surplus balances in the Debt Service Fund will accumulate to over $12.8 million by the end of 2036 assuming that the maximum mill levy will be imposed throughout the projection period.

A **future bond issue** utilizing the additional revenue from the build out of Phase II and interest thereon would be likely, but is not illustrated in the projection. Such future bonds could be issued in the form of subordinate bonds to the Developer or as parity bonds after satisfaction of the additional bonds test set forth in the Indenture.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 18
DEBT SERVICE FUNDS ONLY

SUMMARY

DEBT SERVICE FUND ONLY

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

	Mill Levy				Cash Receipts					Cash Disbursements							Cash Balances				
												Bonds Surplus Fund									
Collection Year	Total Assessed Value (See Page A11)	Debt Service Fund Mill Levy[1]	Net Property Taxes 94.50%	Specific Ownership Taxes 7.00%	Net SolVista Tax Revenue (see Page A12)	Total Capital Fees[2] $6,255	Ski Area Payment in Lieu of Property Taxes	Interest Income at 3.00%	Total Annual Cash Receipts	Net Debt Service on 2006 Bonds (See Page A13)	Cumulative Cash Available for Surplus Fund	Transfer to (Release from)	Cumulative Surplus Balance	Debt to Assessed Ratio	Release to District	Total Cash Disbursements and Transfers to (from) Surplus Fund	Cumulative Surplus Cash Balances	Draws From Lot Escrow (See Page A15)	Cumulative Surplus Cash Balances Net of Released Transfers	Collection Year	Lot Sale Escrow Annual Account Balances (See Page A15)
2005																				2005	0
2006	2,915,550	50.000	137,760	9,643	0	118,845	87,157	0	353,405	0	353,405	353,405	353,405	505%		353,405	0	0		2006	510,000
2007	4,913,063	50.000	232,142	16,250	15,054	143,865	0	10,602	417,913	0	417,913	417,913	771,318	300%		417,913	0	0		2007	877,500
2008	7,548,407	51.054	364,181	25,493	45,056	143,865	0	23,140	601,735	0	601,735	601,735	1,373,053	195%		601,735	0	0		2008	1,077,500
2009	9,036,077	51.235	437,500	30,625	45,056	143,865	0	41,192	698,238	403,097	295,141	295,141	1,668,193	163%		698,238	0	0		2009	1,162,500
2010	9,885,393	52.194	487,581	34,131	43,002	143,865	0	50,046	758,625	1,088,389	(329,764)	(329,764)	1,338,429	147%		758,625	0	0	0	2010	1,177,500
2011	10,344,284	52.678	514,946	36,046	43,002	150,120	0	40,153	784,267	1,138,264	(353,997)	(353,997)	984,433	139%		784,267	0	0	0	2011	1,177,500
2012	10,774,133	53.479	544,499	38,115	42,982	143,865	0	29,533	798,994	1,169,089	(370,095)	(370,095)	614,338	131%		798,994	0	0	0	2012	1,177,500
2013	11,140,918	53.977	568,279	39,780	42,982	143,865	0	18,430	813,336	1,081,876	(268,540)	(268,540)	345,797	125%		813,336	0	0	0	2013	1,177,500
2014	11,531,920	54.922	598,522	41,897	42,962	150,120	0	10,374	843,875	1,064,389	(220,514)	(220,514)	125,283	119%		843,875	0	0	0	2014	1,177,500
2015	11,909,542	55.410	623,613	43,653	42,962	156,375	0	3,758	870,361	1,097,239	(226,878)	(125,283)	0	114%		971,956	(101,595)	125,000	23,405	2015	1,052,500
2016	12,292,868	56.422	655,441	45,881	42,943	150,120	0	702	895,087	1,157,051	(261,964)	0	0	108%		1,157,051	(238,559)	264,000	25,441	2016	788,500
2017	12,705,019	56.930	683,515	47,846	42,943	150,120	0	763	925,187	1,176,801	(251,614)	0	0	101%		1,176,801	(226,174)	251,000	24,826	2017	537,500
2018	13,141,870	58.083	721,337	50,494	42,923	150,120	0	745	965,619	1,173,851	(208,232)	0	0	95%		1,173,851	(183,406)	210,000	26,594	2018	327,500
2019	13,565,987	58.575	750,923	52,565	42,923	156,375	0	798	1,003,584	1,069,551	(65,967)	0	0	90%		1,069,551	(39,373)	66,000	26,627	2019	261,500
2020	13,995,130	59.782	790,641	55,345	42,904	150,120	0	799	1,039,809	1,105,651	(65,842)	0	0	85%		1,105,651	(39,216)	67,000	27,784	2020	194,500
2021	14,431,449	60.260	821,809	57,527	42,904	131,355	0	834	1,054,429	1,098,039	(43,610)	0	0	80%		1,098,039	(15,826)	45,000	29,174	2021	149,500
2022	14,892,941	61.564	866,441	60,651	42,884	93,825	0	875	1,064,676	1,129,414	(64,738)	0	0	75%		1,129,414	(35,564)	65,000	29,436	2022	84,500
2023	15,341,700	62.026	899,247	62,947	42,884	87,570	0	883	1,093,531	1,137,076	(43,545)	0	0	70%		1,137,076	(14,109)	45,000	30,891	2023	39,500
2024	15,758,620	63.339	943,238	66,027	42,865	81,315	0	927	1,134,372	1,157,376	(23,004)	0	0	65%		1,157,376	7,886	24,000	31,886	2024	15,500
2025	16,108,378	63.677	969,318	67,852	42,865	81,315	0	957	1,162,307	1,159,301	3,006	3,006	3,006	60%		1,162,307	31,886	0	31,886	2025	15,500
2026	16,431,244	64.945	1,008,435	70,590	42,845	81,315	0	1,047	1,204,232	1,178,864	25,368	25,368	28,374	55%		1,204,232	31,886	0	31,886	2026	15,500
2027	16,736,467	65.229	1,031,659	72,216	0	81,315	0	1,808	1,186,998	1,134,714	52,284	52,284	80,658	51%		1,186,998	31,886	0	31,886	2027	15,500
2028	17,045,656	66.534	1,071,739	75,022	0	87,570	0	3,376	1,237,707	1,155,901	81,806	81,806	162,463	46%		1,237,707	31,886	0	31,886	2028	15,500
2029	17,359,246	66.819	1,096,131	76,729	0	81,315	0	5,830	1,260,005	1,158,039	101,966	(162,463)	0	42%	162,463	1,158,039	133,852	0	133,852	2029	0
2030	15,660,081	70.522	1,043,639	73,055	0	87,570	0	4,016	1,208,280	1,102,139				42%		1,102,139	239,993	0	239,993	2030	0
2031	16,005,827	70.817	1,071,143	74,980	0	187,650	0	7,200	1,340,973	1,106,914				36%		1,106,914	474,053	0	474,053	2031	0
2032	16,331,554	72.365	1,116,832	78,178	0	212,670	0	14,222	1,421,902	1,128,314				31%		1,128,314	767,641	0	767,641	2032	0
2033	16,701,729	72.644	1,146,550	80,259	0	906,975	0	23,029	2,156,813	1,124,989				25%		1,124,989	1,799,465	0	1,799,465	2033	0
2034	17,649,174	74.410	1,241,045	86,873	0	0	0	53,984	1,381,902	1,148,289				19%		1,148,289	2,033,078	0	2,033,078	2034	0
2035	18,704,010	74.878	1,323,490	92,644	0		0	60,992	1,477,126	1,146,189				12%		1,146,189	2,364,015	0	2,364,015	2035	0
2036	22,642,804	78.592	1,681,668	117,717	0	0	0	70,920	1,870,305	1,170,626				0%		1,170,626	3,063,693		3,063,693	2036	0
			25,443,264	1,781,031	834,941	4,397,265	87,157	481,935	33,025,593	30,961,436		0			162,463	31,123,900		1,162,000			

(1) The Transportation Mill Levy up to a maximum of 5 mills (subject to adjustment) is to be imposed on property within the District once the buildout has exceeded 700 Single Family Equivalents in the Development which is not expected to be achieved until the end of the projection period. Therefore, the debt service mill levy is never reduced by the Transportation Mill Levy in this projection.

(2) Capital Fees are forecasted to be collected the year prior to completeion of construction of the units. Capital Fees from 38 units are assumed to have been collected and spent in 2005 and are not available for payment on the Bonds. Capital Fees received by the District between April 1, 2006 and July 5, 2006, will be deposited to the Surplus Fund on the date of issuance of the Bonds.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 18
DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 1 of 10 - Continued on to Page A3)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential											
		Tall Timbers (3)			Fairway (3)			Peakview (3)			Aspen Meadows (4)		
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $425,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $275,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $200,000	Annual Value of New Residences
Inflation compounded annually			2.00%			2.00%			2.00%			2.00%	
2004	2006												
2005	2007												
2006	2008	12	350,000	4,200,000	13	425,000	5,525,000	12	275,000	3,300,000		200,000	0
2007	2009	2	357,000	714,000	2	433,500	867,000	2	280,500	561,000	9	204,000	1,836,000
2008	2010	2	364,140	728,280	2	442,170	884,340	2	286,110	572,220	9	208,080	1,872,720
2009	2011	2	371,423	742,846	2	451,013	902,027	2	291,832	583,664	9	212,242	1,910,174
2010	2012	2	378,851	757,703	2	460,034	920,067	2	297,669	595,338	9	216,486	1,948,378
2011	2013	2	386,428	772,857	2	469,234	938,469	2	303,622	607,244	9	220,816	1,987,345
2012	2014	2	394,157	788,314	2	478,619	957,238	2	309,695	619,389	9	225,232	2,027,092
2013	2015	2	402,040	804,080	2	488,191	976,383	2	315,889	631,777	9	229,737	2,067,634
2014	2016	2	410,081	820,162	2	497,955	995,910	2	322,206	644,413	9	234,332	2,108,987
2015	2017	2	418,282	836,565	2	507,914	1,015,829	2	328,650	657,301	9	239,019	2,151,167
2016	2018	2	426,648	853,296	2	518,073	1,036,145	2	335,223	670,447	9	243,799	2,194,190
2017	2019	2	435,181	870,362	2	528,434	1,056,868	2	341,928	683,856	9	248,675	2,238,074
2018	2020	2	443,885	887,769	2	539,003	1,078,006	2	348,766	697,533	9	253,648	2,282,835
2019	2021	2	452,762	905,525	2	549,783	1,099,566	2	355,742	711,484	9	258,721	2,328,492
2020	2022	2	461,818	923,635	2	560,778	1,121,557	2	362,857	725,713	9	263,896	2,375,062
2021	2023	2	471,054	942,108	2	571,994	1,143,988	2	370,114	740,228	9	269,174	2,422,563
2022	2024	2	480,475	960,950	2	583,434	1,166,868	2	377,516	755,032	6	274,557	1,647,343
2023	2025	2	490,084	980,169	2	595,103	1,190,205	2	385,066	770,133		280,048	0
2024	2026	2	499,886	999,772	2	607,005	1,214,009	2	392,768	785,535		285,649	0
2025	2027	2	509,884	1,019,768	2	619,145	1,238,289	2	400,623	801,246		291,362	0
2026	2028	2	520,082	1,040,163	2	631,528	1,263,055	2	408,636	817,271		297,189	0
2027	2029	2	530,483	1,060,966	2	644,158	1,288,316	2	416,808	833,616		303,133	0
2028	2030	2	541,093	1,082,186	2	657,041	1,314,083	2	425,144	850,289		309,196	0
2029	2031	2	551,915	1,103,829	2	670,182	1,340,364	2	433,647	867,295		315,380	0
2030	2032	2	562,953	1,125,906	2	683,586	1,367,172	2	442,320	884,640		321,687	0
2031	2033	2	574,212	1,148,424	2	697,258	1,394,515	2	451,167	902,333		328,121	0
2032	2034	2	585,696	1,171,393	2	711,203	1,422,405	2	460,190	920,380		334,684	0
2033	2035	2	597,410	1,194,821	2	725,427	1,450,854	2	469,394	938,788		341,377	0
2034	2036	35	609,358	21,327,547	35	739,935	25,897,735	22	478,782	10,533,196			
		101		50,763,396	102		62,066,263	88		33,661,361	141		33,398,056

(3) Subject to an Option and Purchase and Sale Agreement with Village Homes of Colorado, Inc.
(4) Property Sold to Aspen Meadows Condominiums, LLC on July 30, 2004.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential											
		Eisenhower Camp [5]			Ranch View [6]			Saddle Ridge [6]			Eagle Crest [6]		
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence $300,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $450,000	Annual Value of New Residences
Inflation compounded annually			2.00%			2.00%			2.00%			2.00%	
2004	2006												
2005	2007												
2006	2008		300,000	0	1	350,000	350,000		350,000	0		450,000	0
2007	2009	2	306,000	612,000	1	357,000	357,000		357,000	0		459,000	0
2008	2010	2	312,120	624,240	1	364,140	364,140	1	364,140	364,140		468,180	0
2009	2011	2	318,362	636,725	1	371,423	371,423	1	371,423	371,423	1	477,544	477,544
2010	2012	2	324,730	649,459	1	378,851	378,851	1	378,851	378,851	1	487,094	487,094
2011	2013	2	331,224	662,448	1	386,428	386,428	1	386,428	386,428	1	496,836	496,836
2012	2014	2	337,849	675,697	1	394,157	394,157	1	394,157	394,157	1	506,773	506,773
2013	2015	2	344,606	689,211	1	402,040	402,040	1	402,040	402,040	1	516,909	516,909
2014	2016	2	351,498	702,996	1	410,081	410,081	1	410,081	410,081	1	527,247	527,247
2015	2017	2	358,528	717,056	1	418,282	418,282	1	418,282	418,282	1	537,792	537,792
2016	2018	2	365,698	731,397	1	426,648	426,648	1	426,648	426,648	1	548,547	548,547
2017	2019	2	373,012	746,025	1	435,181	435,181	1	435,181	435,181	1	559,518	559,518
2018	2020	2	380,473	760,945	1	443,885	443,885	1	443,885	443,885	1	570,709	570,709
2019	2021	2	388,082	776,164	1	452,762	452,762	1	452,762	452,762	1	582,123	582,123
2020	2022	2	395,844	791,687	1	461,818	461,818	1	461,818	461,818	1	593,765	593,765
2021	2023	2	403,761	807,521	1	471,054	471,054	1	471,054	471,054	1	605,641	605,641
2022	2024	2	411,836	823,671	1	480,475	480,475	1	480,475	480,475	1	617,754	617,754
2023	2025	2	420,072	840,145	1	490,084	490,084	1	490,084	490,084	1	630,109	630,109
2024	2026	2	428,474	856,948	1	499,886	499,886	1	499,886	499,886	1	642,711	642,711
2025	2027	2	437,043	874,087	1	509,884	509,884	1	509,884	509,884	1	655,565	655,565
2026	2028	2	445,784	891,568	1	520,082	520,082	1	520,082	520,082	1	668,676	668,676
2027	2029	2	454,700	909,400	1	530,483	530,483	1	530,483	530,483	1	682,050	682,050
2028	2030	2	463,794	927,588	1	541,093	541,093	1	541,093	541,093	1	695,691	695,691
2029	2031	2	473,070	946,140	1	551,915	551,915	1	551,915	551,915	1	709,605	709,605
2030	2032	2	482,531	965,062	1	562,953	562,953	1	562,953	562,953	1	723,797	723,797
2031	2033	2	492,182	984,364	1	574,212	574,212	1	574,212	574,212	1	738,273	738,273
2032	2034	5	502,025	2,510,127	1	585,696	585,696	1	585,696	585,696	1	753,038	753,038
2033	2035	8	512,066	4,096,528	1	597,410	597,410	1	597,410	597,410	1	768,099	768,099
2034	2036	8	522,307	4,178,458	11	609,358	6,702,943	4	609,358	2,437,434	7	783,461	5,484,226
		71		30,387,657	39		19,670,866	30		14,698,357	32		20,780,092

(5) Subject to an Option and Purchase and Sale Agreement with Eisenhower Cabins, LLC
(6) Lots owned by the Developer for Sale to individual homeowners.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential											
		Mountain Vista (6)			Silver Star (7)			Saddle Ridge II (6)			Seven Eagles (6)		
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence $400,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $425,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences
Inflation compounded annually			2.00%			2.00%			2.00%			2.00%	
2004	2006												
2005	2007												
2006	2008		400,000	0		425,000	0		350,000			350,000	
2007	2009		408,000	0	1	433,500	433,500		357,000	0		357,000	
2008	2010	1	416,160	416,160	1	442,170	442,170	1	364,140	364,140	1	364,140	364,140
2009	2011	1	424,483	424,483	1	451,013	451,013	1	371,423	371,423		371,423	0
2010	2012	1	432,973	432,973	1	460,034	460,034	1	378,851	378,851		378,851	0
2011	2013	1	441,632	441,632	1	469,234	469,234	1	386,428	386,428		386,428	0
2012	2014	1	450,465	450,465	1	478,619	478,619	1	394,157	394,157	1	394,157	394,157
2013	2015	1	459,474	459,474	1	488,191	488,191	1	402,040	402,040		402,040	0
2014	2016	1	468,664	468,664	1	497,955	497,955	1	410,081	410,081		410,081	0
2015	2017	1	478,037	478,037	2	507,914	1,015,829	1	418,282	418,282		418,282	0
2016	2018	1	487,598	487,598	2	518,073	1,036,145	1	426,648	426,648	1	426,648	426,648
2017	2019	1	497,350	497,350	2	528,434	1,056,868	1	435,181	435,181		435,181	0
2018	2020	1	507,297	507,297	2	539,003	1,078,006	1	443,885	443,885		443,885	0
2019	2021	1	517,443	517,443	2	549,783	1,099,566	1	452,762	452,762		452,762	0
2020	2022	1	527,792	527,792	2	560,778	1,121,557	1	461,818	461,818	1	461,818	461,818
2021	2023	1	538,347	538,347	2	571,994	1,143,988	1	471,054	471,054		471,054	0
2022	2024	1	549,114	549,114	2	583,434	1,166,868	1	480,475	480,475		480,475	0
2023	2025	1	560,097	560,097	2	595,103	1,190,205	1	490,084	490,084		490,084	0
2024	2026	1	571,298	571,298		607,005	0	1	499,886	499,886	1	499,886	499,886
2025	2027	1	582,724	582,724		619,145	0	1	509,884	509,884		509,884	0
2026	2028	1	594,379	594,379		631,528	0	1	520,082	520,082		520,082	0
2027	2029	1	606,267	606,267		644,158	0	1	530,483	530,483		530,483	0
2028	2030	1	618,392	618,392		657,041	0	1	541,093	541,093		541,093	0
2029	2031	1	630,760	630,760		670,182	0	1	551,915	551,915	1	551,915	551,915
2030	2032	1	643,375	643,375		683,586	0	1	562,953	562,953		562,953	0
2031	2033	2	656,242	1,312,485		697,258	0	1	574,212	574,212		574,212	0
2032	2034	15	669,367	10,040,509		711,203	0	1	585,696	585,696		585,696	0
2033	2035	15	682,755	10,241,319		725,427	0	1	597,410	597,410	1	597,410	597,410
2034	2036	15	696,410	10,446,145		739,935	0	8	609,358	4,874,868		609,358	0
		70		44,044,579	26		13,629,748	34		17,135,791	7		3,295,974

(6) Lots owned by the Developer for Sale to individual homeowners.
(7) Current owner plans to construct townhome buildings.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

Construction Year	Collection Year	TOTAL RESIDENTIAL UNITS Annual Number of Residential Units	TOTAL RESIDENTIAL UNITS Annual Value of New Residential Units	Est. Biennial Revaluation per State Statute at 2.00%	Cumulative Market Value of New Residences	Estimated Residential Assessment Ratio	RESIDENTIAL ASSESSED VALUATION
							(See Page A11)
2004	2006						
2005	2007	0	0		0	7.96%	0
2006	2008	38	13,375,000	0	13,375,000	7.96%	1,064,650
2007	2009	19	5,380,500		18,755,500	7.96%	1,492,938
2008	2010	23	6,996,690	375,110	26,127,300	7.49%	1,956,935
2009	2011	23	7,242,745		33,370,045	7.49%	2,499,416
2010	2012	23	7,387,599	667,401	41,425,045	7.34%	3,040,681
2011	2013	23	7,535,349		48,960,394	7.34%	3,593,791
2012	2014	24	8,080,215	979,208	58,019,817	7.19%	4,173,595
2013	2015	23	7,839,779		65,859,596	7.19%	4,737,542
2014	2016	23	7,996,577	1,317,192	75,173,365	7.05%	5,299,367
2015	2017	24	8,664,422		83,837,787	7.05%	5,910,168
2016	2018	25	9,264,357	1,676,756	94,778,900	6.91%	6,547,836
2017	2019	24	9,014,464		103,793,364	6.91%	7,170,603
2018	2020	24	9,194,755	2,075,867	115,063,986	6.77%	7,790,254
2019	2021	24	9,378,649		124,442,635	6.77%	8,425,223
2020	2022	25	10,028,040	2,488,853	136,959,528	6.63%	9,087,209
2021	2023	24	9,757,546		146,717,074	6.63%	9,734,618
2022	2024	21	9,129,025	2,934,341	158,780,440	6.50%	10,324,317
2023	2025	15	7,631,315		166,411,755	6.50%	10,820,525
2024	2026	14	7,069,817	3,328,235	176,809,807	6.37%	11,266,701
2025	2027	13	6,701,331		183,511,138	6.37%	11,693,724
2026	2028	13	6,835,358	3,670,223	194,016,719	6.24%	12,115,899
2027	2029	13	6,972,064		200,988,783	6.24%	12,551,289
2028	2030	13	7,111,508	4,019,776	212,120,067	6.12%	12,981,484
2029	2031	14	7,805,653		219,925,720	6.12%	13,459,180
2030	2032	13	7,398,811	4,398,514	231,723,045	6.00%	13,897,538
2031	2033	14	8,203,030		239,926,075	6.00%	14,389,513
2032	2034	30	18,574,940	4,798,522	263,299,537	5.88%	15,475,505
2033	2035	34	21,080,049		284,379,586	5.88%	16,714,491
2034	2036	145	91,882,552	5,687,592	381,949,730	5.76%	22,000,219
		741	343,532,140	38,417,590			

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Commercial												
		Granby Ranch Entrance				Log Cabin Admin Offices			Golf Course and Ski Area [8]					
Construction Year	Collection Year	Sale Center Value	Parcel Value	Est. Biennial Revaluation at 2.00%	Cumulative Market Value	Log Cabin Value	Est. Biennial Revaluation at 2.00%	Cumulative Market Value	Golf Course Value	Ski Area Value	Cumulative Market Value [9]	Cumulative Market Value of All Commercial	Estimated Commercial Assessment Ratio	COMMERCIAL ASSESSED VALUATION
														(See Page A11)
2004	2006													
2005	2007	650,586	136,517		787,103	459,482		459,482	1,819,724	5,133,897	6,953,621	8,200,206	29.00%	2,378,060
2006	2008			15,742	802,845		9,190	468,672			6,953,621	8,225,138	29.00%	2,385,290
2007	2009				802,845			468,672			6,953,621	8,225,138	29.00%	2,385,290
2008	2010			16,057	818,902		9,373	478,045			6,953,621	8,250,568	29.00%	2,392,665
2009	2011				818,902			478,045			6,953,621	8,250,568	29.00%	2,392,665
2010	2012			16,378	835,280		9,561	487,606			6,953,621	8,276,507	29.00%	2,400,187
2011	2013				835,280			487,606			6,953,621	8,276,507	29.00%	2,400,187
2012	2014			16,706	851,986		9,752	497,358			6,953,621	8,302,965	29.00%	2,407,860
2013	2015				851,986			497,358			6,953,621	8,302,965	29.00%	2,407,860
2014	2016			17,040	869,026		9,947	507,305			6,953,621	8,329,952	29.00%	2,415,686
2015	2017				869,026			507,305			6,953,621	8,329,952	29.00%	2,415,686
2016	2018			17,381	886,407		10,146	517,451			6,953,621	8,357,479	29.00%	2,423,669
2017	2019				886,407			517,451			6,953,621	8,357,479	29.00%	2,423,669
2018	2020			17,728	904,135		10,349	527,800			6,953,621	8,385,556	29.00%	2,431,811
2019	2021				904,135			527,800			6,953,621	8,385,556	29.00%	2,431,811
2020	2022			18,083	922,218		10,556	538,356			6,953,621	8,414,195	29.00%	2,440,117
2021	2023				922,218			538,356			6,953,621	8,414,195	29.00%	2,440,117
2022	2024			18,444	940,662		10,767	549,123			6,953,621	8,443,406	29.00%	2,448,588
2023	2025				940,662			549,123			6,953,621	8,443,406	29.00%	2,448,588
2024	2026			18,813	959,475		10,982	560,105			6,953,621	8,473,201	29.00%	2,457,228
2025	2027				959,475			560,105			6,953,621	8,473,201	29.00%	2,457,228
2026	2028			19,190	978,665		11,202	571,307			6,953,621	8,503,593	29.00%	2,466,042
2027	2029				978,665			571,307			6,953,621	8,503,593	29.00%	2,466,042
2028	2030			19,573	998,238		11,426	582,733	(1,819,724)	(5,133,897)	0	1,580,971	29.00%	458,482
2029	2031				998,238			582,733			0	1,580,971	29.00%	458,482
2030	2032			19,965	1,018,203		11,655	594,388			0	1,612,591	29.00%	467,651
2031	2033				1,018,203			594,388			0	1,612,591	29.00%	467,651
2032	2034			20,364	1,038,567		11,888	606,276			0	1,644,843	29.00%	477,004
2033	2035				1,038,567			606,276			0	1,644,843	29.00%	477,004
2034	2036			20,771	1,059,338		12,126	618,402			0	1,677,740	29.00%	486,545
		650,586	136,517	272,235		459,482	158,920		0	0				

(8) Headwaters District is assumed to take ownership of the Golf Course and Ski Area as of 12/31/2029 at which time the property will be removed from the tax rolls.
(9) The Golf Course and Ski Area are not being inflated by the 2% biennial revaluation due to the fact that a large portion of the actual value is attributable to personal property.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Platted Residential Land															
		Tall Timbers				Fairway				Peakview				Aspen Meadows			
Construction Year	Collection Year	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $425,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $275,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $200,000 10.00%	Less: Lots Used	Annual Actual Value
2004	2006																
2005	2007	41	1,435,000	0	1,435,000	15	637,500	0	637,500	32	880,000	0	880,000	141	2,820,000	0	2,820,000
2006	2008	37	1,295,000	(420,000)	875,000	30	1,275,000	(552,500)	722,500	28	770,000	(330,000)	440,000			0	0
2007	2009	23	805,000	(70,000)	735,000	27	1,147,500	(85,000)	1,062,500	28	770,000	(55,000)	715,000			(180,000)	(180,000)
2008	2010			(70,000)	(70,000)	30	1,275,000	(85,000)	1,190,000			(55,000)	(55,000)			(180,000)	(180,000)
2009	2011			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2010	2012			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2011	2013			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2012	2014			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2013	2015			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2014	2016			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2015	2017			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2016	2018			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2017	2019			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2018	2020			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2019	2021			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2020	2022			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2021	2023			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(180,000)	(180,000)
2022	2024			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			(120,000)	(120,000)
2023	2025			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			0	0
2024	2026			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			0	0
2025	2027			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			0	0
2026	2028			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			0	0
2027	2029			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			0	0
2028	2030			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			0	0
2029	2031			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			0	0
2030	2032			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			0	0
2031	2033			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			0	0
2032	2034			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			0	0
2033	2035			(70,000)	(70,000)			(85,000)	(85,000)			(55,000)	(55,000)			0	0
2034	2036			(1,225,000)	(1,225,000)			(1,487,500)	(1,487,500)			(605,000)	(605,000)			0	0
		101	3,535,000	(3,535,000)	0	102	4,335,000	(4,335,000)	0	88	2,420,000	(2,420,000)	0	141	2,820,000	(2,820,000)	0

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GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Platted Residential Land															
		Eisenhower Camp				Ranch View				Saddle Ridge				Eagle Crest			
Construction Year	Collection Year	Platted Lot Takedown	Platted & Finished Lots $300,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $450,000 10.00%	Less: Lots Used	Annual Actual Value
2004	2006																
2005	2007		0	0	0	16	560,000	0	560,000		0	0	0		0	0	0
2006	2008	25	750,000	0	750,000	23	805,000	(35,000)	770,000	30	1,050,000	0	1,050,000		0	0	0
2007	2009	12	360,000	(60,000)	300,000		0	(35,000)	(35,000)			0	0	32	1,440,000	0	1,440,000
2008	2010	25	750,000	(60,000)	690,000		0	(35,000)	(35,000)			(35,000)	(35,000)			0	0
2009	2011	9	270,000	(60,000)	210,000		0	(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2010	2012			(60,000)	(60,000)		0	(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2011	2013			(60,000)	(60,000)		0	(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2012	2014			(60,000)	(60,000)		0	(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2013	2015			(60,000)	(60,000)		0	(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2014	2016			(60,000)	(60,000)		0	(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2015	2017			(60,000)	(60,000)		0	(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2016	2018			(60,000)	(60,000)		0	(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2017	2019			(60,000)	(60,000)		0	(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2018	2020			(60,000)	(60,000)		0	(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2019	2021			(60,000)	(60,000)		0	(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2020	2022			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2021	2023			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2022	2024			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2023	2025			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2024	2026			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2025	2027			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2026	2028			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2027	2029			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2028	2030			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2029	2031			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2030	2032			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2031	2033			(60,000)	(60,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2032	2034			(150,000)	(150,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2033	2035			(240,000)	(240,000)			(35,000)	(35,000)			(35,000)	(35,000)			(45,000)	(45,000)
2034	2036			(240,000)	(240,000)			(385,000)	(385,000)			(140,000)	(140,000)			(315,000)	(315,000)
		71	2,130,000	(2,130,000)	0	39	1,365,000	(1,365,000)	0	30	1,050,000	(1,050,000)	0	32	1,440,000	(1,440,000)	0

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GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Platted Residential Land															
		Mountain Vista				Silver Star				Saddle Ridge II				Seven Eagles			
Construction Year	Collection Year	Platted Lot Takedown	Platted & Finished Lots $400,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $425,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value
2004	2006																
2005	2007		0	0	0		0	0	0		0	0	0		0	0	0
2006	2008	10	400,000	0	400,000	5	212,500	0	212,500	34	1,190,000	0	1,190,000	7	245,000	0	245,000
2007	2009	20	800,000	0	800,000	5	212,500	(42,500)	170,000			0	0			0	0
2008	2010	20	800,000	(40,000)	760,000	5	212,500	(42,500)	170,000			(35,000)	(35,000)			(35,000)	(35,000)
2009	2011	20	800,000	(40,000)	760,000	5	212,500	(42,500)	170,000			(35,000)	(35,000)			0	0
2010	2012			(40,000)	(40,000)	6	255,000	(42,500)	212,500			(35,000)	(35,000)			0	0
2011	2013			(40,000)	(40,000)			(42,500)	(42,500)			(35,000)	(35,000)			0	0
2012	2014			(40,000)	(40,000)			(42,500)	(42,500)			(35,000)	(35,000)			(35,000)	(35,000)
2013	2015			(40,000)	(40,000)			(42,500)	(42,500)			(35,000)	(35,000)			0	0
2014	2016			(40,000)	(40,000)			(42,500)	(42,500)			(35,000)	(35,000)			0	0
2015	2017			(40,000)	(40,000)			(85,000)	(85,000)			(35,000)	(35,000)			0	0
2016	2018			(40,000)	(40,000)			(85,000)	(85,000)			(35,000)	(35,000)			(35,000)	(35,000)
2017	2019			(40,000)	(40,000)			(85,000)	(85,000)			(35,000)	(35,000)			0	0
2018	2020			(40,000)	(40,000)			(85,000)	(85,000)			(35,000)	(35,000)			0	0
2019	2021			(40,000)	(40,000)			(85,000)	(85,000)			(35,000)	(35,000)			0	0
2020	2022			(40,000)	(40,000)			(85,000)	(85,000)			(35,000)	(35,000)			(35,000)	(35,000)
2021	2023			(40,000)	(40,000)			(85,000)	(85,000)			(35,000)	(35,000)			0	0
2022	2024			(40,000)	(40,000)			(85,000)	(85,000)			(35,000)	(35,000)			0	0
2023	2025			(40,000)	(40,000)			(85,000)	(85,000)			(35,000)	(35,000)			0	0
2024	2026			(40,000)	(40,000)			0	0			(35,000)	(35,000)			(35,000)	(35,000)
2025	2027			(40,000)	(40,000)			0	0			(35,000)	(35,000)			0	0
2026	2028			(40,000)	(40,000)			0	0			(35,000)	(35,000)			0	0
2027	2029			(40,000)	(40,000)			0	0			(35,000)	(35,000)			0	0
2028	2030			(40,000)	(40,000)			0	0			(35,000)	(35,000)			0	0
2029	2031			(40,000)	(40,000)			0	0			(35,000)	(35,000)			(35,000)	(35,000)
2030	2032			(40,000)	(40,000)			0	0			(35,000)	(35,000)			0	0
2031	2033			(80,000)	(80,000)			0	0			(35,000)	(35,000)			0	0
2032	2034			(600,000)	(600,000)			0	0			(35,000)	(35,000)			0	0
2033	2035			(600,000)	(600,000)			0	0			(35,000)	(35,000)			(35,000)	(35,000)
2034	2036			(600,000)	(600,000)			0	0			(280,000)	(280,000)			0	0
		70	2,800,000	(2,800,000)	0	26	1,105,000	(1,105,000)	0	34	1,190,000	(1,190,000)	0	7	245,000	(245,000)	0

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PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Total Platted Residential Land						
Construction Year	Collection Year	Annual Platted Lot Takedown	Annual Actual Values	Existing Undeveloped Land to be Developed $2,794,914	Existing Undeveloped Land NOT to be Developed $538,069	Cumulative Market Value of Platted & Undeveloped Land	Estimated Land Assessment Ratio	LAND ASSESSED VALUATION
								(See Page A11)
2004	2006							
2005	2007	245	6,332,500	1,870,820	538,069	8,741,389	29.00%	2,535,003
2006	2008	229	6,255,000	(863,745)		14,132,644	29.00%	4,098,467
2007	2009	147	4,207,500	(554,457)		17,785,687	29.00%	5,157,849
2008	2010	80	1,605,000	(301,745)		19,088,942	29.00%	5,535,793
2009	2011	34	(160,000)	(128,242)		18,800,700	29.00%	5,452,203
2010	2012	6	(387,500)	(22,631)		18,390,569	29.00%	5,333,265
2011	2013		(642,500)	0		17,748,069	29.00%	5,146,940
2012	2014		(677,500)	0		17,070,569	29.00%	4,950,465
2013	2015		(642,500)	0		16,428,069	29.00%	4,764,140
2014	2016		(642,500)	0		15,785,569	29.00%	4,577,815
2015	2017		(685,000)	0		15,100,569	29.00%	4,379,165
2016	2018		(720,000)	0		14,380,569	29.00%	4,170,365
2017	2019		(685,000)	0		13,695,569	29.00%	3,971,715
2018	2020		(685,000)	0		13,010,569	29.00%	3,773,065
2019	2021		(685,000)	0		12,325,569	29.00%	3,574,415
2020	2022		(720,000)	0		11,605,569	29.00%	3,365,615
2021	2023		(685,000)	0		10,920,569	29.00%	3,166,965
2022	2024		(625,000)	0		10,295,569	29.00%	2,985,715
2023	2025		(505,000)	0		9,790,569	29.00%	2,839,265
2024	2026		(455,000)	0		9,335,569	29.00%	2,707,315
2025	2027		(420,000)	0		8,915,569	29.00%	2,585,515
2026	2028		(420,000)	0		8,495,569	29.00%	2,463,715
2027	2029		(420,000)	0		8,075,569	29.00%	2,341,915
2028	2030		(420,000)	0		7,655,569	29.00%	2,220,115
2029	2031		(455,000)	0		7,200,569	29.00%	2,088,165
2030	2032		(420,000)	0		6,780,569	29.00%	1,966,365
2031	2033		(420,000)	0		6,360,569	29.00%	1,844,565
2032	2034		(510,000)	0		5,850,569	29.00%	1,696,665
2033	2035		(635,000)	0		5,215,569	29.00%	1,512,515
2034	2036		(4,677,500)	0		538,069	29.00%	156,040
		741						

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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

Construction Year	Collection Year	RESIDENTIAL ASSESSED VALUATION (See Page A5)	COMMERCIAL ASSESSED VALUATION (See Page A6)	LAND ASSESSED VALUATION (See Page A10)	TOTAL ASSESSED VALUATION	Collection Year	
2004	2006				2,915,550	2006	(10)
2005	2007	0	2,378,060	2,535,003	4,913,063	2007	
2006	2008	1,064,650	2,385,290	4,098,467	7,548,407	2008	
2007	2009	1,492,938	2,385,290	5,157,849	9,036,077	2009	
2008	2010	1,956,935	2,392,665	5,535,793	9,885,393	2010	
2009	2011	2,499,416	2,392,665	5,452,203	10,344,284	2011	
2010	2012	3,040,681	2,400,187	5,333,265	10,774,133	2012	
2011	2013	3,593,791	2,400,187	5,146,940	11,140,918	2013	
2012	2014	4,173,595	2,407,860	4,950,465	11,531,920	2014	
2013	2015	4,737,542	2,407,860	4,764,140	11,909,542	2015	
2014	2016	5,299,367	2,415,686	4,577,815	12,292,868	2016	
2015	2017	5,910,168	2,415,686	4,379,165	12,705,019	2017	
2016	2018	6,547,836	2,423,669	4,170,365	13,141,870	2018	
2017	2019	7,170,603	2,423,669	3,971,715	13,565,987	2019	
2018	2020	7,790,254	2,431,811	3,773,065	13,995,130	2020	
2019	2021	8,425,223	2,431,811	3,574,415	14,431,449	2021	
2020	2022	9,087,209	2,440,117	3,365,615	14,892,941	2022	
2021	2023	9,734,618	2,440,117	3,166,965	15,341,700	2023	
2022	2024	10,324,317	2,448,588	2,985,715	15,758,620	2024	
2023	2025	10,820,525	2,448,588	2,839,265	16,108,378	2025	
2024	2026	11,266,701	2,457,228	2,707,315	16,431,244	2026	
2025	2027	11,693,724	2,457,228	2,585,515	16,736,467	2027	
2026	2028	12,115,899	2,466,042	2,463,715	17,045,656	2028	
2027	2029	12,551,289	2,466,042	2,341,915	17,359,246	2029	
2028	2030	12,981,484	458,482	2,220,115	15,660,081	2030	
2029	2031	13,459,180	458,482	2,088,165	16,005,827	2031	
2030	2032	13,897,538	467,651	1,966,365	16,331,554	2032	
2031	2033	14,389,513	467,651	1,844,565	16,701,729	2033	
2032	2034	15,475,505	477,004	1,696,665	17,649,174	2034	
2033	2035	16,714,491	477,004	1,512,515	18,704,010	2035	
2034	2036	22,000,219	486,545	156,040	22,642,804	2036	

(10) Adjusted to assessed valuation as provided by the County Assessor in December, 2005.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 18
DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED SOL VISTA METROPOLITAN DISTRICT CASH RECEIPTS AND DISBURSEMENTS

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

Construction Year	Collection Year	Residential Property: Est. Biennial Revaluation 2.00%	Cumulative Market Value	Estimated Residential Ratio	Assessed Valuation	Mill Levy	Net Property Taxes 94.50%	Annual Receipts for Sol Vista per IGA	Disbursements for Sol Vista O & M	Net Payments to Granby Ranch
2004	2006		26,617,965	7.96%	2,118,705	0.000	0	0		0
2005	2007		26,617,965	7.96%	2,118,705	25.000	50,054	50,054	35,000	15,054
2006	2008	532,359	27,150,324	7.96%	2,161,081	25.000	51,056	51,056	6,000	45,056
2007	2009		27,150,324	7.96%	2,161,081	25.000	51,056	51,056	6,000	45,056
2008	2010	543,006	27,693,330	7.49%	2,074,145	25.000	49,002	49,002	6,000	43,002
2009	2011		27,693,330	7.49%	2,074,145	25.000	49,002	49,002	6,000	43,002
2010	2012	553,867	28,247,197	7.34%	2,073,316	25.000	48,982	48,982	6,000	42,982
2011	2013		28,247,197	7.34%	2,073,316	25.000	48,982	48,982	6,000	42,982
2012	2014	564,944	28,812,141	7.19%	2,072,486	25.000	48,962	48,962	6,000	42,962
2013	2015		28,812,141	7.19%	2,072,486	25.000	48,962	48,962	6,000	42,962
2014	2016	576,243	29,388,384	7.05%	2,071,657	25.000	48,943	48,943	6,000	42,943
2015	2017		29,388,384	7.05%	2,071,657	25.000	48,943	48,943	6,000	42,943
2016	2018	587,768	29,976,152	6.91%	2,070,829	25.000	48,923	48,923	6,000	42,923
2017	2019		29,976,152	6.91%	2,070,829	25.000	48,923	48,923	6,000	42,923
2018	2020	599,523	30,575,675	6.77%	2,070,000	25.000	48,904	48,904	6,000	42,904
2019	2021		30,575,675	6.77%	2,070,000	25.000	48,904	48,904	6,000	42,904
2020	2022	611,514	31,187,189	6.63%	2,069,172	25.000	48,884	48,884	6,000	42,884
2021	2023		31,187,189	6.63%	2,069,172	25.000	48,884	48,884	6,000	42,884
2022	2024	623,744	31,810,933	6.50%	2,068,345	25.000	48,865	48,865	6,000	42,865
2023	2025		31,810,933	6.50%	2,068,345	25.000	48,865	48,865	6,000	42,865
2024	2026	636,219	32,447,152	6.37%	2,067,517	25.000	48,845	48,845	6,000	42,845
2025	2027							0		0
2026	2028							0		0
2027	2029							0		0
2028	2030							0		0
2029	2031							0		0
2030	2032							0		0
2031	2033							0		0
2032	2034							0		0
2033	2035							0		0
2034	2036							0		0
		5,829,187					983,941	983,941	149,000	834,941

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 18
DEBT SERVICE FUNDS ONLY

SCHEDULE of ESTIMATED BOND DEBT SERVICE REQUIREMENTS

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

Series 2006 Bond Issue

Dated: **July 5, 2006** **$14,725,000**
Issued: **July 5, 2006**
Interest Rates: **6.75%** Principal payments due on December 1.

Year	Principal	Coupon	Interest	Total 2006 Bonds Debt Service	Reduce Debt Service By Capitalized Interest (See Page A14)	Reduce Debt Service By Reserve Fund Interest	Net 2006 Bonds Debt Service Payments	Bond Principal Outstanding	Year
								14,725,000	
2006	0	6.75%	403,097	403,097	(403,097)		(0)	14,725,000	2006
2007	0	6.75%	993,938	993,938	(993,938)		0	14,725,000	2007
2008	0	6.75%	993,938	993,938	(993,938)		0	14,725,000	2008
2009	0	6.75%	993,938	993,938	(590,840)		403,097	14,725,000	2009
2010	150,000	6.75%	993,938	1,143,938		(55,549)	1,088,389	14,575,000	2010
2011	210,000	6.75%	983,813	1,193,813		(55,549)	1,138,264	14,365,000	2011
2012	255,000	6.75%	969,638	1,224,638		(55,549)	1,169,089	14,110,000	2012
2013	185,000	6.75%	952,425	1,137,425		(55,549)	1,081,876	13,925,000	2013
2014	180,000	6.75%	939,938	1,119,938		(55,549)	1,064,389	13,745,000	2014
2015	225,000	6.75%	927,788	1,152,788		(55,549)	1,097,239	13,520,000	2015
2016	300,000	6.75%	912,600	1,212,600		(55,549)	1,157,051	13,220,000	2016
2017	340,000	6.75%	892,350	1,232,350		(55,549)	1,176,801	12,880,000	2017
2018	360,000	6.75%	869,400	1,229,400		(55,549)	1,173,851	12,520,000	2018
2019	280,000	6.75%	845,100	1,125,100		(55,549)	1,069,551	12,240,000	2019
2020	335,000	6.75%	826,200	1,161,200		(55,549)	1,105,651	11,905,000	2020
2021	350,000	6.75%	803,588	1,153,588		(55,549)	1,098,039	11,555,000	2021
2022	405,000	6.75%	779,963	1,184,963		(55,549)	1,129,414	11,150,000	2022
2023	440,000	6.75%	752,625	1,192,625		(55,549)	1,137,076	10,710,000	2023
2024	490,000	6.75%	722,925	1,212,925		(55,549)	1,157,376	10,220,000	2024
2025	525,000	6.75%	689,850	1,214,850		(55,549)	1,159,301	9,695,000	2025
2026	580,000	6.75%	654,413	1,234,413		(55,549)	1,178,864	9,115,000	2026
2027	575,000	6.75%	615,263	1,190,263		(55,549)	1,134,714	8,540,000	2027
2028	635,000	6.75%	576,450	1,211,450		(55,549)	1,155,901	7,905,000	2028
2029	680,000	6.75%	533,588	1,213,588		(55,549)	1,158,039	7,225,000	2029
2030	670,000	6.75%	487,688	1,157,688		(55,549)	1,102,139	6,555,000	2030
2031	720,000	6.75%	442,463	1,162,463		(55,549)	1,106,914	5,835,000	2031
2032	790,000	6.75%	393,863	1,183,863		(55,549)	1,128,314	5,045,000	2032
2033	840,000	6.75%	340,538	1,180,538		(55,549)	1,124,989	4,205,000	2033
2034	920,000	6.75%	283,838	1,203,838		(55,549)	1,148,289	3,285,000	2034
2035	980,000	6.75%	221,738	1,201,738		(55,549)	1,146,189	2,305,000	2035
2036	2,305,000	6.75%	155,588	2,460,588		(1,289,961)	1,170,626	0	2036
	14,725,000		21,952,472	36,677,472	(2,981,813)	(2,734,224)	30,961,436		

USE OF PROCEEDS:

Project Fund			
Unresticted Fund	7,878,442		
Restricted Fund	1,987,875		
Payment to Town of Granby	378,000		
Capitalized Interest	2,586,771	Interest at	4.50%
Debt Service Reserve Fund	1,234,413	Interest at	4.50%
Issuance Costs	659,500		
	14,725,000		

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 18
DEBT SERVICE FUNDS ONLY

SCHEDULE OF CAPITALIZED BOND INTEREST

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

CALCULATION of CAPITALIZED INTEREST on SERIES 2006 BOND ISSUE

Date	Beginning Balance	Capitalized Interest	Debt Service Reserve Fund	Interest at 4.50%	Disbursements To Debt Service	Ending Balance
		(See Page A13)			(See Page A13)	
7/05/2006		2,586,770.54				2,586,770.54
12/01/2006	2,586,770.54		22,528.03	47,208.56	(403,096.88)	2,253,410.25
6/01/2007	2,253,410.25		27,774.28	50,701.73	(496,968.75)	1,834,917.51
12/01/2007	1,834,917.51		27,774.28	41,285.64	(496,968.75)	1,407,008.68
6/01/2008	1,407,008.68		27,774.28	31,657.70	(496,968.75)	969,471.91
12/01/2008	969,471.91		27,774.28	21,813.12	(496,968.75)	522,090.56
6/01/2009	522,090.56		27,774.28	11,747.04	(496,968.75)	64,643.13
12/01/2009	64,643.13		27,774.28	1,454.47	(93,871.88)	0.00
		2,586,770.54	189,173.72	205,868.26	(2,981,812.51)	

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 18
DEBT SERVICE FUNDS ONLY

SCHEDULE OF LOT SALE ESCROW DEPOSITS AND RELEASES TO DEVELOPER

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

Collection Year	Lots Sold	Deposited to Escrow at $2,500	Draws on Lot Escrow to Debt Service Fund	Debt to Assessed Ratio	Releases from Escrow	Cumulative Balance (Maximum Amount of $1,500,000)
2005	0	0		0%	0	0
2006	204	510,000		505%	0	510,000
2007	147	367,500		300%	0	877,500
2008	80	200,000		195%	0	1,077,500
2009	34	85,000		163%	0	1,162,500
2010	6	15,000		147%	0	1,177,500
2011				139%	0	1,177,500
2012				131%	0	1,177,500
2013				125%	0	1,177,500
2014				119%	0	1,177,500
2015			125,000	114%	0	1,052,500
2016			264,000	108%	0	788,500
2017			251,000	101%	0	537,500
2018			210,000	95%	0	327,500
2019			66,000	90%	0	261,500
2020			67,000	85%	0	194,500
2021			45,000	80%	0	149,500
2022			65,000	75%	0	84,500
2023			45,000	70%	0	39,500
2024			24,000	65%	0	15,500
2025				60%	0	15,500
2026				55%	0	15,500
2027				51%	0	15,500
2028				46%	0	15,500
2029				42%	15,500	
2030				42%		
2031				36%		
2032				31%		
2033				25%		
2034				19%		
2035				12%		
2036						
	471	1,177,500	1,162,000		15,500	

245	2005 Lots sold prior to the issuance of the Bonds.
25	2006 Lots sold prior to the issuance of the Bonds.
741	Total Lots for Phase I

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SUMMARY

GENERAL FUND

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

			Mill Levy		Cash Receipts					Cash Disbursements					Cash Balances		
Collection Year	Total Assessed Value (See Page B16)	Total Mill Levy	General Fund Mill Levy	Transport. Mill Levy [1] 700 SFE's	Net Property Taxes 94.50%	Specific Ownership Taxes 7.00%	Annual Developer Advances and/or Operations Fees [2]	Interest Income at 3.00%	Total Cash Receipts	Service Costs Inflated [3] 1.00%	Less Sales & Use Tax Revenue	Transportation Costs Remitted to Town	Repayments of Developer Advances for Service Costs	Total Cash Disbursements	Annual Surplus Cash (Deficit)	Cumulative Surplus Cash Balances	Collection Year
2004																	2004
2005								0	0							0	2005
2006	2,915,550	50.000					125,000	0	125,000	250,000	(128,595)			0	0	0	2006
2007	4,977,588	50.000	8.500		39,982	2,799	145,000	108	187,889	350,000	(162,367)			121,405	3,595	3,595	2007
2008	8,588,218	50.927	8.658	0.000	70,267	4,919	63,000	116	138,302	300,000	(162,058)			187,633	256	3,851	2008
2009	11,485,841	52.111	8.859	0.000	96,157	6,731	27,000	126	130,014	303,000	(173,512)			137,942	360	4,211	2009
2010	15,362,229	54.256	9.224	0.000	133,908	9,374		142	143,424	306,030	(194,336)		30,000	141,694	1,730	6,467	2010
2011	18,317,896	55.333	9.407	0.000	162,839	11,399		194	174,432	309,090	(221,762)		85,000	172,328	2,104	8,571	2011
2012	20,835,407	57.093	9.706	0.000	191,106	13,377		257	204,740	312,181	(221,484)		110,000	200,697	4,043	12,614	2012
2013	23,567,354	58.002	9.860	0.000	219,594	15,372		378	235,344	315,303	(182,000)	0	101,000	234,303	1,041	13,655	2013
2014	25,773,273	59.366	10.092	0.000	245,798	17,206		410	263,414	318,456	(167,748)	0	34,000	184,708	78,706	92,361	2014
2015	27,592,503	59.792	10.165	5.979	420,958	29,467		2,771	453,196	321,641	(133,837)	155,906		343,710	109,486	201,847	2015
2016	29,038,597	60.920	10.356	6.092	451,357	31,595		6,055	489,007	324,857	(110,303)	167,174		381,728	107,279	309,126	2016
2017	30,176,431	60.989	10.368	6.099	469,581	32,871		9,274	511,726	328,106	(106,277)	173,920		395,749	115,977	425,103	2017
2018	30,406,070	62.295	10.590	6.230	483,287	33,830		12,753	529,870	331,387	(94,658)	178,997		415,726	114,144	539,247	2018
2019	31,001,765	62.483	10.622	6.248	494,245	34,597		16,177	545,019	334,701	(75,944)	183,056		441,813	103,206	642,454	2019
2020	31,434,055	63.577	10.808	6.358	509,911	35,694		19,274	564,879	338,048	(75,820)	188,857		451,085	113,794	756,248	2020
2021	31,790,823	63.671	10.824	6.367	516,463	36,152		22,687	575,302	341,428	(61,619)	191,284		471,093	104,209	860,456	2021
2022	32,092,706	64.740	11.006	6.474	530,125	37,109		25,814	593,048	344,842	(61,489)	196,340		479,693	113,355	973,811	2022
2023	32,313,511	64.781	11.013	6.478	534,111	37,388		29,214	600,713	348,290	0	197,815		546,105	54,608	1,028,419	2023
2024	32,443,228	65.847	11.194	6.585	545,075	38,155		30,853	614,083	351,773		201,879		553,652	60,431	1,088,850	2024
2025	32,486,662	65.866	11.197	6.587	545,954	38,217		32,666	616,837	355,291		202,207		557,498	59,339	1,148,189	2025
2026	32,619,509	66.952	11.382	6.695	557,236	39,007		34,446	630,689	358,844		206,381		565,225	65,464	1,213,653	2026
2027	32,619,509	66.952	11.382	6.695	557,236	39,007		36,410	632,653	362,432		206,381		568,813	63,840	1,277,493	2027
2028	32,710,919	68.034	11.566	6.803	567,829	39,748		38,325	645,902	366,056		210,303		576,359	69,543	1,347,036	2028
2029	32,710,919	68.034	11.566	6.803	567,829	39,748		40,411	647,988	369,717		210,303		580,020	67,968	1,415,004	2029
2030	30,787,814	70.383	11.965	7.038	552,891	38,702		42,450	634,043	373,414		204,775		578,189	55,854	1,470,858	2030
2031	30,787,814	70.383	11.965	7.038	552,891	38,702		44,126	635,719	377,148		204,775		581,923	53,796	1,524,654	2031
2032	30,883,334	71.564	12.166	7.156	563,918	39,474		45,740	649,132	380,919		208,856		589,775	59,357	1,584,011	2032
2033	30,883,334	71.564	12.166	7.156	563,918	39,474		47,520	650,912	384,728		208,856		593,584	57,328	1,641,339	2033
2034	30,980,973	72.759	12.369	7.276	575,146	40,260		49,240	664,646	388,575		213,019		601,594	63,052	1,704,391	2034
2035	30,980,973	72.759	12.369	7.276	575,146	40,260		51,132	666,538	392,461		213,019		605,480	61,058	1,765,449	2035
2036	31,080,770	73.971	12.575	7.397	586,609	41,063		52,963	680,635	396,386		217,264		613,650	66,985	1,832,434	2036
					12,881,367	901,697	360,000	692,032	14,835,096	10,635,104	(2,333,809)	4,341,367	360,000	13,002,662	1,832,434		

(1) The Transportation Mill Levy up to a maximum of 5 mills (subject to adjustment) is to be imposed on property within the District once the build out has exceeded 700 Single Family Equivalents in the Development. The forecast assumes the Transportation Mill Levy will be imposed when 700 Certificates of Occupancy are issued within the District boundaries only, which is expected to be achieved by the end of 2012. The Transportation Mill Levy could actually be imposed earlier.
(2) The District may impose an Operations Fee to help fund Service Costs. This projection assumes that an Operations Fee may not be necessary.
(3) Service Costs are estimated to be $250,000 in 2006, $350,000 in 2007, $300,000 in 2008 and inflated 1% annually thereafter.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SUMMARY

DEBT SERVICE FUND

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

	Mill Levy				Cash Receipts					Cash Disbursements							Cash Balances			
												Bonds Surplus Fund								
Collection Year	Total Assessed Value (See Page B16)	Debt Service Fund Mill Levy	Net Property Taxes 94.50%	Specific Ownership Taxes 7.00%	Net SolVista Tax Revenue (see Page B17)	Total Residential & Commercial Capital Fees (see Page B18)	Ski Area Payment in Lieu of Property Tax	Interest Income at 3.00%	Total Annual Cash Receipts	Net Debt Service on 2006 Bonds (See Page B23)	Cumulative Cash Available for Surplus Fund	Transfer to (Release from)	Cumulative Surplus Balance	Debt to Assessed Ratio	Release to District	Total Cash Disbursements and Transfers to/(from) Surplus Fund	Annual Surplus Cash (Deficit)	Cumulative Surplus Cash Balances	Collection Year	Lot Sale Escrow Account Annual Balances [5] (See Page B25)
2004																	0	0	2004	
2005														n/a		0	0	0	2005	
2006	2,915,550	50.000	137,760	9,643	0	600,480	87,157	0	835,040	0	835,040	835,040	835,040	505%		835,040	0	0	2006	790,000
2007	4,977,588	41.500	195,209	13,665	15,054	706,815	0	25,051	955,794	0	955,794	955,794	1,790,834	296%		955,794	0	0	2007	1,157,500
2008	8,588,218	42.269	343,050	24,014	45,056	719,325	0	53,725	1,185,170	0	1,185,170	1,185,170	2,976,004	171%		1,185,170	0	0	2008	1,445,000
2009	11,485,841	43.252	469,462	32,862	45,056	788,130	0	89,280	1,424,790	403,097	1,021,693	1,021,693	3,997,697	128%		1,424,790	0	0	2009	1,500,000
2010	15,362,229	45.032	653,743	45,762	43,002	863,190	0	119,931	1,725,628	1,088,389	637,239	637,239	4,634,936	95%		1,725,628	0	0	2010	1,500,000
2011	18,317,896	45.926	794,998	55,650	43,002	669,285	0	139,048	1,701,983	1,138,264	563,719	563,719	5,198,655	78%		1,701,983	0	0	2011	1,500,000
2012	20,835,407	47.387	933,024	65,312	42,982	537,930	0	155,960	1,735,208	1,169,089	566,119	566,119	5,764,774	68%		1,735,208	0	0	2012	1,500,000
2013	23,567,354	48.142	1,072,178	75,052	42,982	359,663	0	172,943	1,722,818	1,081,876	640,941	640,941	6,405,715	59%		1,722,818	0	0	2013	1,500,000
2014	25,773,273	49.274	1,200,105	84,007	42,962	243,945	0	192,171	1,763,190	1,064,389	698,801	698,801	7,104,516	53%		1,763,190	0	0	2014	1,500,000
2015	27,592,503	43.648	1,138,113	79,668	42,962	200,160	0	213,135	1,674,038	1,097,239	576,799	576,799	7,681,315	49%		1,674,038	0	0	2015	1,500,000
2016	29,038,597	44.472	1,220,377	85,426	42,943	200,160	0	230,439	1,779,345	1,157,051	622,294	622,294	8,303,609	46%		1,779,345	0	0	2016	1,500,000
2017	30,176,431	44.522	1,269,625	88,874	42,943	112,590	0	249,108	1,763,140	1,176,801	586,339	(8,303,609)	0	43%	8,303,609	1,176,801	586,339	586,339	2017	0
2018	30,406,070	45.475	1,306,681	91,468	42,923	81,315	0	17,590	1,539,977	1,173,851				41%		1,173,851	366,126	952,464	2018	
2019	31,001,765	45.613	1,336,298	93,541	42,923	43,785	0	28,574	1,545,121	1,069,551				39%		1,069,551	475,570	1,428,034	2019	
2020	31,434,055	46.411	1,378,656	96,506	42,904	43,785	0	42,841	1,604,692	1,105,651				38%		1,105,651	499,041	1,927,074	2020	
2021	31,790,823	46.480	1,396,362	97,745	42,904	12,510	0	57,812	1,607,333	1,098,039				36%		1,098,039	509,294	2,436,368	2021	
2022	32,092,706	47.260	1,433,284	100,330	42,884	12,510	0	73,091	1,662,099	1,129,414				35%		1,129,414	532,685	2,969,053	2022	
2023	32,313,511	47.290	1,444,059	101,084	42,884	12,510	0	89,072	1,689,609	1,137,076				33%		1,137,076	552,533	3,521,586	2023	
2024	32,443,228	48.068	1,473,719	103,160	42,865		0	105,648	1,725,392	1,157,376				32%		1,157,376	568,016	4,089,602	2024	
2025	32,486,662	48.082	1,476,125	103,329	42,865		0	122,688	1,745,007	1,159,301				30%		1,159,301	585,706	4,675,307	2025	
2026	32,619,509	48.875	1,506,589	105,461	42,845		0	140,259	1,795,154	1,178,864				28%		1,178,864	616,290	5,291,597	2026	
2027	32,619,509	48.875	1,506,589	105,461			0	158,748	1,770,798	1,134,714				26%		1,134,714	636,084	5,927,681	2027	
2028	32,710,919	49.665	1,535,226	107,466			0	177,830	1,820,522	1,155,901				24%		1,155,901	664,621	6,592,302	2028	
2029	32,710,919	49.665	1,535,226	107,466			0	197,769	1,840,461	1,158,039				22%		1,158,039	682,422	7,274,724	2029	
2030	30,787,814	51.380	1,494,866	104,641			0	218,242	1,817,749	1,102,139				21%		1,102,139	715,610	7,990,334	2030	
2031	30,787,814	51.380	1,494,866	104,641			0	239,710	1,839,217	1,106,914				19%		1,106,914	732,303	8,722,637	2031	
2032	30,883,334	52.242	1,524,660	106,726			0	261,679	1,893,065	1,128,314				16%		1,128,314	764,751	9,487,388	2032	
2033	30,883,334	52.242	1,524,660	106,726			0	284,622	1,916,008	1,124,989				14%		1,124,989	791,019	10,278,407	2033	
2034	30,980,973	53.114	1,555,021	108,851			0	308,352	1,972,224	1,148,289				11%		1,148,289	823,935	11,102,342	2034	
2035	30,980,973	53.114	1,555,021	108,851			0	333,070	1,996,942	1,146,189				7%		1,146,189	850,753	11,953,095	2035	
2036	31,080,770	53.999	1,586,018	111,021			0	358,593	2,055,632	1,170,626				0%		1,170,626	885,006	12,838,101	2036	
			37,491,570	2,624,409	834,941	6,208,088	87,157	4,856,981	52,103,146	30,961,436		0			8,303,609	39,265,045	12,838,101			

(4) Capital Fees are forecasted to be collected the year prior to completion of construction of the units. Capital Fees from 38 units are assumed to have been collected and spent in 2005 and are not available for payment on the Bonds. Capital Fees received by the District between April 1, 2006 and July 5, 2006, will be deposited to the Surplus Fund on the date of issuance of the Bonds.

(5) The Lot Sale Escrow is not owned by the District but is additional security for payment on the Bonds.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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SCHEDULE OF ESTIMATED ASSESSED VALUATION

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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential											
		Tall Timbers [6]			Fairway [6]			Peakview [6]			Aspen Meadows [7]		
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $425,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $275,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $200,000	Annual Value of New Residences
Inflation compounded annually			2.00%			2.00%			2.00%			2.00%	
2004	2006												
2005	2007												
2006	2008	12	350,000	4,200,000	13	425,000	5,525,000	12	275,000	3,300,000		200,000	0
2007	2009	12	357,000	4,284,000	12	433,500	5,202,000	12	280,500	3,366,000	45	204,000	9,180,000
2008	2010	12	364,140	4,369,680	12	442,170	5,306,040	12	286,110	3,433,320	15	208,080	3,121,200
2009	2011	12	371,423	4,457,074	12	451,013	5,412,161	12	291,832	3,501,986	15	212,242	3,183,624
2010	2012	12	378,851	4,546,215	12	460,034	5,520,404	12	297,669	3,572,026	15	216,486	3,247,296
2011	2013	12	386,428	4,637,139	12	469,234	5,630,812	12	303,622	3,643,467	15	220,816	3,312,242
2012	2014	12	394,157	4,729,882	12	478,619	5,743,428	12	309,695	3,716,336	15	225,232	3,378,487
2013	2015	12	402,040	4,824,480	12	488,191	5,858,297	4	315,889	1,263,554	15	229,737	3,446,057
2014	2016	5	410,081	2,050,404	5	497,955	2,489,776		322,206	0	6	234,332	1,405,991
2015	2017												
2016	2018												
2017	2019												
2018	2020												
2019	2021												
2020	2022												
2021	2023												
2022	2024												
2023	2025												
2024	2026												
2025	2027												
2026	2028												
2027	2029												
2028	2030												
2029	2031												
2030	2032												
2031	2033												
2032	2034												
2033	2035												
2034	2036												
		101		38,098,874	102		46,687,918	88		25,796,689	141		30,274,897

(6) Subject to an Option and Purchase and Sale Agreement with Village Homes of Colorado, Inc.
(7) Property Sold to Aspen Meadows Condominiums, LLC on July 30, 2004.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential											
		Eisenhower Camp [8]			Ranch View [9]			Saddle Ridge [9]			Eagle Crest [9]		
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence $300,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $450,000	Annual Value of New Residences
Inflation compounded annually			2.00%			2.00%			2.00%			2.00%	
2004	2006												
2005	2007												
2006	2008		300,000	0	1	350,000	350,000		350,000	0		450,000	0
2007	2009	8	306,000	2,448,000	2	357,000	714,000		357,000	0		459,000	0
2008	2010	8	312,120	2,496,960	3	364,140	1,092,420	3	364,140	1,092,420		468,180	0
2009	2011	8	318,362	2,546,899	3	371,423	1,114,268	3	371,423	1,114,268	2	477,544	955,087
2010	2012	8	324,730	2,597,837	3	378,851	1,136,554	3	378,851	1,136,554	2	487,094	974,189
2011	2013	8	331,224	2,649,794	3	386,428	1,159,285	3	386,428	1,159,285	3	496,836	1,490,509
2012	2014	8	337,849	2,702,790	3	394,157	1,182,471	3	394,157	1,182,471	4	506,773	2,027,092
2013	2015	8	344,606	2,756,846	3	402,040	1,206,120	3	402,040	1,206,120	3	516,909	1,550,726
2014	2016	8	351,498	2,811,983	3	410,081	1,230,242	3	410,081	1,230,242	3	527,247	1,581,740
2015	2017	7	358,528	2,509,694	3	418,282	1,254,847	3	418,282	1,254,847	3	537,792	1,613,375
2016	2018		365,698	0	3	426,648	1,279,944	3	426,648	1,279,944	3	548,547	1,645,642
2017	2019		373,012	0	3	435,181	1,305,543	3	435,181	1,305,543	3	559,518	1,678,555
2018	2020		380,473	0	3	443,885	1,331,654		443,885	0	3	570,709	1,712,126
2019	2021		388,082	0	3	452,762	1,358,287		452,762	0	3	582,123	1,746,369
2020	2022		395,844	0					461,818	0		593,765	0
2021	2023		403,761	0					471,054	0		605,641	0
2022	2024		411,836	0					480,475	0		617,754	0
2023	2025		420,072	0					490,084	0		630,109	0
2024	2026		428,474	0					499,886	0			
2025	2027												
2026	2028												
2027	2029												
2028	2030												
2029	2031												
2030	2032												
2031	2033												
2032	2034												
2033	2035												
2034	2036												
		71		23,520,803	39		15,715,635	30		11,961,694	32		16,975,410

(8) Subject to an Option and Purchase and Sale Agreement with Eisenhower Cabins, LLC
(9) Lots owned by the Developer for Sale to individual homeowners.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential											
		Mountain Vista [9]			Silver Star [10]			Saddle Ridge II [9]			Seven Eagles [9]		
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence $400,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $425,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $350,000	Annual Value of New Residences
Inflation compounded annually			2.00%			2.00%			2.00%			2.00%	
2004	2006												
2005	2007												
2006	2008		400,000	0		425,000	0		350,000			350,000	
2007	2009		408,000	0	5	433,500	2,167,500		357,000	0		357,000	
2008	2010	5	416,160	2,080,800	5	442,170	2,210,850	2	364,140	728,280	1	364,140	364,140
2009	2011	5	424,483	2,122,416	5	451,013	2,255,067	2	371,423	742,846	1	371,423	371,423
2010	2012	5	432,973	2,164,864	5	460,034	2,300,168	2	378,851	757,703	1	378,851	378,851
2011	2013	5	441,632	2,208,162	6	469,234	2,815,406	2	386,428	772,857	1	386,428	386,428
2012	2014	5	450,465	2,252,325				2	394,157	788,314	1	394,157	394,157
2013	2015	5	459,474	2,297,371				2	402,040	804,080	1	402,040	402,040
2014	2016	5	468,664	2,343,319				2	410,081	820,162	1	410,081	410,081
2015	2017	5	478,037	2,390,185				2	418,282	836,565			
2016	2018	5	487,598	2,437,989				2	426,648	853,296			
2017	2019	5	497,350	2,486,749				2	435,181	870,362			
2018	2020	5	507,297	2,536,484				2	443,885	887,769			
2019	2021	5	517,443	2,587,213				2	452,762	905,525			
2020	2022	5	527,792	2,638,958				2	461,818	923,635			
2021	2023	5	538,347	2,691,737				2	471,054	942,108			
2022	2024							2	480,475	960,950			
2023	2025							2	490,084	980,169			
2024	2026							2	499,886	999,772			
2025	2027												
2026	2028												
2027	2029												
2028	2030												
2029	2031												
2030	2032												
2031	2033												
2032	2034												
2033	2035												
2034	2036												
		70		33,238,572	26		11,748,991	34		14,574,393	7		2,707,120

(9) Lots owned by the Developer for Sale to individual homeowners.
(10) Current owner plans to construct townhome buildings.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential								
		Base Camp			Middle Camp (Partial)			Range View Camp		
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence $300,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $300,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence $300,000	Annual Value of New Residences
Inflation compounded annually			2.00%			2.00%			2.00%	
2004	2006									
2005	2007									
2006	2008		300,000	0		300,000	0		300,000	0
2007	2009		306,000	0		306,000	0		306,000	0
2008	2010	28	312,120	8,739,360	7	312,120	2,184,840		312,120	0
2009	2011	28	318,362	8,914,147	7	318,362	2,228,537		318,362	0
2010	2012	28	324,730	9,092,430	7	324,730	2,273,108	11	324,730	3,572,026
2011	2013	28	331,224	9,274,279	7	331,224	2,318,570	11	331,224	3,643,467
2012	2014		337,849	0	7	337,849	2,364,941	11	337,849	3,716,336
2013	2015		344,606	0		344,606	0	11	344,606	3,790,663
2014	2016		351,498	0		351,498	0	11	351,498	3,866,476
2015	2017		358,528	0		358,528	0	11	358,528	3,943,805
2016	2018		365,698	0		365,698	0	11	365,698	4,022,682
2017	2019		373,012	0		373,012	0	11	373,012	4,103,135
2018	2020		380,473	0		380,473	0		380,473	0
2019	2021		388,082	0		388,082	0		388,082	0
2020	2022		395,844	0					395,844	0
2021	2023		403,761	0					403,761	0
2022	2024		411,836	0					411,836	0
2023	2025		420,072	0					420,072	0
2024	2026		428,474	0					428,474	0
2025	2027									
2026	2028									
2027	2029									
2028	2030									
2029	2031									
2030	2032									
2031	2033									
2032	2034									
2033	2035									
2034	2036									
		112		36,020,216	35		11,369,996	88		30,658,590

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GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		TOTAL RESIDENTIAL UNITS		Est. Biennial	Cumulative	Estimated	
Construction Year	Collection Year	Annual Number of Residential Units	Annual Value of New Residential Units	Revaluation per State Statute at 2.00%	Market Value of New Residences	Residential Assessment Ratio	RESIDENTIAL ASSESSED VALUATION
							(See Page B16)
2004	2006						
2005	2007	0	0		0	7.96%	0
2006	2008	38	13,375,000	0	13,375,000	7.96%	1,064,650
2007	2009	96	27,361,500		40,736,500	7.96%	3,242,625
2008	2010	113	37,220,310	814,730	78,771,540	7.49%	5,899,988
2009	2011	115	38,919,803		117,691,343	7.49%	8,815,082
2010	2012	126	43,270,225	2,353,827	163,315,395	7.34%	11,987,677
2011	2013	128	45,101,702		208,417,097	7.34%	15,298,232
2012	2014	95	34,179,030	4,168,342	246,764,469	7.19%	17,750,745
2013	2015	79	29,406,354		276,170,823	7.19%	19,866,061
2014	2016	52	20,240,416	5,523,416	301,934,655	7.05%	21,284,968
2015	2017	34	13,803,318		315,737,973	7.05%	22,258,037
2016	2018	27	11,519,497	6,314,759	333,572,229	6.91%	23,044,963
2017	2019	27	11,749,887		345,322,116	6.91%	23,856,708
2018	2020	13	6,468,033	6,906,442	358,696,591	6.77%	24,285,075
2019	2021	13	6,597,394		365,293,985	6.77%	24,731,743
2020	2022	7	3,562,593	7,305,880	376,162,458	6.63%	24,958,226
2021	2023	7	3,633,845		379,796,303	6.63%	25,199,331
2022	2024	2	960,950	7,595,926	388,353,179	6.50%	25,251,734
2023	2025	2	980,169		389,333,348	6.50%	25,315,468
2024	2026	2	999,772	7,786,667	398,119,787	6.37%	25,369,049
2025	2027	0	0		398,119,787	6.37%	25,369,049
2026	2028	0	0	7,962,396	406,082,183	6.24%	25,358,901
2027	2029	0	0		406,082,183	6.24%	25,358,901
2028	2030	0	0	8,121,644	414,203,827	6.12%	25,348,758
2029	2031	0	0		414,203,827	6.12%	25,348,758
2030	2032	0	0	8,284,077	422,487,904	6.00%	25,338,618
2031	2033	0	0		422,487,904	6.00%	25,338,618
2032	2034	0	0	8,449,758	430,937,662	5.88%	25,328,483
2033	2035	0	0		430,937,662	5.88%	25,328,483
2034	2036	0	0	8,618,753	439,556,415	5.76%	25,318,351
		976	349,349,798	90,206,617			

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Commercial												
		Base Camp			Entry Parcel			Aspen Meadows						
Construction Year	Collection Year	Square Feet Developed	Estimated Market Value per Square Foot $100	Annual Value New Commercial	Square Feet Developed	Estimated Market Value per Square Foot $125	Annual Value New Commercial	Square Feet Developed	Estimated Market Value per Square Foot $125	Annual Value New Commercial	Total Square Feet Developed	Total Annual New Commercial	Est. Biennial Revaluation at 2.00%	Cumulative Market Value New Commercial
Inflation compounded annually			2.00%			2.00%			2.00%					
2004	2006													
2005	2007													
2006	2008		100	0		125	0		125	0				
2007	2009		102	0		128	0		128	0				
2008	2010	10,000	104	1,040,400	10,000	130	1,300,500		130	0	20,000	2,340,900	0	2,340,900
2009	2011	10,000	106	1,061,208	10,000	133	1,326,510	4,000	133	530,604	24,000	2,918,322		5,259,222
2010	2012			0	10,000	135	1,353,040	4,000	135	541,216	14,000	1,894,256	105,184	7,258,662
2011	2013				10,000	138	1,380,101	1,000	138	138,010	11,000	1,518,111		8,776,773
2012	2014				10,000	141	1,407,703		141	0	10,000	1,407,703	175,535	10,360,011
2013	2015				10,000	144	1,435,857		144	0	10,000	1,435,857		11,795,868
2014	2016				10,000	146	1,464,574		146	0	10,000	1,464,574	235,917	13,496,360
2015	2017				10,000	149	1,493,866		149	0	10,000	1,493,866		14,990,225
2016	2018					152	0						299,805	15,290,030
2017	2019					155	0							15,290,030
2018	2020						0						305,801	15,595,831
2019	2021													15,595,831
2020	2022												311,917	15,907,748
2021	2023													15,907,748
2022	2024												318,155	16,225,903
2023	2025													16,225,903
2024	2026												324,518	16,550,421
2025	2027													16,550,421
2026	2028												331,008	16,881,429
2027	2029													16,881,429
2028	2030												337,629	17,219,058
2029	2031													17,219,058
2030	2032												344,381	17,563,439
2031	2033													17,563,439
2032	2034												351,269	17,914,708
2033	2035													17,914,708
2034	2036												358,294	18,273,002
		20,000		2,101,608	80,000		11,162,151	9,000		1,209,830	109,000	14,473,589	3,799,413	

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 7 of 14 - Continued from Page B8 and on to Page B10)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Commercial											
		Granby Ranch Entrance				Log Cabin Admin Offices [12]		Golf Course and Ski Area [11]					
Construction Year	Collection Year	Sale Center Value	Parcel Value	Est. Biennial Revaluation at 2.00%	Cumulative Market Value	Log Cabin Value [13]	Cumulative Market Value	Golf Course Value	Ski Area Value	Cumulative Market Value [12]	Cumulative Market Value of All Commercial	Estimated Commercial Assessment Ratio	COMMERCIAL ASSESSED VALUATION
													(See Page B16)
2004	2006												
2005	2007	650,586	136,517		787,103	459,482	459,482	1,819,724	5,133,897	6,953,621	8,200,206	29.00%	2,378,060
2006	2008			15,742	802,845		459,482			6,953,621	8,215,948	29.00%	2,382,625
2007	2009				802,845		459,482			6,953,621	8,215,948	29.00%	2,382,625
2008	2010			16,057	818,902		459,482			6,953,621	12,913,805	29.00%	3,745,003
2009	2011				818,902	(114,871)	344,611			6,953,621	15,764,074	29.00%	4,571,581
2010	2012			16,378	835,280	(114,871)	229,740			6,953,621	16,630,343	29.00%	4,822,800
2011	2013				835,280	(114,871)	114,869			6,953,621	18,060,644	29.00%	5,237,587
2012	2014			16,706	851,986	(114,870)	0			6,953,621	19,573,321	29.00%	5,676,263
2013	2015				851,986	0	0			6,953,621	21,037,333	29.00%	6,100,827
2014	2016			17,040	869,026		0			6,953,621	22,783,581	29.00%	6,607,239
2015	2017				869,026		0			6,953,621	24,306,738	29.00%	7,048,954
2016	2018			17,381	886,407		0			6,953,621	23,130,059	29.00%	6,707,717
2017	2019				886,407		0			6,953,621	23,130,059	29.00%	6,707,717
2018	2020			17,728	904,135		0			6,953,621	23,453,588	29.00%	6,801,540
2019	2021				904,135		0			6,953,621	23,453,588	29.00%	6,801,540
2020	2022			18,083	922,218		0			6,953,621	23,783,588	29.00%	6,897,240
2021	2023				922,218		0			6,953,621	23,783,588	29.00%	6,897,240
2022	2024			18,444	940,662		0			6,953,621	24,120,187	29.00%	6,994,854
2023	2025				940,662		0			6,953,621	24,120,187	29.00%	6,994,854
2024	2026			18,813	959,475		0			6,953,621	24,463,518	29.00%	7,094,420
2025	2027				959,475		0			6,953,621	24,463,518	29.00%	7,094,420
2026	2028			19,190	978,665		0			6,953,621	24,813,716	29.00%	7,195,978
2027	2029				978,665		0			6,953,621	24,813,716	29.00%	7,195,978
2028	2030			19,573	998,238		0	(1,819,724)	(5,133,897)	0	18,217,297	29.00%	5,283,016
2029	2031				998,238		0			0	18,217,297	29.00%	5,283,016
2030	2032			19,965	1,018,203		0			0	18,581,643	29.00%	5,388,676
2031	2033				1,018,203		0			0	18,581,643	29.00%	5,388,676
2032	2034			20,364	1,038,567		0			0	18,953,276	29.00%	5,496,450
2033	2035				1,038,567		0			0	18,953,276	29.00%	5,496,450
2034	2036			20,771	1,059,338		0			0	19,332,341	29.00%	5,606,379
		650,586	136,517	272,235		0		0	0				

(11) Headwaters District is assumed to take ownership of the Golf Course and Ski Area as of 12/31/2029 at which time the property will be removed from the tax rolls.
(12) The Golf Course and Ski Area are not being inflated by the 2% biennial revaluation due to the fact that a large portion of the actual value is attributable to personal property.
The Log Cabin Administration Offices are also not being inflated by the 2% biennial revaluation because they will be removed and that area is to be developed in 2009.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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SCHEDULE OF ESTIMATED ASSESSED VALUATION

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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Platted Residential Land															
		Tall Timbers				Fairway				Peakview				Aspen Meadows			
Construction Year	Collection Year	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $425,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $275,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $200,000 10.00%	Less: Lots Used	Annual Actual Value
2004	2006																
2005	2007	41	1,435,000	0	1,435,000	15	637,500	0	637,500	32	880,000	0	880,000	141	2,820,000	0	2,820,000
2006	2008	37	1,295,000	(420,000)	875,000	30	1,275,000	(552,500)	722,500	28	770,000	(330,000)	440,000			0	0
2007	2009	23	805,000	(420,000)	385,000	27	1,147,500	(510,000)	637,500	28	770,000	(330,000)	440,000			(900,000)	(900,000)
2008	2010			(420,000)	(420,000)	30	1,275,000	(510,000)	765,000			(330,000)	(330,000)			(300,000)	(300,000)
2009	2011			(420,000)	(420,000)			(510,000)	(510,000)			(330,000)	(330,000)			(300,000)	(300,000)
2010	2012			(420,000)	(420,000)			(510,000)	(510,000)			(330,000)	(330,000)			(300,000)	(300,000)
2011	2013			(420,000)	(420,000)			(510,000)	(510,000)			(330,000)	(330,000)			(300,000)	(300,000)
2012	2014			(420,000)	(420,000)			(510,000)	(510,000)			(330,000)	(330,000)			(300,000)	(300,000)
2013	2015			(420,000)	(420,000)			(510,000)	(510,000)			(110,000)	(110,000)			(300,000)	(300,000)
2014	2016			(175,000)	(175,000)			(212,500)	(212,500)							(120,000)	(120,000)
2015	2017																
2016	2018																
2017	2019																
2018	2020																
2019	2021																
2020	2022																
2021	2023																
2022	2024																
2023	2025																
2024	2026																
2025	2027																
2026	2028																
2027	2029																
2028	2030																
2029	2031																
2030	2032																
2031	2033																
2032	2034																
2033	2035																
2034	2036																
		101	3,535,000	(3,535,000)	0	102	4,335,000	(4,335,000)	0	88	2,420,000	(2,420,000)	0	141	2,820,000	(2,820,000)	0

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 9 of 14 - Continued from Page B10 and on to Page B12)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Platted Residential Land															
		Eisenhower Camp				Ranch View				Saddle Ridge				Eagle Crest			
Construction Year	Collection Year	Platted Lot Takedown	Platted & Finished Lots $300,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $450,000 10.00%	Less: Lots Used	Annual Actual Value
2004	2006																
2005	2007					16	560,000	0	560,000								
2006	2008	25	750,000	0	750,000	23	805,000	(35,000)	770,000	30	1,050,000	0	1,050,000				
2007	2009	12	360,000	(240,000)	120,000		0	(70,000)	(70,000)			0	0	32	1,440,000	0	1,440,000
2008	2010	25	750,000	(240,000)	510,000		0	(105,000)	(105,000)			(105,000)	(105,000)			0	0
2009	2011	9	270,000	(240,000)	30,000		0	(105,000)	(105,000)			(105,000)	(105,000)			(90,000)	(90,000)
2010	2012			(240,000)	(240,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(90,000)	(90,000)
2011	2013			(240,000)	(240,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2012	2014			(240,000)	(240,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(180,000)	(180,000)
2013	2015			(240,000)	(240,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2014	2016			(240,000)	(240,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2015	2017			(210,000)	(210,000)		0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2016	2018						0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2017	2019						0	(105,000)	(105,000)			(105,000)	(105,000)			(135,000)	(135,000)
2018	2020						0	(105,000)	(105,000)							(135,000)	(135,000)
2019	2021						0	(105,000)	(105,000)							(135,000)	(135,000)
2020	2022																
2021	2023																
2022	2024																
2023	2025																
2024	2026																
2025	2027																
2026	2028																
2027	2029																
2028	2030																
2029	2031																
2030	2032																
2031	2033																
2032	2034																
2033	2035																
2034	2036																
		71	2,130,000	(2,130,000)	0	39	1,365,000	(1,365,000)	0	30	1,050,000	(1,050,000)	0	32	1,440,000	(1,440,000)	0

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 10 of 14 - Continued from Page B11 and on to Page B13)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Platted Residential Land															
		Mountain Vista				Silver Star				Saddle Ridge II				Seven Eagles			
Construction Year	Collection Year	Platted Lot Takedown	Platted & Finished Lots $400,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $425,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $350,000 10.00%	Less: Lots Used	Annual Actual Value
2004	2006																
2005	2007																
2006	2008	10	400,000	0	400,000	5	212,500	0	212,500	34	1,190,000	0	1,190,000	7	245,000	0	245,000
2007	2009	20	800,000	0	800,000	5	212,500	(212,500)	0			0	0			0	0
2008	2010	20	800,000	(200,000)	600,000	5	212,500	(212,500)	0			(70,000)	(70,000)			(35,000)	(35,000)
2009	2011	20	800,000	(200,000)	600,000	5	212,500	(212,500)	0			(70,000)	(70,000)			(35,000)	(35,000)
2010	2012			(200,000)	(200,000)	6	255,000	(212,500)	42,500			(70,000)	(70,000)			(35,000)	(35,000)
2011	2013			(200,000)	(200,000)			(255,000)	(255,000)			(70,000)	(70,000)			(35,000)	(35,000)
2012	2014			(200,000)	(200,000)							(70,000)	(70,000)			(35,000)	(35,000)
2013	2015			(200,000)	(200,000)							(70,000)	(70,000)			(35,000)	(35,000)
2014	2016			(200,000)	(200,000)							(70,000)	(70,000)			(35,000)	(35,000)
2015	2017			(200,000)	(200,000)							(70,000)	(70,000)				
2016	2018			(200,000)	(200,000)							(70,000)	(70,000)				
2017	2019			(200,000)	(200,000)							(70,000)	(70,000)				
2018	2020			(200,000)	(200,000)							(70,000)	(70,000)				
2019	2021			(200,000)	(200,000)							(70,000)	(70,000)				
2020	2022			(200,000)	(200,000)							(70,000)	(70,000)				
2021	2023			(200,000)	(200,000)							(70,000)	(70,000)				
2022	2024											(70,000)	(70,000)				
2023	2025											(70,000)	(70,000)				
2024	2026											(70,000)	(70,000)				
2025	2027																
2026	2028																
2027	2029																
2028	2030																
2029	2031																
2030	2032																
2031	2033																
2032	2034																
2033	2035																
2034	2036																
		70	2,800,000	(2,800,000)	0	26	1,105,000	(1,105,000)	0	34	1,190,000	(1,190,000)	0	7	245,000	(245,000)	0

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GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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SCHEDULE OF ESTIMATED ASSESSED VALUATION

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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Platted Residential Land											
		Base Camp				Middle Camp (Partial)				Range View Camp			
Construction Year	Collection Year	Platted Lot Takedown	Platted & Finished Lots $300,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $300,000 10.00%	Less: Lots Used	Annual Actual Value	Platted Lot Takedown	Platted & Finished Lots $300,000 10.00%	Less: Lots Used	Annual Actual Value
2004	2006												
2005	2007												
2006	2008	112	3,360,000	0	3,360,000								
2007	2009		0	0	0								
2008	2010		0	(840,000)	(840,000)	35	1,050,000	(210,000)	840,000				
2009	2011		0	(840,000)	(840,000)		0	(210,000)	(210,000)	22	660,000	0	660,000
2010	2012			(840,000)	(840,000)		0	(210,000)	(210,000)	22	660,000	(330,000)	330,000
2011	2013			(840,000)	(840,000)			(210,000)	(210,000)	22	660,000	(330,000)	330,000
2012	2014							(210,000)	(210,000)	22	660,000	(330,000)	330,000
2013	2015										0	(330,000)	(330,000)
2014	2016										0	(330,000)	(330,000)
2015	2017										0	(330,000)	(330,000)
2016	2018										0	(330,000)	(330,000)
2017	2019										0	(330,000)	(330,000)
2018	2020												
2019	2021												
2020	2022												
2021	2023												
2022	2024												
2023	2025												
2024	2026												
2025	2027												
2026	2028												
2027	2029												
2028	2030												
2029	2031												
2030	2032												
2031	2033												
2032	2034												
2033	2035												
2034	2036												
		112	3,360,000	(3,360,000)	0	35	1,050,000	(1,050,000)	0	88	2,640,000	(2,640,000)	0

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
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SCHEDULE OF ESTIMATED ASSESSED VALUATION
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AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Platted Commercial Land											
		Base Camp				Entry Parcel				Aspen Meadows			
Construction Year	Collection Year	Square Footage Takedown	Platted & Finished Lots per Square Foot $100 10.00%	Less: Lots Used	Annual Actual Value	Square Footage Takedown	Platted & Finished Lots per Square Foot $125 10.00%	Less: Lots Used	Annual Actual Value	Square Footage Takedown	Platted & Finished Lots per Square Foot $125 10.00%	Less: Lots Used	Annual Actual Value
2004	2006												
2005	2007												
2006	2008		0	0	0	10,000	125,000	0	125,000				
2007	2009	10,000	100,000	0	100,000	70,000	875,000	(125,000)	750,000				
2008	2010	10,000	100,000	(100,000)	0		0	(125,000)	(125,000)	4,000	50,000	0	50,000
2009	2011		0	(100,000)	(100,000)			(125,000)	(125,000)	4,000	50,000	(50,000)	0
2010	2012			0	0			(125,000)	(125,000)	1,000	12,500	(50,000)	(37,500)
2011	2013			0	0			(125,000)	(125,000)		0	(12,500)	(12,500)
2012	2014			0				(125,000)	(125,000)				
2013	2015			0				(125,000)	(125,000)				
2014	2016							(125,000)	(125,000)				
2015	2017							0	0				
2016	2018												
2017	2019												
2018	2020												
2019	2021												
2020	2022												
2021	2023												
2022	2024												
2023	2025												
2024	2026												
2025	2027												
2026	2028												
2027	2029												
2028	2030												
2029	2031												
2030	2032												
2031	2033												
2032	2034												
2033	2035												
2034	2036												
		20,000	200,000	(200,000)	0	80,000	1,000,000	(1,000,000)	0	9,000	112,500	(112,500)	0

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 13 of 14 - Continued from Page B14 and on to Page B16)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

	Total Platted Residential and Commercial Land							
Collection Year	Annual Platted Lot Takedown	Annual Platted Sq. Footage Takedown	Annual Actual Values	Existing Undeveloped Land to be Developed $2,794,914	Existing Undeveloped Land NOT to be Developed $538,069	Cumulative Market Value of Platted & Undeveloped Land	Estimated Land Assessment Ratio	LAND ASSESSED VALUATION
								(See page B16)
2006								
2007	245	0	6,332,500	2,093,322	538,069	8,963,891	29.00%	2,599,528
2008	341	10,000	9,740,000	(976,502)		17,727,389	29.00%	5,140,943
2009	147	80,000	2,902,500	(420,955)		20,208,934	29.00%	5,860,591
2010	115	14,000	(165,000)	(329,319)		19,714,615	29.00%	5,717,238
2011	56	4,000	(2,550,000)	(160,364)		17,004,251	29.00%	4,931,233
2012	28	1,000	(3,045,000)	(80,182)		13,879,069	29.00%	4,024,930
2013	22	0	(3,362,500)	(63,000)		10,453,569	29.00%	3,031,535
2014	22	0	(2,300,000)	(63,000)		8,090,569	29.00%	2,346,265
2015			(2,485,000)	0		5,605,569	29.00%	1,625,615
2016			(1,652,500)	0		3,953,069	29.00%	1,146,390
2017			(955,000)	0		2,998,069	29.00%	869,440
2018			(745,000)	0		2,253,069	29.00%	653,390
2019			(745,000)	0		1,508,069	29.00%	437,340
2020			(310,000)	0		1,198,069	29.00%	347,440
2021			(310,000)	0		888,069	29.00%	257,540
2022			(70,000)	0		818,069	29.00%	237,240
2023			(70,000)	0		748,069	29.00%	216,940
2024			(70,000)	0		678,069	29.00%	196,640
2025			(70,000)	0		608,069	29.00%	176,340
2026			(70,000)	0		538,069	29.00%	156,040
2027				0		538,069	29.00%	156,040
2028				0		538,069	29.00%	156,040
2029				0		538,069	29.00%	156,040
2030				0		538,069	29.00%	156,040
2031				0		538,069	29.00%	156,040
2032				0		538,069	29.00%	156,040
2033				0		538,069	29.00%	156,040
2034				0		538,069	29.00%	156,040
2035				0		538,069	29.00%	156,040
2036				0		538,069	29.00%	156,040
	976	109,000						

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 14 of 14 - Continued from Page B15)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

Construction Year	Collection Year	RESIDENTIAL ASSESSED VALUATION (See Page B7)	COMMERCIAL ASSESSED VALUATION (See Page B9)	LAND ASSESSED VALUATION (See Page B15)	TOTAL ASSESSED VALUATION	Collection Year	
2004	2006				2,915,550	2006	(13)
2005	2007	0	2,378,060	2,599,528	4,977,588	2007	
2006	2008	1,064,650	2,382,625	5,140,943	8,588,218	2008	
2007	2009	3,242,625	2,382,625	5,860,591	11,485,841	2009	
2008	2010	5,899,988	3,745,003	5,717,238	15,362,229	2010	
2009	2011	8,815,082	4,571,581	4,931,233	18,317,896	2011	
2010	2012	11,987,677	4,822,800	4,024,930	20,835,407	2012	
2011	2013	15,298,232	5,237,587	3,031,535	23,567,354	2013	
2012	2014	17,750,745	5,676,263	2,346,265	25,773,273	2014	
2013	2015	19,866,061	6,100,827	1,625,615	27,592,503	2015	
2014	2016	21,284,968	6,607,239	1,146,390	29,038,597	2016	
2015	2017	22,258,037	7,048,954	869,440	30,176,431	2017	
2016	2018	23,044,963	6,707,717	653,390	30,406,070	2018	
2017	2019	23,856,708	6,707,717	437,340	31,001,765	2019	
2018	2020	24,285,075	6,801,540	347,440	31,434,055	2020	
2019	2021	24,731,743	6,801,540	257,540	31,790,823	2021	
2020	2022	24,958,226	6,897,240	237,240	32,092,706	2022	
2021	2023	25,199,331	6,897,240	216,940	32,313,511	2023	
2022	2024	25,251,734	6,994,854	196,640	32,443,228	2024	
2023	2025	25,315,468	6,994,854	176,340	32,486,662	2025	
2024	2026	25,369,049	7,094,420	156,040	32,619,509	2026	
2025	2027	25,369,049	7,094,420	156,040	32,619,509	2027	
2026	2028	25,358,901	7,195,978	156,040	32,710,919	2028	
2027	2029	25,358,901	7,195,978	156,040	32,710,919	2029	
2028	2030	25,348,758	5,283,016	156,040	30,787,814	2030	
2029	2031	25,348,758	5,283,016	156,040	30,787,814	2031	
2030	2032	25,338,618	5,388,676	156,040	30,883,334	2032	
2031	2033	25,338,618	5,388,676	156,040	30,883,334	2033	
2032	2034	25,328,483	5,496,450	156,040	30,980,973	2034	
2033	2035	25,328,483	5,496,450	156,040	30,980,973	2035	
2034	2036	25,318,351	5,606,379	156,040	31,080,770	2036	

(13) Adjusted to assessed valuation as provided by the County Assessor in December, 2005.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED SOL VISTA METROPOLITAN DISTRICT CASH RECEIPTS AND DISBURSEMENTS

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential Property								
Construction Year	Collection Year	Est. Biennial Revaluation 2.00%	Cumulative Market Value	Estimated Residential Ratio	Assessed Valuation	Mill Levy	Net Property Taxes 94.50%	Annual Receipts for Sol Vista per IGA	Disbursements for O & M	Net Payments to Granby Ranch
2003	2005									
2004	2006						0	0		0
2005	2007		26,617,965	7.96%	2,118,705	25.000	50,054	50,054	35,000	15,054
2006	2008	532,359	27,150,324	7.96%	2,161,081	25.000	51,056	51,056	6,000	45,056
2007	2009		27,150,324	7.96%	2,161,081	25.000	51,056	51,056	6,000	45,056
2008	2010	543,006	27,693,330	7.49%	2,074,145	25.000	49,002	49,002	6,000	43,002
2009	2011		27,693,330	7.49%	2,074,145	25.000	49,002	49,002	6,000	43,002
2010	2012	553,867	28,247,197	7.34%	2,073,316	25.000	48,982	48,982	6,000	42,982
2011	2013		28,247,197	7.34%	2,073,316	25.000	48,982	48,982	6,000	42,982
2012	2014	564,944	28,812,141	7.19%	2,072,486	25.000	48,962	48,962	6,000	42,962
2013	2015		28,812,141	7.19%	2,072,486	25.000	48,962	48,962	6,000	42,962
2014	2016	576,243	29,388,384	7.05%	2,071,657	25.000	48,943	48,943	6,000	42,943
2015	2017		29,388,384	7.05%	2,071,657	25.000	48,943	48,943	6,000	42,943
2016	2018	587,768	29,976,152	6.91%	2,070,829	25.000	48,923	48,923	6,000	42,923
2017	2019		29,976,152	6.91%	2,070,829	25.000	48,923	48,923	6,000	42,923
2018	2020	599,523	30,575,675	6.77%	2,070,000	25.000	48,904	48,904	6,000	42,904
2019	2021		30,575,675	6.77%	2,070,000	25.000	48,904	48,904	6,000	42,904
2020	2022	611,514	31,187,189	6.63%	2,069,172	25.000	48,884	48,884	6,000	42,884
2021	2023		31,187,189	6.63%	2,069,172	25.000	48,884	48,884	6,000	42,884
2022	2024	623,744	31,810,933	6.50%	2,068,345	25.000	48,865	48,865	6,000	42,865
2023	2025		31,810,933	6.50%	2,068,345	25.000	48,865	48,865	6,000	42,865
2024	2026	636,219	32,447,152	6.37%	2,067,517	25.000	48,845	48,845	6,000	42,845
2025	2027							0		0
2026	2028							0		0
2027	2029							0		0
2028	2030							0		0
2029	2031							0		0
2030	2032							0		0
2031	2033							0		0
2032	2034							0		0
2033	2035							0		0
2034	2036							0		0
		5,829,187					983,941	983,941	149,000	834,941

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED CAPITAL FEE REVENUE

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		Residential Property		Commercial Property		
Construction Year	Collection Year	Total Annual Residential Units	Capital Fee of $6,255 per/SFE	Annual Commercial SFEs	Capital Fee of $6,255 per/SFE	Total Residential & Commercial Capital Fees
2003	2005					
2004	2006	96	600,480	0	0	600,480
2005	2007	113	706,815	0	0	706,815
2006	2008	115	719,325	0	0	719,325
2007	2009	126	788,130	0	0	788,130
2008	2010	128	800,640	10	62,550	863,190
2009	2011	95	594,225	12	75,060	669,285
2010	2012	79	494,145	7	43,785	537,930
2011	2013	52	325,260	6	34,403	359,663
2012	2014	34	212,670	5	31,275	243,945
2013	2015	27	168,885	5	31,275	200,160
2014	2016	27	168,885	5	31,275	200,160
2015	2017	13	81,315	5	31,275	112,590
2016	2018	13	81,315	0	0	81,315
2017	2019	7	43,785	0	0	43,785
2018	2020	7	43,785	0	0	43,785
2019	2021	2	12,510	0	0	12,510
2020	2022	2	12,510	0	0	12,510
2021	2023	2	12,510	0	0	12,510
2022	2024	0	0	0	0	0
2023	2025	0	0	0	0	0
2024	2026	0	0	0	0	0
2025	2027	0	0	0	0	0
2026	2028	0	0	0	0	0
2027	2029	0	0	0	0	0
2028	2030	0	0	0	0	0
2029	2031	0	0	0	0	0
2030	2032	0	0	0	0	0
2031	2033	0	0	0	0	0
2032	2034	0	0	0	0	0
2033	2035	0	0	0	0	0
2034	2036	0	0	0	0	0
		938	5,867,190		340,898	6,208,088
		38	Units applied and spent in 2005.			
		976				

Capital Fees are forecasted to be collected the year prior to completion of construction of the units.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED SALES AND USE TAX REVENUE

(Page 1 of 4 - Continues on Page B20)

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		ANTICIPATED SALES & USE TAX REVENUE [14]						
Construction Year	Collection Year	Existing Commercial Sales Tax Revenue	Cumulative New Commercial Square Footage	New Commercial Sales Tax Revenue at 60% of 7.9% of $10 sales per sq. ft.	Total Annual Use Tax Revenue (see Page B22)	Combined Sales & Use Tax Revenue	Less Police Protection Costs at $15,000	Total Annual Sales & Use Tax Revenue
Inflation compounded annually at		2.00%		2.00%			2.00%	
2004	2006				128,595	128,595		128,595
2005	2007				162,367	162,367		162,367
2006	2008	10,000	0	0	167,058	177,058	(15,000)	162,058
2007	2009	10,200	0	0	178,612	188,812	(15,300)	173,512
2008	2010	10,404	20,000	9,480	190,058	209,942	(15,606)	194,336
2009	2011	10,612	44,000	20,856	206,212	237,680	(15,918)	221,762
2010	2012	10,824	58,000	27,492	199,404	237,720	(16,236)	221,484
2011	2013	11,041	69,000	32,706	154,814	198,561	(16,561)	182,000
2012	2014	11,262	79,000	37,446	135,933	184,641	(16,892)	167,748
2013	2015	11,487	89,000	42,186	97,395	151,067	(17,230)	133,837
2014	2016	11,717	99,000	46,926	69,235	127,877	(17,575)	110,303
2015	2017	11,951	109,000	51,666	60,587	124,204	(17,926)	106,277
2016	2018	12,190	109,000	51,666	49,087	112,943	(18,285)	94,658
2017	2019	12,434	109,000	51,666	30,495	94,595	(18,651)	75,944
2018	2020	12,682	109,000	51,666	30,495	94,844	(19,024)	75,820
2019	2021	12,936	109,000	51,666	16,421	81,023	(19,404)	61,619
2020	2022	13,195	109,000	51,666	16,421	81,281	(19,792)	61,489
2021	2023							0
2022	2024							0
2023	2025							0
2024	2026							0
2025	2027							0
2026	2028							0
2027	2029							0
2028	2030							0
2029	2031							0
2030	2032							0
2031	2033							0
2032	2034							0
2033	2035							0
2034	2036							0
		172,934		527,088	1,893,189	2,593,211	(259,401)	2,333,809

(14) Sales and Use Tax Revenue is not pledged for payment on the Series 2006 Bonds.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED SALES AND USE TAX REVENUE

(Page 2 of 4 - Continued from Page B19 and on to Page B21)
AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		ANTICIPATED RESIDENTIAL USE TAX REVENUE [15]													
		Tall Timbers		Fairway Cabins		Peakview Townhomes		Aspen Meadows		Eisenhower Camp		Ranch View		Saddle Ridge	
		Avg. Unit Sq. Footage 1400		Avg. Unit Sq. Footage 2200		Avg. Unit Sq. Footage 950		Avg. Unit Sq. Footage 1000		Avg. Unit Sq. Footage 1200		Avg. Unit Sq. Footage 2400		Avg. Unit Sq. Footage 2400	
Construction Year	Collection Year	Building Permits Issued	Use Tax of $1,420 per/Unit	Building Permits Issued	Use Tax of $2,161 per/Unit	Building Permits Issued	Use Tax of $1,004 per/Unit	Building Permits Issued	Use Tax of $1,050 per/Unit	Building Permits Issued	Use Tax of $1,235 per/Unit	Building Permits Issued	Use Tax of $2,346 per/Unit	Building Permits Issued	Use Tax of $2,346 per/Unit
2004	2006	12	17,046	13	28,090	12	12,049	45	47,267	8	9,883	2	4,692		
2005	2007	12	17,046	12	25,929	12	12,049	15	15,756	8	9,883	3	7,037	3	7,037
2006	2008	12	17,046	12	25,929	12	12,049	15	15,756	8	9,883	3	7,037	3	7,037
2007	2009	12	17,046	12	25,929	12	12,049	15	15,756	8	9,883	3	7,037	3	7,037
2008	2010	12	17,046	12	25,929	12	12,049	15	15,756	8	9,883	3	7,037	3	7,037
2009	2011	12	17,046	12	25,929	12	12,049	15	15,756	8	9,883	3	7,037	3	7,037
2010	2012	12	17,046	12	25,929	12	12,049	15	15,756	8	9,883	3	7,037	3	7,037
2011	2013	12	17,046	12	25,929	4	4,016	6	6,302	8	9,883	3	7,037	3	7,037
2012	2014	5	7,102	5	10,804					7	8,648	3	7,037	3	7,037
2013	2015											3	7,037	3	7,037
2014	2016											3	7,037	3	7,037
2015	2017											3	7,037		
2016	2018											3	7,037		
2017	2019														
2018	2020														
2019	2021														
2020	2022														
2021	2023														
2022	2024														
2023	2025														
2024	2026														
2025	2027														
2026	2028														
2027	2029														
2028	2030														
2029	2031														
2030	2032														
2031	2033														
2032	2034														
2033	2035														
2034	2036														
		101	143,470	102	220,395	88	88,362	141	148,103	71	87,716	38	89,140	30	70,374

(15) The District receives 40% of the Use Tax Revenue that the Town of Granby receives per their Intergovernmental Agreement. The tax due per unit factor has been adjusted to reflect the District's portion of the Use Tax Revenue. The District's share of the revenue changes in 2013 to 50%, however, this forecast does not reflect the change. The Sales and Use Tax Revenue Sharing Agreement expires on 3/5/2023. Use Taxes are forecasted to be collected the year prior to completion of construction of the units.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED SALES AND USE TAX REVENUE

(Page 3 of 4 - Continued from Page B20 and onto Page B22)
AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		ANTICIPATED RESIDENTIAL USE TAX REVENUE [15]															
		Eagle Crest		Mountain Vista		Silver Star		Saddle Ridge II		Seven Eagles		Base Camp		Middle Camp (Partial)		Range View Camp	
		Avg. Unit Sq. Footage 2400		Avg. Unit Sq. Footage 2400		Avg. Unit Sq. Footage 2400		Avg. Unit Sq. Footage 2400		Avg. Unit Sq. Footage 2800		Avg. Unit Sq. Footage 1000		Avg. Unit Sq. Footage 1000		Avg. Unit Sq. Footage 1000	
Construction Year	Collection Year	Building Permits Issued	Use Tax of $2,346 per/Unit	Building Permits Issued	Use Tax of $2,346 per/Unit	Building Permits Issued	Use Tax of $2,346 per/Unit	Building Permits Issued	Use Tax of $2,346 per/Unit	Building Permits Issued	Use Tax of $2,716 per/Unit	Building Permits Issued	Use Tax of $1,050 per/Unit	Building Permits Issued	Use Tax of $1,050 per/Unit	Building Permits Issued	Use Tax of $1,050 per/Unit
2004	2006					5	11,729										
2005	2007			5	11,729	5	11,729	2	4,692	1	2,716	28	29,411	7	7,353		
2006	2008	2	4,692	5	11,729	5	11,729	2	4,692	1	2,716	28	29,411	7	7,353		
2007	2009	2	4,692	5	11,729	5	11,729	2	4,692	1	2,716	28	29,411	7	7,353	11	11,554
2008	2010	3	7,037	5	11,729	6	14,075	2	4,692	1	2,716	28	29,411	7	7,353	11	11,554
2009	2011	4	9,383	5	11,729			2	4,692	1	2,716			7	7,353	11	11,554
2010	2012	3	7,037	5	11,729			2	4,692	1	2,716					11	11,554
2011	2013	3	7,037	5	11,729			2	4,692	1	2,716					11	11,554
2012	2014	3	7,037	5	11,729			2	4,692							11	11,554
2013	2015	3	7,037	5	11,729			2	4,692							11	11,554
2014	2016	3	7,037	5	11,729			2	4,692							11	11,554
2015	2017	3	7,037	5	11,729			2	4,692								
2016	2018	3	7,037	5	11,729			2	4,692								
2017	2019			5	11,729			2	4,692								
2018	2020			5	11,729			2	4,692								
2019	2021							2	4,692								
2020	2022							2	4,692								
2021	2023							2	4,692								
2022	2024																
2023	2025																
2024	2026																
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2027	2029																
2028	2030																
2029	2031																
2030	2032																
2031	2033																
2032	2034																
2033	2035																
2034	2036																
		32	75,065	70	164,206	26	60,991	34	79,757	7	19,011	112	117,642	35	36,763	88	92,433

(15) The District receives 40% of the Use Tax Revenue that the Town of Granby receives per their Intergovernmental Agreement. The tax due per unit factor has been adjusted to reflect the District's portion of the Use Tax Revenue. The District's share of the revenue changes in 2013 to 50%, however, this forecast does not reflect the change. The Sales and Use Tax Revenue Sharing Agreement expires on 3/5/2023. Use Taxes are forecasted to be collected the year prior to completion of construction of the units.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF SALES AND USE TAX REVENUE

(Page 4 of 4 - Continued from Page B21)
AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

		ANTICIPATED RESIDENTIAL USE TAX REVENUE		ANTICIPATED COMMERCIAL USE TAX REVENUE [15]							
				Base Camp		Entry Parcel		Aspen Meadows			
Construction Year	Collection Year	Total Annual Residential Units	Total Annual Residential Use Tax Revenue	Single Family Equivalent Takedown	SFE Fee of $2,300	Single Family Equivalent Takedown	SFE Fee of $2,300	Single Family Equivalent Takedown	SFE Fee of $2,300	Total Annual Commercial Use Tax Revenue	Total Annual Residential & Commercial Use Tax Revenue
											(See Page B19)
2004	2006	96	128,595								128,595
2005	2007	113	162,367								162,367
2006	2008	115	167,058	0	0	0	0	0	0	0	167,058
2007	2009	126	178,612	0	0	0	0	0	0	0	178,612
2008	2010	128	183,304	5	11,500	5	11,500	0	0	23,000	190,058
2009	2011	95	142,164	5	11,500	5	11,500	2	4,600	27,600	206,212
2010	2012	79	124,433	0	0	5	11,500	2	4,600	16,100	199,404
2011	2013	52	85,895	0	0	5	11,500	0.5	1,150	12,650	154,814
2012	2014	34	57,735	0	0	5	11,500	0	0	11,500	135,933
2013	2015	27	49,087	0	0	5	11,500	0	0	11,500	97,395
2014	2016	27	49,087	0	0	5	11,500	0	0	11,500	69,235
2015	2017	13	30,495			5	11,500	0	0	11,500	60,587
2016	2018	13	30,495			0	0	0	0	0	49,087
2017	2019	7	16,421			0			0	0	30,495
2018	2020	7	16,421			0			0	0	30,495
2019	2021	2									16,421
2020	2022	2									16,421
2021	2023										0
2022	2024										0
2023	2025										0
2024	2026										0
2025	2027										0
2026	2028										0
2027	2029										0
2028	2030										0
2029	2031										0
2030	2032										0
2031	2033										0
2032	2034										0
2033	2035										0
2034	2036										
		936	1,422,168	10	23,000	40	92,000	4.5	10,350	125,350	1,893,189

38	Units constructed prior to 2006
2	Units to be constructed after 2023
976	Total Units

(15) The District receives 40% of the Use Tax Revenue that the Town of Granby receives per their Intergovernmental Agreement. The tax due per unit factor has been adjusted to reflect the District's portion of the Use Tax Revenue. The District's share of the revenue changes in 2013 to 50%, however, this forecast does not reflect the change. The Sales and Use Tax Revenue Sharing Agreement expires on 3/5/2023. Use Taxes are forecasted to be collected the year prior to completion of construction of the units.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE of ESTIMATED BOND DEBT SERVICE REQUIREMENTS

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

Series 2006 Bond Issue

Dated: **July 5, 2006** **$14,725,000**
Issued: **July 5, 2006**
Interest Rates: **6.75%** Principal payments due on December 1.

Year	Principal	Coupon	Interest	Total 2006 Bonds Debt Service	Reduce Debt Service By Capitalized Interest (See Page B24)	Reduce Debt Service By Reserve Fund Interest	Net 2006 Bonds Debt Service Payments	Bond Principal Outstanding	Year
								14,725,000	
2006	0	6.75%	403,097	403,097	(403,097)		0	14,725,000	2006
2007	0	6.75%	993,938	993,938	(993,938)		0	14,725,000	2007
2008	0	6.75%	993,938	993,938	(993,938)		0	14,725,000	2008
2009	0	6.75%	993,938	993,938	(590,841)		403,097	14,725,000	2009
2010	150,000	6.75%	993,938	1,143,938		(55,549)	1,088,389	14,575,000	2010
2011	210,000	6.75%	983,813	1,193,813		(55,549)	1,138,264	14,365,000	2011
2012	255,000	6.75%	969,638	1,224,638		(55,549)	1,169,089	14,110,000	2012
2013	185,000	6.75%	952,425	1,137,425		(55,549)	1,081,876	13,925,000	2013
2014	180,000	6.75%	939,938	1,119,938		(55,549)	1,064,389	13,745,000	2014
2015	225,000	6.75%	927,788	1,152,788		(55,549)	1,097,239	13,520,000	2015
2016	300,000	6.75%	912,600	1,212,600		(55,549)	1,157,051	13,220,000	2016
2017	340,000	6.75%	892,350	1,232,350		(55,549)	1,176,801	12,880,000	2017
2018	360,000	6.75%	869,400	1,229,400		(55,549)	1,173,851	12,520,000	2018
2019	280,000	6.75%	845,100	1,125,100		(55,549)	1,069,551	12,240,000	2019
2020	335,000	6.75%	826,200	1,161,200		(55,549)	1,105,651	11,905,000	2020
2021	350,000	6.75%	803,588	1,153,588		(55,549)	1,098,039	11,555,000	2021
2022	405,000	6.75%	779,963	1,184,963		(55,549)	1,129,414	11,150,000	2022
2023	440,000	6.75%	752,625	1,192,625		(55,549)	1,137,076	10,710,000	2023
2024	490,000	6.75%	722,925	1,212,925		(55,549)	1,157,376	10,220,000	2024
2025	525,000	6.75%	689,850	1,214,850		(55,549)	1,159,301	9,695,000	2025
2026	580,000	6.75%	654,413	1,234,413		(55,549)	1,178,864	9,115,000	2026
2027	575,000	6.75%	615,263	1,190,263		(55,549)	1,134,714	8,540,000	2027
2028	635,000	6.75%	576,450	1,211,450		(55,549)	1,155,901	7,905,000	2028
2029	680,000	6.75%	533,588	1,213,588		(55,549)	1,158,039	7,225,000	2029
2030	670,000	6.75%	487,688	1,157,688		(55,549)	1,102,139	6,555,000	2030
2031	720,000	6.75%	442,463	1,162,463		(55,549)	1,106,914	5,835,000	2031
2032	790,000	6.75%	393,863	1,183,863		(55,549)	1,128,314	5,045,000	2032
2033	840,000	6.75%	340,538	1,180,538		(55,549)	1,124,989	4,205,000	2033
2034	920,000	6.75%	283,838	1,203,838		(55,549)	1,148,289	3,285,000	2034
2035	980,000	6.75%	221,738	1,201,738		(55,549)	1,146,189	2,305,000	2035
2036	2,305,000	6.75%	155,588	2,460,588		(1,289,961)	1,170,626	0	2036
	14,725,000		21,952,472	36,677,472	(2,981,813)	(2,734,224)	30,961,436		

USE OF PROCEEDS:

Project Fund:			
Unrestricted Account	7,878,442		
Restricted Account	1,987,875		
Payment to Town of Granby	378,000		
Capitalized Interest	2,586,771	Interest at	4.50%
Debt Service Reserve Fund	1,234,413	Interest at	4.50%
Issuance Costs	659,500		
	14,725,000		

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19
GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF CAPITALIZED BOND INTEREST

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

CALCULATION of CAPITALIZED INTEREST on SERIES 2006 BOND ISSUE

Date	Beginning Balance	Capitalized Interest	Debt Service Reserve Fund	Interest at 4.50%	Disbursements To Debt Service	Ending Balance
		(See Page B23)			(See Page B23)	
7/05/2006	0.00	2,586,770.54				2,586,770.54
12/01/2006	2,586,770.54		22,528.03	47,208.56	(403,096.88)	2,253,410.25
6/01/2007	2,253,410.25		27,774.28	50,701.73	(496,968.75)	1,834,917.51
12/01/2007	1,834,917.51		27,774.28	41,285.64	(496,968.75)	1,407,008.68
6/01/2008	1,407,008.68		27,774.28	31,657.70	(496,968.75)	969,471.91
12/01/2008	969,471.91		27,774.28	21,813.12	(496,968.75)	522,090.56
6/01/2009	522,090.56		27,774.28	11,747.04	(496,968.75)	64,643.13
12/01/2009	64,643.13		27,774.28	1,454.47	(93,871.88)	0.00
		2,586,770.54	189,173.72	205,868.26	(2,981,812.51)	

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 19

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF LOT SALE ESCROW DEPOSITS AND RELEASES TO DEVELOPER

AS OF DECEMBER 31, 2005 AND FOR THE CALENDAR YEARS ENDING THROUGH 2036

Collection Year	Lots Sold	Deposited to Escrow at $2,500	Draws on Lot Escrow to Debt Service Fund	Debt to Assessed Ratio	Releases from Escrow	Cumulative Balance (Maximum Amount of $1,500,000)
2005	0	0		n/a	0	0
2006	316	790,000		505%	0	790,000
2007	147	367,500		296%	0	1,157,500
2008	115	287,500		171%	0	1,445,000
2009	56	55,000		128%	0	1,500,000
2010	28			95%	0	1,500,000
2011	22			78%	0	1,500,000
2012	22			68%	0	1,500,000
2013				59%	0	1,500,000
2014				53%	0	1,500,000
2015				49%	0	1,500,000
2016				46%	0	1,500,000
2017				43%	1,500,000	0
2018				41%		
2019				39%		
2020				38%		
2021				36%		
2022				35%		
2023				33%		
2024				32%		
2025				30%		
2026				28%		
2027				26%		
2028				24%		
2029				22%		
2030				21%		
2031				19%		
2032				16%		
2033				14%		
2034				11%		
2035				7%		
	706	1,500,000	0		1,500,000	

245	2005 Lots sold prior to the issuance of the Bonds.
25	2006 Lots sold prior to the issuance of the Bonds.
976	Total Units

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

DTC 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, each in the aggregate principal amount of such maturity, 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 2.2 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.

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 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond 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 notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds 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 the Trustee, on the 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, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds 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 Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor 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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS LIMITED OFFERING MEMORANDUM TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The District and the Trustee may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Bonds, giving any notice permitted or required to be given to registered owners under the Indenture, including any notice of redemption, registering the transfer of Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and will not be affected by any notice to the contrary. The District and the Trustee will not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Direct Participant, Indirect Participant or other person not shown on the records of the Trustee as being a registered owner with respect to: the accuracy of any records maintained by DTC, any DTC Direct Participant or Indirect Participant regarding ownership interests in the Bonds; the payment by DTC, any DTC Direct Participant or Indirect Participant of any amount in respect of the principal of or interest or premium, if any, on the Bonds; the delivery to any DTC Direct Participant, Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to registered owners under the Indenture, including any notice of redemption; the selection by DTC, any DTC Direct Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC as a registered owner.

As long as the DTC book-entry system is used for the Bonds, the Trustee will give any notice of redemption or any other notices required to be given to registered owners of Bonds only to DTC or its nominee. Any failure of DTC to advise any DTC Direct Participant, of any DTC Direct Participant to notify any Indirect Participant, of any DTC Direct Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice.

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APPENDIX C

FORM OF INDENTURE

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INDENTURE OF TRUST

Between

GRANBY RANCH METROPOLITAN DISTRICT

and

AMERICAN NATIONAL BANK,
as Trustee

Relating to:

$14,725,000
Limited Tax General Obligation Bonds
Series 2006

Dated as of June 1, 2006

4834-7419-9296.9

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EXHIBIT A FORM OF BOND

EXHIBIT B FORM OF PROJECT FUND REQUISITION

This INDENTURE OF TRUST, dated as of June 1, 2006 (this "Indenture"), is entered into by and between GRANBY RANCH METROPOLITAN DISTRICT, a quasi-municipal corporation duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado (the "District"), and AMERICAN NATIONAL BANK, a national banking association authorized to accept and execute trusts of the character herein set out, as trustee (the "Trustee").

RECITALS

WHEREAS the District is a quasi-municipal corporation duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado; and

WHEREAS, at a special election of the qualified electors of the District, duly called and held on Tuesday, November 4, 2003 (the "2003 Election"), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the 2003 Election voted in favor of, *inter alia*, the issuance of general obligation indebtedness and the imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities, the questions relating thereto being as follows (the "2003 Ballot Questions"):

BALLOT ISSUE D

STREET IMPROVEMENTS

SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED $18,500,000 WITH A REPAYMENT COST OF $74,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED $14,800,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF IMPROVING STREETS THROUGH THE DESIGN, ACQUISITION, INSTALLATION, CONSTRUCTION AND RELOCATION OF CURBS, GUTTERS, CULVERTS, AND OTHER DRAINAGE FACILITIES, UNDERGROUND CONDUITS, SIDEWALKS, EQUESTRIAN TRAILS, BIKE PATHS AND PEDESTRIAN WAYS, PEDESTRIAN OVERPASSES, MEDIAN ISLANDS, RETAINING WALLS, BRIDGES, OVERPASSES, PAVING, LIGHTING, GRADING, LANDSCAPING AND IRRIGATION IMPROVEMENTS, TOGETHER WITH ALL NECESSARY, INCIDENTAL AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES WITHIN AND WITHOUT THE DISTRICT; SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 10%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF

DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE, AND IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE E

TRAFFIC AND SAFETY CONTROL IMPROVEMENTS

SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED $600,000 WITH A REPAYMENT COST OF $2,400,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED $480,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF IMPROVING TRAFFIC AND SAFETY CONTROL THROUGH THE DESIGN, ACQUISITION, INSTALLATION, CONSTRUCTION AND RELOCATION OF A SYSTEM OF TRAFFIC AND SAFETY PROTECTION IMPROVEMENTS THROUGH TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, INCLUDING, BUT NOT LIMITED TO, SIGNALIZATION, SIGNAGE AND STRIPING, AREA IDENTIFICATION SIGNS, DIRECTIONAL ASSISTANCE, AND DRIVER INFORMATION SIGNS, ENTRY MONUMENTATION AND ALL NECESSARY, INCIDENTAL AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENT EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, WITHIN AND WITHOUT THE DISTRICT; SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 10%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE, AND IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED

REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE F

SANITATION IMPROVEMENTS

SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED $6,000,000 WITH A REPAYMENT COST OF $24,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED $4,800,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF PAYING, LEASING OR FINANCING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A SANITARY SEWAGE COLLECTION, TRANSMISSION, AND DISPOSAL SYSTEM WHICH MAY INCLUDE BUT SHALL NOT BE LIMITED TO COLLECTION MAINS AND LATERALS, LIFT STATIONS, TRANSMISSION LINES, SLUDGE HANDLING AND DISPOSAL FACILITIES, AND/OR STORM SEWER, FLOOD AND SURFACE DRAINAGE FACILITIES AND SYSTEMS, INCLUDING, BUT NOT LIMITED TO, DETENTION/RETENTION PONDS AND ASSOCIATED IRRIGATION FACILITIES, AND ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES; SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 10%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION, AS TO RATE, AND IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE G

WATER IMPROVEMENTS

SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED $11,000,000 WITH A REPAYMENT COST OF $44,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED $8,800,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF PAYING OR FINANCING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A COMPLETE POTABLE AND NONPOTABLE WATER SUPPLY, TRANSMISSION AND DISTRIBUTION SYSTEM, WHICH MAY INCLUDE BUT SHALL NOT BE LIMITED TO TRANSMISSION LINES, DISTRIBUTION MAINS AND LATERALS, FIRE HYDRANTS, METERS, IRRIGATION FACILITIES, AND STORAGE FACILITIES, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES; SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 10%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE, AND IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE H

PARK AND RECREATION IMPROVEMENTS

SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED $2,500,000 WITH A REPAYMENT COST OF $10,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED $2,000,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE

NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF PAYING OR FINANCING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, PUBLIC PARK, OPEN SPACE AND RECREATION IMPROVEMENTS AND FACILITIES, INCLUDING PARKS, BIKE PATHS, HIKING AND EQUESTRIAN TRAILS, PEDESTRIAN WAYS, PEDESTRIAN BRIDGES, PEDESTRIAN MALLS, RECREATION CENTERS, SKI AREAS, SKI LIFTS, GOLF COURSES, PUBLIC PLAZAS AND COURTYARDS, PONDS, LAKES, RESERVOIRS, SWIMMING POOLS OR OTHER WATER BODIES OR WATER FEATURES, SIGNAGE, PUBLIC FOUNDATIONS AND SCULPTURE, MONUMENTATION, ART, TENNIS COURTS, PICNIC AREAS, PLAYGROUND AREAS, PARK SHELTERS, EVENT FACILITIES, COMMON AREA LANDSCAPING AND WEED CONTROL, STREETSCAPING, OUTDOOR LIGHTING OF ALL TYPES, RELATED LANDSCAPING AND IRRIGATION IMPROVEMENTS AND FACILITIES, TOGETHER WITH ALL NECESSARY, INCIDENTAL AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 10%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S AD VALOREM PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE, AND IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE I

TRANSPORTATION IMPROVEMENTS

SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED $1,000,000 WITH A REPAYMENT COST OF $4,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED $800,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS OR OTHER

OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF PAYING OR FINANCING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING FOR A TRANSPORTATION SYSTEM FOR THE PUBLIC BY BUS, RAIL, OR ANY OTHER MEANS OF CONVEYANCE, WITHIN AND WITHOUT THE DISTRICT, INCLUDING EQUIPMENT, PARK AND RIDE FACILITIES AND PARKING LOTS, TERMINAL BUILDINGS AND FACILITIES, SHUTTLE FACILITIES, PARKING STRUCTURES, SIGNAGE, ROOFS, COVERS, BICYCLE RACKS, OTHER TRANSPORTATION-RELATED FACILITIES, AND RELATED LANDSCAPING AND IRRIGATION IMPROVEMENTS, TOGETHER WITH ALL NECESSARY, INCIDENTAL AND APPURTENANT FACILITIES, LAND AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENT TO SUCH FACILITIES OR SYSTEMS; SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 10%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION, WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S AD VALOREM PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE, AND IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE J

MOSQUITO CONTROL

SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED $400,000 WITH A REPAYMENT COST OF $1,600,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED $320,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF ACQUIRING, CONSTRUCTING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING FACILITIES FOR THE ERADICATION AND CONTROL OF MOSQUITOES, TOGETHER WITH ALL NECESSARY, INCIDENTAL AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS

TO SUCH FACILITIES WITHIN AND WITHOUT THE DISTRICT; SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 10%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE, AND IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

WHEREAS, the returns of the 2003 Election were duly canvassed and the result thereof duly declared; and

WHEREAS, the result of the 2003 Election was certified by the District by certified mail to the board of county commissioners of each county in which the District is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to § 2-1-204.5, C.R.S. within forty five days after the election, and with the division of securities created by § 11-51-701, C.R.S.; and

WHEREAS, at a special election of the qualified electors of the District, duly called and held on Tuesday, November 2, 2004 (the "2004 Election"), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the 2004 Election voted in favor of, inter alia, the issuance of general obligation indebtedness and the imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities, the questions relating thereto being as follows (the "2004 Ballot Questions"):

BALLOT ISSUE 5A

PARK AND RECREATION IMPROVEMENTS

SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED $20,000,000 WITH A REPAYMENT COST OF $64,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED $2,130,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING, WITHOUT LIMITATION, CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"),

ALL FOR THE PURPOSES OF PAYING, LEASING, OR FINANCING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, PARK AND RECREATION FACILITIES, INCLUDING, WITHOUT LIMITATION, GRADING, SOIL PREPARATION, PLAYING FIELDS, A SWIMMING POOL FACILITY, OPEN SPACE, GOLF COURSES AND GOLF COURSE FACILITIES AND IMPROVEMENTS, SKI AREAS AND/OR SKI LIFTS AND OTHER SKI AREA FACILITIES AND IMPROVEMENTS, BIKE PATHS, PEDESTRIAN AND EQUESTRIAN TRAILS, PEDESTRIAN BRIDGES, HIKING AND NATURE TRAILS, MASONRY OR OTHER TYPES OF FENCING, LAKES AND PONDS OR OTHER WATER FEATURES, FISHING IMPROVEMENTS, MONUMENTATION, SIGNAGE, PUBLIC FOUNTAINS AND SCULPTURE, ART, GARDENS, PICNIC AREAS, PLAYGROUND AREAS, PARK SHELTERS, RIVER HABITAT ENHANCEMENTS, COMMON AREA LANDSCAPING AND WEED CONTROL, OUTDOOR LIGHTING OF ALL TYPES, AND RELATED LANDSCAPING, IRRIGATION, AND DRAINAGE IMPROVEMENTS AND FACILITIES, TOGETHER WITH ALL NECESSARY, INCIDENTAL AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 10.0%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION, WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF DIRECTORS MAY DETERMINE; PROVIDED HOWEVER, THAT SUCH DEBT AUTHORIZATION IS IN ADDITION TO INDEBTEDNESS PREVIOUSLY AUTHORIZED BY THE DISTRICT'S ELECTORS ON NOVEMBER 4, 2003; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S AD VALOREM PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT, IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS A VOTER APPROVED REVENUE CHANGE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE 5C

SANITATION IMPROVEMENTS

SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED $4,000,000 WITH A REPAYMENT COST OF $13,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOLVISTA METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED $430,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS OR OTHER

OBLIGATIONS OF THE DISTRICT, INCLUDING, WITHOUT LIMITATION, CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF PAYING, LEASING, OR FINANCING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, OBTAINING CAPACITY WITHIN, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, AN EXPANDED STORM AND SANITARY SEWER SYSTEM WHICH MAY INCLUDE BUT SHALL NOT BE LIMITED TO COLLECTION LINES, LIFT STATIONS, WASTEWATER TREATMENT FACILITIES, FLOOD AND SURFACE DRAINAGE, RELATED DISPOSAL WORKS AND FACILITIES, AND SOLID WASTE DISPOSAL FACILITIES, AND ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES; SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 10.0%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION, WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF DIRECTORS MAY DETERMINE; PROVIDED HOWEVER, THAT SUCH DEBT AUTHORIZATION IS IN ADDITION TO INDEBTEDNESS PREVIOUSLY AUTHORIZED BY THE DISTRICT'S ELECTORS ON NOVEMBER 4, 2003; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT, IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS A VOTER APPROVED REVENUE CHANGE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

WHEREAS, the returns of the 2004 Election were duly canvassed and the result thereof duly declared; and

WHEREAS, the result of the 2004 Election was certified by the District by certified mail to the board of county commissioners of each county in which the District is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to § 2-1-204.5, C.R.S. within forty five days after the election, and with the division of securities created by § 11-51-701, C.R.S.; and

WHEREAS, the District has heretofore entered into that certain master intergovernmental agreement between the District and Headwaters Metropolitan District (formerly known as SolVista Metropolitan District No. 1 (the "District IGA") setting forth the dual responsibilities and nature of the functions and services to be provided by each of such districts;

WHEREAS, in order to comply with the District's obligations under the District IGA and to pay certain costs of designing, acquiring, constructing, completing, installing, relocating, and providing public improvements benefiting the District (as more particularly defined in Section 1.01 herein, the "Project"), the Board has determined and does hereby determine that it is in the best interests of the District and its taxpayers that the Project be financed by the issuance of bonds, and that for such purpose there shall be issued the Limited Tax General Obligation Bonds, Series 2006 in the total principal amount of $14,725,000 (the "Bonds"); and

WHEREAS, the Bonds shall be payable solely from the Pledged Revenue (as defined herein), and shall be limited mill levy obligations of the District; and

WHEREAS, the District has not issued any of the indebtedness authorized by the 2003 Election or the 2004 Election; and

WHEREAS, based upon the anticipated uses of the Bond proceeds, the Board hereby determines to allocate the principal amount thereof in accordance with the following, and as a result, after issuance of the Bonds and assuming the application of the proceeds as set forth below, the District has the following authorized but unissued indebtedness remaining from the 2003 Election:

Purpose	2003 Election Principal Amount of Authorization Voted	Principal Amount Used for Bonds	2003 Election Principal Amount of Authorization Remaining
Streets	$18,500,000	$7,121,000	$11,379,000
Traffic and Safety	600,000	-0-	600,000
Water	11,000,000	4,817,000	6,183,000
Sanitation	6,000,000	2,637,000	3,363,000
Park and Recreation	2,500,000	150,000	2,350,000
Transportation	1,000,000	-0-	1,000,000
Mosquito Control	400,000	-0-	400,000
Total	$40,000,000	$14,725,000	$25,275,000

WHEREAS, the District's authorized but unissued indebtedness from the 2003 Election when combined with the indebtedness authorized in the 2004 Election, results in the following total amounts of authorized but unissued indebtedness remaining for each purpose:

Authorization Remaining After Issuance of the Bonds

Purpose	2003 Election Principal Amount of Authorization Remaining	2004 Election Principal Amount of Authorization Voted	Principal Amount of Authorization Remaining
Streets	$11,379,000	-0-	$11,379,000
Traffic and Safety	600,000	-0-	600,000
Water	6,183,000	-0-	6,183,000
Sanitation	3,363,000	$4,000,000	7,363,000
Park and Recreation	2,350,000	20,000,000	22,350,000
Transportation	1,000,000	-0-	1,000,000
Mosquito Control	400,000	-0-	400,000
Total	$25,275,000	$24,000,000	$49,275,000

WHEREAS, the Bonds shall be issued initially in denominations of $500,000 each, and in integral multiples above $500,000 of not less than $1,000 each, and will be exempt from registration under the Colorado Municipal Bond Supervision Act; and

WHEREAS, the Bonds are being issued only to financial institutions or institutional investors within the meaning of § 32-1-1101(6)(a)(IV), C.R.S.; and

WHEREAS, the District has duly authorized the execution and delivery of this Indenture to provide for the issuance of the Bonds; and

WHEREAS, all things necessary to make the Bonds, when executed by the District and authenticated and delivered by the Trustee hereunder, the valid obligations of the District, and to make this Indenture a valid agreement of the District, in accordance with their and its terms, have been done;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

GRANTING CLAUSES

The District, in consideration of the premises and of the mutual covenants herein contained, the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the Owners thereof and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds at any time Outstanding under this Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Bonds, the Bond Resolution, and this Indenture of Trust, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, does hereby grant to the Trustee, and to its successors in trust, and to them and their assigns forever, the following:

GRANTING CLAUSE FIRST:

The Pledged Revenue, the Bond Fund, the Reserve Fund, the Project Fund, the Surplus Fund, and all other moneys, securities, revenues, receipts, and funds from time to time held by the Trustee under the terms of this Indenture (except the Rebate Fund), and a security interest therein; and

GRANTING CLAUSE SECOND:

All right, title, and interest of the District in any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind, given, granted, assigned, pledged, conveyed, mortgaged, or transferred by the District as and for additional security hereunder;

THE TRUSTEE SHALL HOLD the Trust Estate for the benefit of the Owners from time to time of the Bonds, as their respective interests may appear; and the property granted herein is also granted for the equal benefit, of all present and future Owners of the Bonds as if all the Bonds had been executed and delivered simultaneously with the execution and delivery of this Indenture;

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security, and protection of all Owners of the Bonds issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise (except as herein expressly provided) of any of the Bonds over any other of the Bonds;

PROVIDED, HOWEVER, that if the District, its successors, or assigns, shall well and truly pay, or cause to be paid, the principal of, premium if any, and interest on the Bonds at the times and in the manner provided in the Bonds, according to the true intent and meaning thereof; or shall provide, as permitted hereby and in accordance herewith, for the payment thereof by depositing with the Trustee or placing in escrow and in trust the entire amount due or to become due thereon, or certain securities as herein permitted, and shall well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed, and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine, and be void; otherwise this Indenture shall be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered, and all said moneys, securities, revenues, receipts, and funds hereby pledged and assigned are to be dealt with and disposed of under, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the District has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Bonds as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions. In this Indenture, except as otherwise expressly provided or where the context indicates otherwise, the following capitalized terms shall have the respective meanings set forth below:

"*Act*" means Title 32, Article 1, Colorado Revised Statutes, as amended.

"*Additional Bonds*" means (i) all obligations of the District for borrowed money and reimbursement obligations, (ii) all obligations of the District payable from or constituting a lien or encumbrance upon ad valorem property tax revenues of the District, (iii) all obligations of the District evidenced by bonds, debentures, notes, or other similar instruments, including without limitation any Parity Bonds or Subordinate Bonds, (iv) all obligations of the District to pay the deferred purchase price of property or services, (v) all obligations of the District as lessee under capital leases, and (vi) all obligations of others guaranteed by the District provided that notwithstanding the foregoing, the term "Additional Bonds" does not include:

(a) obligations the repayment of which is contingent upon the District's annual determination to appropriate moneys therefor, other than obligations of the District as lessee under capital leases, so long as no amounts due or to become due on such obligations are payable from the Required Mill Levy or the Capital Fees;

(b) obligations which refund or refinance any Bonds or Additional Bonds, so long as (i) such refunding obligations do not increase the District's debt service in any year in which both the refunding obligations and any Bonds or Additional Bonds are Outstanding; (ii) such refunding obligations are payable on the same date or dates as the obligations being refunded or refinanced, and are not subject to acceleration, (iii) such refunding obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority, as the obligations being refunded or refinanced; and (iv) the remedies for defaults under such refunding or refinancing obligations are substantially the same as the remedies applicable to the obligations being refunded or refinanced;

(c) obligations payable solely from periodic, recurring service charges (and not from tap fees, development fees, or other similar charges of a capital nature) imposed by the District for the use of any District facility or service, which obligations do not constitute a debt or indebtedness of the District or an obligation required to be approved at an election under Colorado law;

(d) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (i) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of all principal and interest on the Bonds or any issue of Additional Bonds, and (ii) such reimbursement obligations are payable from the same or fewer revenue sources, with a subordinate lien priority as the Bonds or Additional Bonds supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements;

(e) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the District; and

(f) the obligations of the District under the Town IGA, and the obligation of the District to pay the amounts collected from the District's Operating Mill Levy to Headwaters pursuant to the District IGA.

"*Additional Security*" means all amounts on deposit in the Surplus Fund; all amounts collected under the Guaranty Agreement, all amounts on deposit in the Lot Sale Escrow; and all amounts on deposit in the Reserve Fund.

"*Authorized Denominations*" means initially, the amount of $500,000 or any integral multiple of $1,000 in excess thereof, provided that:

(a) no individual Bond may be in an amount which exceeds the principal amount coming due on any maturity date for such series;

(b) in the event a Bond is partially redeemed and the unredeemed portion is less than $500,000, such unredeemed portion of such Bond may be issued in the largest possible denomination of less than $500,000, in integral multiples of not less than $1,000 each or any integral multiple thereof; and

(c) the Authorized Denominations shall be reduced to $1,000 or any integral multiple thereof in the event that the District has filed a notice of a claim of exemption, along with all other required documents necessary to exempt the Bonds under any of the exemptions from registration contemplated by §11-59-110, C.R.S., or any successor statute, or has taken other actions which permit the Bonds to be issued in denominations of $1,000 or integral multiples thereof under the Colorado Municipal Bond Supervision Act, Title 11, Article 59, C.R.S., or any successor statute.

"*Beneficial Owner*" means any person for which a Participant acquires an interest in the Bonds.

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

"*Bond Counsel*" means the law firm of Kutak Rock LLP, of Denver, Colorado, or any other person or firm of which such a person is a member acceptable to and selected by the District, which is: (a) authorized in any state to practice law and (b) nationally recognized municipal bond counsel experienced in the issuance of opinions regarding the tax-exempt status of municipal bonds.

"*Bond Fund*" means a special fund designated the "Granby Ranch Metropolitan District Limited Tax General Obligation Bonds, Series 2006 Bond Fund" established by the provisions hereof for the purpose of paying the principal of, premium if any, and interest on the Bonds.

"*Bond Payment Date*" means June 1 and December 1 each year, commencing December 1, 2006.

"*Bond Resolution*" means the resolution authorizing the issuance of the Bonds and the execution of this Indenture, certified by the Secretary of the District to have been duly adopted by the District and to be in full force and effect on the date of such certification, including any amendments or supplements duly made thereto.

"*Bonds*" means the Limited Tax General Obligation Bonds, Series 2006, dated their date of delivery, issued in the aggregate principal amount of $14,725,000, as authorized by this Indenture and the Bond Resolution.

"*Bond Year*" shall have the meaning as the defined term of Bond Year in the Tax Certificate.

"*Business Day*" means any day other than Saturday or Sunday or any day on which the Trustee, the Paying Agent, or banks or trust companies in Denver, Colorado, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed.

"*Capital Fee*" or "*Capital Fees*" mean the fees by that name jointly imposed by the District and the Headwaters District pursuant to the Fee Resolution and collected from property in the District.

"*Cede*" means Cede & Co., the nominee of DTC as record owner of the Bonds, or any successor nominee of DTC with respect to the Bonds.

"*Certified Public Accountant*" means a certified public accountant within the meaning of §12-2-115, C.R.S., and any amendment thereto, licensed to practice in the State of Colorado.

"*Code*" means the Internal Revenue Code of 1986, as amended to the date of issuance of the Bonds.

"*Consent Party*" means the Owner of a Bond or, if such Bond is held in the name of Cede, the Participant (as determined by a list provided by DTC) with respect to such Bond.

"*Continuing Disclosure Agreement*" means the Continuing Disclosure Agreement dated as of June 1, 2006 of the District and the Developer, acknowledged by the Trustee.

"*Counsel*" means a person, or firm of which such a person is a member, authorized in any state to practice law.

"*C.R.S.*" means the Colorado Revised Statutes, as amended.

"*Debt to Assessed Ratio*" means the ratio (expressed as a percentage) derived by dividing the then-outstanding principal amount of the Bonds and all Additional Bonds of the District payable in whole or in part from property taxes, by the assessed valuation of the taxable property of the District, as such assessed valuation is certified from time to time by the Grand County Assessor.

"*Depository*" means, initially, DTC and means any securities depository as the District may subsequently provide and appoint, in accordance with the guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Bonds.

"*Developer*" means Granby Realty Holdings, LLC, a Colorado limited liability company.

"*District*" means Granby Ranch Metropolitan District, in the Town of Granby, Grand County, Colorado, its successors and assigns.

"*District IGA*" means the District Facilities Construction and Service Agreement entered into and dated as of June 1, 2006, by and between the District and Headwaters District, together with any permitted amendments or supplements thereto.

"*District Representative*" means the person or persons at the time designated to act on behalf of the District by the Bond Resolution or by a written certificate furnished to the Trustee containing the specimen signatures of such person or persons and signed on behalf of the District by its President and attested by its Secretary, and any alternate or alternates designated as such therein.

"*DTC*" means the Depository Trust Company, New York, New York, and its successors and assigns.

"*Escrow Agent*" means American National Bank, Denver, Colorado.

"*Event of Default*" means any one or more of the events set forth in the Section of this Indenture entitled "Events of Default."

"*Federal Securities*" means direct obligations of (including obligations issued or held in book entry form on the books of), or obligations the principal of and interest on which are guaranteed by, the United States of America.

"*Fee Resolution*" means the Amended and Restated Joint Resolution of the Board of Directors of Headwaters Metropolitan District and Granby Ranch Metropolitan District to Establish a Capital Facilities Fee, adopted by the Board of Directors of the District on June 7, 2006, together with any permitted amendments or supplements thereto.

"*Guarantor*" means Granby Realty Holdings, LLC, a Colorado limited liability company.

"*Guaranty Agreement*" means the Guaranty Agreement dated as of June 1, 2006 between the District and the Guarantor, together with any permitted amendments or supplements thereto.

"*Headwaters District*" means the Headwaters Metropolitan District, a quasi-municipal corporation and a political subdivision of the state of Colorado, formed on November 25, 2003.

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

"*Letter of Representations*" means the letter of representations from the District to DTC to induce DTC to accept the Bonds as eligible for deposit at DTC.

"*Limited Offering Memorandum*" means the final Limited Offering Memorandum relating to the offer and sale of the Bonds.

"*Lot Sale Escrow*" means the account established under the Lot Sale Escrow Agreement and held by the Escrow Agent.

"*Lot Sale Escrow Agreement*" means the Lot Sale Escrow Agreement dated as of June 1, 2006 between the District and the Escrow Agent, together with any permitted amendments or supplements thereto.

"*Outstanding*" or "*Outstanding Bonds*" means as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation because of payment at maturity or prior redemption;

(b) Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to Section 7.01(b) hereof) shall have been theretofore deposited with the Trustee, or Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to Section 7.01(b) hereof) shall have been placed in escrow and in trust; and

(c) Bonds in lieu of which other Bonds have been authenticated and delivered pursuant to Section 2.06 or Section 2.09 hereof.

"*Owner*" means the registered owner of any Bond, as shown by the registration books maintained by the Trustee.

"*Parity Bonds*" means bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Pledged Revenue or any part thereof on a parity with the lien thereon of the Bonds. Any Parity Bonds hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, and will not be issued under this Indenture.

"*Participants*" means any broker-dealer, bank, or other financial institution from time to time for which DTC or another Depository holds the Bonds.

"*Paying Agent*" means American National Bank, Denver, Colorado, or its successor, which shall perform the function of paying agent with respect to the Bonds as provided in this Indenture.

"*Permitted Investments*" means, any lawful investment permitted for the investment of funds of the District by the laws of the State.

"*Pledged Revenue*" means the moneys derived by the District from the following sources, after payment of any costs of collection:

(a) the Required Mill Levy;

(b) the SolVista Tax Revenues;

(c) the Capital Fee;

(d) Specific Ownership Taxes received by the District that are attributable to the Required Mill Levy; and

(e) any other legally available moneys which the District determines to credit to the Bond Fund.

"*Preliminary Limited Offering Memorandum*" means the Preliminary Limited Offering Memorandum dated May 19, 2006 prepared in connection with the offer and sale of the Bonds.

"*Project*" means paying for or reimbursing the SolVista District, the Headwaters District or the Developer for a portion of the costs of the design, acquisition, construction, completion, installation, relocation, and provision of street, water, sanitation, parks and recreation, traffic and safety protection, mosquito control, and transportation improvements and facilities within and without the District.

"*Project Costs*" means the District's costs properly attributable to the Project or any part thereof, including without limitation:

(a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work;

(b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed;

(c) administrative and general overhead costs;

(d) the costs of reimbursing funds advanced by the District in anticipation of reimbursement from Bond proceeds, including any intrafund or interfund loan;

(e) the costs of surveys, appraisals, plans, designs, specifications, and estimates;

(f) the costs, fees, and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees;

(g) the costs of publishing, reproducing, posting, mailing, or recording documents;

(h) the costs of contingencies or reserves;

(i) the costs of issuing the Bonds;

(j) the costs of amending any resolution or other instrument relating to the Bonds or the Project;

(k) the costs of repaying any short-term financing, construction loans, and other temporary loans and of the incidental expenses incurred in connection with such loans;

(l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, and franchises;

(m) the costs of demolition, removal, and relocation; and

(n) all other lawful costs as determined by the Board.

"*Project Fund*" means the "Granby Ranch Metropolitan District Limited Tax General Obligation Bonds, Series 2006, Project Fund," established by the provisions of this Indenture for the purpose of paying the Project Costs.

"*Rebate Fund*" means a special fund designated as the "Granby Ranch Metropolitan District Limited Tax General Obligation Bonds, Series 2006, Rebate Fund" created by the provisions hereof for the purposes set forth in Section 6.02 hereof.

"*Record Date*" means the fifteenth (15th) day of the calendar month next preceding each interest payment date.

"*Required Mill Levy*" means:

(a) Subject to the provisions of paragraphs (b), (c) and (d) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year that will raise property tax revenues in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, and, if necessary, to replenish the Reserve Fund to the Reserve Fund Requirement, but not less than 41.5 mills and, initially, not in excess of 50 mills, and subsequent to any date on which the Town has notified the District that the conditions precedent to the establishment of the Transportation Mill Levy in Section 10 of the Town IGA have been satisfied, not in excess of the number of mills resulting from subtracting the Transportation Mill Levy from 50.

(b) In the event the method of calculating assessed valuation is changed, the 41.5 mill levy and the 50 mill levy references in paragraph (a) above will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the

foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. Initially the date from which such adjustment may be made shall be July 22, 2003; however, if the District's Service Plan is amended to provide that the adjustment may be made from a date prior to June 30, 2003, then the earlier date shall apply henceforth.

(c) Notwithstanding anything herein to the contrary, in no event may the Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

(d) In the event that the Required Mill Levy would produce revenue, when combined with amounts available in the Reserve Fund, in excess of that required to repay all principal of and interest on the Bonds, then the Required Mill Levy shall be reduced to a mill levy which will produce revenue sufficient, when combined with amounts available in the Reserve Fund, to repay all principal of and interest on the Bonds.

"*Reserve Fund*" means the "Granby Ranch Metropolitan District Limited Tax General Obligation Bonds, Series 2006, Reserve Fund," established by the provisions of this Indenture for the purpose of paying the principal of, premium, if any, and interest on the Bonds.

"*Reserve Fund Requirement*" means $1,337,350.

"*Service Plan*" means the Service Plan for the District approved by the Town on July 22, 2003.

"*SolVista Metro District*" means the SolVista Metropolitan District, Grand County, Colorado, formerly known as Silver Creek Metropolitan District and informally referred to as Kicking Horse.

"*SolVista Funding Agreement*" means the agreement between SolVista Metro District and the District, dated as of June 1, 2006, together with any permitted amendments or supplements thereto, pursuant to which SolVista Metro District agrees to impose a mill levy of 25 mills on all taxable property of the SolVista Metro District, and to cause such levy to be made by the Board of Commissioners of Grand County, Colorado, in each of the years 2006 through 2025, and further agrees to pay all amounts derived from such levy, less the SolVista O&M Allowance, to the District for payment of the Bonds.

"*SolVista O&M Allowance*" means $12,500 per year, provided however that in the year 2007, SolVista Metro District may retain up to an additional $22,500 if necessary to pay the costs of conducting a dissolution proceeding for the SolVista Metro District and, in any year following dissolution of the SolVista Metro District, $6,000 per year.

"*SolVista Tax Revenues*" means all amounts received by the District pursuant to the SolVista Funding Agreement.

"*Special Record Date*" means the record date for determining Bond ownership for purposes of paying defaulted interest, as such date may be determined pursuant to this Indenture.

"*Specific Ownership Taxes*" means the specific ownership taxes collected by Grand County and remitted to the District pursuant to 42-3-107, C.R.S., or any successor statute.

"*State*" means state of Colorado.

"*Subordinate Bonds*" means bonds, notes, debentures, or other financial obligations having a lien upon the Pledged Revenue or any part thereof junior and subordinate to the lien thereon of the Bonds.

"*Supplemental Act*" means the "Supplemental Public Securities Act", being Title 11, Article 57, Part 2, C.R.S.

"*Surplus Fund*" means the "Granby Ranch Metropolitan District Limited Tax General Obligation Bonds, Series 2006, Surplus Fund", established by the provisions of this Indenture for the purpose of paying the principal of, premium if any, and interest on the Bonds, unless previously released.

"*Tax Certificate*" means collectively, the certificates to be signed by the District relating to the requirements of Sections 103 and 141-150 of the Code.

"*Town*" means the Town of Granby, Colorado.

"*Town IGA*" means the Intergovernmental Agreement between the Town, the District and the Headwaters District, made and entered into December 9, 2003, as amended by the First Amendment dated as of May 20, 2005, and the Second Amendment dated as of April 11, 2006, together with any permitted amendments or supplements thereto.

"*Transportation Mill Levy*" shall have the meaning assigned to such term in the Town IGA.

"*Trust Estate*" means the moneys, securities, contracts, revenues, receipts, and funds transferred, pledged, and assigned to the Trustee pursuant to the Granting Clauses hereof.

"*Trustee*" means American National Bank, Denver, Colorado, or its successor, which shall perform the function of trustee with respect to the Bonds as provided in this Indenture.

"*2004 Election*" is defined in the recitals hereof.

"*2003 Election*" is defined in the recitals hereof.

"*Underwriter*" means D.A. Davidson & Co., in Denver, Colorado, the original purchaser of the Bonds.

Section 1.02. Interpretation. In this Indenture, unless the context otherwise requires:

(a) the terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar term, refer to this Indenture as a whole and not to any particular article, section, or subdivision hereof; the term "heretofore" means before the date of execution of this Indenture, the term "now" means at the date of execution of this Indenture, and the term "hereafter" means after the date of execution of this Indenture;

(b) words of the masculine gender include correlative words of the feminine and neuter genders; words importing the singular number include the plural number and vice versa; and the word "person" or similar term includes, but is not limited to, natural persons, firms, associations, corporations, partnerships, and public bodies;

(c) the captions or headings of this Indenture, and the table of contents appended to copies hereof, are for convenience only and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Indenture;

(d) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; and

(e) all exhibits referred to herein are incorporated herein by reference.

Section 1.03. Exclusion of Bonds Held By Or For The District. In determining whether the Consent Parties with respect to the requisite principal amount of the Outstanding Bonds have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, Bonds for which the District is the Consent Party shall be disregarded and deemed not to be Outstanding.

Section 1.04. Certificates and Opinions.

(a) Except as otherwise specifically provided in this Indenture, each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include: (i) a statement that the person making the certificate or opinion has read the covenant or condition and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of such person, he has made such examination and investigation as is necessary to enable him to express an informed opinion as to whether the covenant or condition has been complied with; (iv) a statement as to whether, in the opinion of such person, the condition or covenant has been complied with; and (v) an identification of any certificate or opinion relied on in such certificate or opinion.

(b) Any opinion of Counsel may be qualified by reference to the constitutional powers of the United States of America, the police and sovereign powers of the State, judicial discretion, bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors' rights or municipal corporations or similar matters.

(c) In any case where several matters are required to be certified by, or covered by an opinion of any specified 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.

(d) Any certificate or opinion of an officer of the District 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 the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or 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 District stating that the information with respect to such factual matters is in the possession of the District, 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.

(e) When any person is required to make, give, or execute two or more applications, requests, consents, certificates, statements, opinions, or other instruments under this Indenture, such instruments may, but need not, be consolidated to form one instrument.

Section 1.05. Acts of Consent Parties.

(a) Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by Consent Parties may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Consent Parties in person or by agent duly appointed in writing; and, except as otherwise expressly provided herein, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, the District. Proof of execution of any such instrument or of a writing appointing any such agent made in the manner set forth in subsection (b) hereof shall be sufficient for any purpose of this Indenture and (subject to Section 9.01 hereof) conclusive in favor of the Trustee and the District.

(b) The fact and date of the execution by any person 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. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such affidavit or certificate shall also constitute sufficient proof of his authority.

(c) Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by the Consent Parties with respect to a specified percentage or portion of the Outstanding Bonds shall be conclusive and binding upon all present and future Owners and Consent Parties if the Consent Parties with respect to the specified percentage or portion of the Outstanding Bonds take

such action in accordance herewith; and it shall not be necessary to make notation of such action on any Bond authenticated and delivered hereunder. In addition, any request, demand, authorization, direction, notice, consent, waiver, or other action by any Consent Party (notwithstanding whether such action was also taken by any other Owner or Consent Party) shall bind the Owner and the Consent Party and the Owner of and Consent Party with to 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 District in reliance thereon; and it shall not be necessary to make notation of such action on any Bond authenticated and delivered hereunder.

Section 1.06. Indenture to Constitute Contract. This Indenture shall constitute a contract among the District, the Trustee, and the Owners, and shall remain in full force and effect until the Bonds are no longer Outstanding hereunder.

ARTICLE II

THE BONDS

Section 2.01. Authorization, Terms, Payment, and Form of Bonds.

(a) *Authorization.* In accordance with the Constitution of the State; the Supplemental Act; Title 32, Article 1, Part 11, C.R.S.; the 2003 Election; and all other laws of the State thereunto enabling, there shall be issued the Bonds for the purposes hereinafter stated. The aggregate principal amount of the Bonds that may be authenticated and delivered under this Indenture is limited to and shall not exceed $14,725,000, except as provided in Sections 2.06 and 2.09 hereof.

(b) *Bond Details.* The Bonds shall be issued only as fully registered Bonds without coupons in Authorized Denominations. Unless the District shall otherwise direct, the Bonds shall be numbered separately from 1 upward, with the number of each Bond preceded by "R-." The Bonds shall be dated as of their date of delivery, shall mature on December 1 of the years and in the principal amounts, and shall bear interest at the rates per annum (calculated based on a 360-day year of twelve 30 day months) set forth below, payable to the extent of Pledged Revenue and the Additional Security available therefor, semiannually on each June 1 and December 1, commencing on December 1, 2006.

Maturity (December 1)	Principal Amount	Interest Rate

(c) *Maximum Rates.* The maximum net effective interest rate authorized for the Bonds is 10.00% per annum, and the actual net effective interest rate of the Bonds

does not exceed such maximum rate. The maximum repayment costs of the Bonds do not exceed the limitations of the 2003 Election, as applicable. The maximum annual debt service on the Bonds does not exceed the maximum annual tax increases authorized in the 2003 Election.

(d) *Principal and Interest.* The principal of and premium, if any, on the Bonds are payable in lawful money of the United States of America to the Owner of each Bond upon maturity or prior redemption and presentation at the principal office of the Trustee. The interest on any Bond is payable to the person in whose name such Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the District by the Trustee, at the close of business on the Record Date, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than 10 days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Trustee on a date selected by the Trustee. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

(e) *Interest Payments.* Interest payments shall be paid by check or draft of the Trustee mailed on or before the interest payment date to the Owners. The Trustee may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Trustee; provided that the District shall not be required to make funds available to the Trustee prior to the dates on which such interest would otherwise be payable hereunder, nor to incur any expenses in connection with such alternative means of payment.

(f) *Overdue Payments.* To the extent principal of any Bond is not paid when due, such principal shall remain Outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Bond; provided however, that notwithstanding anything herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer Outstanding upon the payment by the District of such amount.

(g) *Form of Bonds.* Subject to the provisions of this Indenture, the Bonds shall be in substantially the form set forth in Exhibit A attached hereto, with such variations, omissions, and insertions as may be required by the circumstances, be required or permitted by this Indenture, or be consistent with this Indenture and necessary or appropriate to conform to the rules and requirements of any governmental authority or

any usage or requirement of law with respect thereto. The District may cause a copy of the text of the opinion of Bond Counsel to be printed on the Bonds. Pursuant to the recommendations promulgated by the Committee on Uniform Security Identification Procedures, "CUSIP" numbers may be printed on the Bonds. The Bonds may bear such other endorsement or legend satisfactory to the Trustee as may be required to conform to usage or law with respect thereto.

Section 2.02. Purpose of Issuance of Bonds. The Bonds are being issued for the purpose of: (a) paying the Project Costs, (b) providing capitalized interest for the payment of interest on the Bonds, (c) funding the Reserve Fund, and (d) paying the costs of issuing the Bonds.

Section 2.03. Trustee as Paying Agent and Bond Registrar.

(a) The Trustee shall perform the functions of paying agent and authenticating registrar with respect to the Bonds. The Trustee shall establish the registration books for the Bonds and thereafter maintain such books in accordance with the provisions hereof. The District shall cause the Underwriter to provide the Trustee with an initial registry of the Owners within a reasonable time prior to delivery of the Bonds. The District shall be permitted to review the registration books at any time during the regular business hours of the Trustee and, upon written request to the Trustee, shall be provided a copy of the list of registered owners of the Bonds. Upon the termination of this Indenture, the Trustee shall promptly return such registration books to the District.

(b) The Trustee shall make payments of principal and interest on the Bonds on each date established herein for payment thereof, in the manner and from the sources set forth herein.

(c) The Trustee will register, exchange, or transfer (collectively "transfer") the Bonds in the manner provided herein. The Trustee reserves the right to refuse to transfer any Bond until it is satisfied that the endorsement on the Bond is valid and genuine, and for that purpose it may require a guarantee of signature by a firm having membership in the Midwest Stock Exchange, New York Stock Exchange, or American Stock Exchange, or by a bank or trust company or firm approved by it. The Trustee also reserves the right to refuse to transfer any Bond until it is satisfied that the requested transfer is legally authorized, and it shall incur no liability for any refusal in good faith to make a transfer which it, in its judgment, deems improper or unauthorized.

(d) If requested by the Trustee, the District shall furnish the Trustee with a sufficient supply of blank Bonds for the sole purpose of effecting transfers in accordance herewith and from time to time shall renew such supply upon the request of the Trustee. Blank Bonds shall be signed and sealed by the District in the manner set forth herein.

(e) In the event the District receives any notice or order which limits or prohibits dealing in the Bonds, it will immediately notify the Trustee of such notice or order and give a copy thereof to the Trustee.

(f) In any circumstances concerning the payment or registration of the Bonds not covered specifically by this Indenture, the Trustee shall act in accordance with federal and state banking laws and its normal procedures in such matters.

Section 2.04. Execution of Bonds; Signatures. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the President of the District, sealed with a manual impression or facsimile of its corporate seal, and attested by the manual or facsimile signature of the Secretary of the District. In case any officer who shall have signed any of the Bonds shall cease to be such officer of the District before the Bonds have been authenticated by the Trustee or delivered or sold, such Bonds with the signatures thereto affixed may, nevertheless, be authenticated by the Trustee and delivered, and may be sold by the District, as though the person or persons who signed such Bonds had remained in office.

Section 2.05. Persons Treated as Owners. The District and the Trustee may treat the Owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Bond is overdue, and neither the District nor the Trustee shall be affected by notice to the contrary.

Section 2.06. Lost, Stolen, Destroyed, or Mutilated Bonds. Any Bond that is lost, stolen, destroyed, or mutilated may be replaced (or paid if the Bond has matured or come due by reason of prior redemption) by the Trustee in accordance with and subject to the limitations of applicable law. The applicant for any such replacement Bond shall post such security, pay such costs, and present such proof of ownership and loss as may be required by applicable law, or in the absence of specific requirements, as may be required by the Trustee.

Section 2.07. Delivery of Bonds. Upon the execution and delivery of this Indenture, the District shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to or for the account of the purchasers thereof, directed by the District and in accordance with a written certificate of the District.

Section 2.08. Trustee's Authentication Certificate. The Trustee's certificate of authentication upon the Bonds shall be substantially in the form and tenor set forth in Exhibit A attached hereto. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit hereunder unless and until a certificate of authentication on such Bond substantially in such form shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.09. Registration, Exchange, and Transfer of Bonds.

(a) The Trustee shall act as bond registrar and maintain the books of the District for the registration of ownership of each Bond as provided herein.

(b) Bonds may be exchanged at the principal office of the Trustee for a like aggregate principal amount of Bonds of the same series and maturity of other Authorized

Denominations. Bonds may be transferred upon the registration books upon delivery of the Bonds to the Trustee, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner of the Bonds to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bonds, along with the social security number or federal employer identification number of such transferee. No transfer of any Bond shall be effective until entered on the registration books. In all cases of the transfer of a Bond, the Trustee shall enter the transfer of ownership in the registration books, and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of Authorized Denominations of the same series, maturity, and interest rate for the aggregate principal amount which the Owner is entitled to receive at the earliest practicable time in accordance with the provisions hereof.

(c) The Trustee shall charge the Owner of such Bond for every such transfer or exchange of a Bond an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

(d) The District and Trustee shall not be required to issue or transfer any Bonds: (a) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first business day following the ensuing interest payment date, or (b) during the period beginning at the opening of business on a date 60 days prior to the date of any redemption of Bonds and ending at the opening of business on the first business day following the day on which the applicable notice of redemption is mailed. The Trustee shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

(e) New Bonds delivered upon any transfer or exchange shall be valid obligations of the District, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

Section 2.10. Cancellation of Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture and upon payment of the principal amount, premium if any, and interest due thereon, or whenever any Outstanding Bond shall be delivered to the Trustee for transfer pursuant to the provisions hereof, such Bond shall be cancelled by the Trustee and counterparts of a certificate of cancellation evidencing such cancellation shall be furnished by the Trustee to the District.

Section 2.11. Conditions to Issuance and Delivery of Bonds. The issuance and delivery of the Bonds is conditioned upon, among other things, a deposit to the District by the Developer of $87,157.00 of payments in lieu of taxes prior to the issuance of the Bonds, to be deposited upon the issuance of the Bonds into the Surplus Fund.

Section 2.12. Book-Entry System.

(a) The Bonds shall be initially issued in the form of single, certificated, fully registered Bonds for each maturity. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of Cede.

(b) With respect to Bonds registered in the name of Cede or held by a Depository, neither the District nor the Trustee shall have any responsibility or obligation to any Participant or Beneficial Owner including, without limitation, any responsibility or obligation with respect to: (i) the accuracy of the records of the Depository or any Participant concerning any ownership interest in the Bonds; (ii) the delivery to any Participant, Beneficial Owner, or person other than the Owner, of any notice concerning the Bonds, including notice of redemption; (iii) the payment to any Participant, Beneficial Owner, or person other than the Owner, of the principal of, premium if any, and interest on the Bonds. The District and the Trustee may treat the Owner of any Bond as the absolute owner of such Bond for the purpose of payment of the principal of, premium if any, and interest on such Bond, for purposes of giving notices of redemption and other matters with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium if any, and interest on or in connection with the Bonds only to or upon the order of the Owners, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the payment of the same. No person, other than an Owner, shall receive a certificated Bond evidencing the obligations of the District pursuant to this Indenture.

(c) DTC may determine to discontinue providing its service as Depository with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law. Upon the termination of the services of DTC, a substitute Depository which is willing and able to undertake the system of book-entry transfers upon reasonable and customary terms may be engaged by the District or, if the District determines in its sole and absolute discretion that it is in the best interests of the Beneficial Owners or the District that the Beneficial Owners should be able to obtain certificated Bonds, the Bonds shall no longer be restricted to being registered in the name of Cede or other nominee of a Depository but shall be registered in whatever name or names the Beneficial Owners shall designate at that time, and fully registered Bond certificates shall be delivered to the Beneficial Owners.

ARTICLE III

REVENUES AND FUNDS

Section 3.01. Source of Payment of Bonds. All of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Pledged Revenue and the Additional Security which are hereby pledged to the payment of the Bonds. The Bonds shall constitute an irrevocable first lien

upon the Pledged Revenue and the Additional Security, but not necessarily an exclusive such lien.

Section 3.02. Creation of Funds and Accounts. There are hereby created and established the following funds and accounts, which shall be established with the Trustee and maintained by the Trustee in accordance with the provisions of this Indenture:

(a) the Project Fund, including (i) the Restricted Account and (ii) the Unrestricted Account;

(b) the Bond Fund;

(c) the Reserve Fund;

(d) the Surplus Fund; and

(e) the Rebate Fund (created and established in Section 6.02).

Section 3.03. Initial Credits. Immediately upon issuance of the Bonds and from the proceeds thereof, funds of the District comprising Pledged Revenue, and payment from the Developer, and after payment of the Underwriter's discount and the costs of issuance incidental to the issuance of the Bonds, the District shall make the following credits:

(a) to the Bond Fund, the amount of _____ representing capitalized interest;

(b) to the Restricted Account of the Project Fund, the amount of $_____;

(c) to the Unrestricted Account of the Project Fund, the amount of $_____;

(d) to the Reserve Fund, the amount of $_____; and

(e) to the Surplus Fund, the amount of $_____ comprising $87,157.00, received from the Developer as a payment in lieu of taxes, and $_____ in Capital Fees [and property tax revenues] received from the District.

Section 3.04. Project Fund.

(a) *Restricted and Unrestricted Accounts.* The Project Fund shall be divided into two accounts, the Restricted Account and the Unrestricted Account. Upon issuance of the Bonds, moneys shall be credited to such accounts as provided in Section 3.03 hereof entitled "Initial Credits."

(b) *In General.* So long as no Event of Default and no draw on the Lot Sale Escrow Guaranty or the Surplus Fund shall have occurred, the Trustee will disburse funds from the Unrestricted Account of the Project Fund in accordance with requisitions signed

by the District Representative or the President of the District certifying that all amounts drawn will be applied to the payment of Project Costs or any costs of issuing the Bonds not paid before the funding of the Project Fund. Moneys in the Restricted Account may not be requisitioned by the District. Upon the receipt by the Trustee of a resolution of the District determining that all Project Costs have been paid, any balance remaining in the Project Fund shall be credited to the Bond Fund. The Project Fund shall terminate at such time as no further moneys remain therein.

(c) *Draw on Guaranty or Surplus Fund; Effect on Moneys in Unrestricted Account.* Upon the occurrence of a draw on the Lot Sale Escrow, Guaranty, or the Surplus Fund, the Trustee will cease disbursing moneys from the Unrestricted Account of the Project Fund, except upon the prior written consent of the Consent Parties with respect to not less than a majority in aggregate principal amount of the Bonds then Outstanding. In addition, in the event the moneys in the Bond Fund, the Surplus Fund, the Lot Sale Escrow, and amounts received under the Guaranty (prior to applying any amounts on deposit in the Reserve Fund) are ever insufficient to pay the principal of or interest on the Bonds when due (referred to herein as an "insufficiency"), the Trustee shall take the following actions:

Upon an insufficiency, the Trustee shall transfer moneys from the Unrestricted Account of the Project Fund to the Bond Fund in amounts sufficient, when combined with moneys in the Bond Fund (including amounts deposited or transferred thereto from the Surplus Fund and the Lot Sale Escrow and from any draw on the Guaranty), to make such payments when due. In the event moneys in the Bond Fund, the Surplus Fund, and the Lot Sales Escrow and amounts received from the Guaranty, and the Unrestricted Account of the Project Fund are insufficient to make such payments when due, the Trustee shall nonetheless transfer all moneys in the Unrestricted Account of the Project Fund to the Bond Fund and then draw on the Reserve Fund for the remaining deficiency.

(d) *Monies Remaining in Project Fund.* Any moneys remaining on deposit in the Project Fund on September 30, 2012 shall be transferred to the Bond Fund and applied in accordance with Section 5.01(c).

(e) *Transfers from Restricted Account to Unrestricted Account.* Moneys in the Restricted Account of the Project Fund shall be transferred to the Unrestricted Account at such time as the District's general counsel has provided the Trustee with written evidence that the Service Plan of the District has been amended to provide that the adjustment set forth in paragraph (b) of the definition of Required Mill Levy may be made from a date prior to June 30, 2003. The good faith determination by the Trustee that the conditions for crediting moneys to the Unrestricted Fund are met shall conclusively determine the validity of such credit.

(f) *Mandatory Redemption of Transfer to Bond Fund.* In the event there are moneys on deposit in the Restricted Account of the Project Fund on September 30, 2006, such moneys shall be applied to the mandatory excess funds redemption of the Bonds on December 1, 2006, in accordance with Section 5.01(d) hereof.

(g) *Investment Earnings.* Moneys credited to the Project Fund shall be invested, and the investment earnings thereon shall be deposited as provided in Article VI hereof.

Section 3.05. Flow of Pledged Revenue. The District shall deposit Pledged Revenue with the Trustee in amounts sufficient to make the payments and accumulations provided in this Section 3.05, and the Trustee shall apply the Pledged Revenue in the following order of priority:

FIRST, to the credit of the Bond Fund, the amounts required by Section 3.06 hereof entitled "Bond Fund";

SECOND, to the credit of the Reserve Fund, the amounts necessary to replenish the Reserve Fund to the Reserve Fund Requirement;

THIRD, to the credit of the Surplus Fund until the District's Debt to Assessed Ratio is 45% or less; and

FOURTH, Pledged Revenue remaining after the payments and accumulations set forth in FIRST through the THIRD hereof shall be released to the District.

Section 3.06. Bond Fund.

(a) *Bond Fund Deposits.* At least forty-five Business Days prior to any Bond Payment Date, there shall be credited to the Bond Fund an amount of Pledged Revenue which, when combined with other legally available moneys in the Bond Fund, will be sufficient to pay the principal of, premium if any, and interest on the Bonds then due. In the event the amount credited to the Bond Fund from available Pledged Revenues is insufficient to pay the principal of, premium, if any, or interest on the Bonds due on the next Bond Payment Date, then the Trustee shall proceed in the following order until Bond Fund has the necessary funds on deposit or until the following sources are exhausted: (i) in accordance with Section 3.08 hereof entitled "Surplus Fund," the Trustee shall transfer moneys from the Surplus Fund to the Bond Fund; (ii) in accordance with the Lot Sale Escrow Agreement, the Trustee shall instruct the Escrow Agent to transfer funds from the Lot Sale Escrow to the Bond Fund; (iii) three Business Days prior to the Bond Payment Date, if all amounts available under the Surplus Fund and the Lot Sale Escrow have been applied and are not sufficient to pay all amounts due on the Bond Payment Date, the Trustee shall make a claim under the Guaranty Agreement for the amount remaining of any insufficiency and when received, shall deposit that amount into the Bond Fund; (v) under the circumstances described in Section 3.04 hereof entitled "Project Fund," the Trustee shall transfer moneys from the Project Fund to the Bond Fund; and (vi) under the circumstances described in Section 3.07 hereof entitled "Reserve Fund," the Trustee shall transfer moneys from the Reserve Fund to the Bond Fund.

(b) *Bond Fund Payments.* Moneys in the Bond Fund shall be used by the Trustee solely to pay the principal of, premium if any, and interest on the Bonds, in the following order of priority:

FIRST, to the payment of interest due in connection with the Bonds (including without limitation current interest, accrued but unpaid interest, and interest due as a result of compounding, if any); and

SECOND, to the extent any moneys are remaining in the Bond Fund after the payment of such interest, to the payment of the principal of and premium, if any, on the Bonds, whether due at maturity or upon prior redemption.

(c) *Insufficiency of Payment.* In the event that available moneys in the Bond Fund (including, subject to the provisions described below, any moneys transferred thereto from the Surplus Fund or the Lot Sale Escrow, amounts received under the Guaranty, the Project Fund or the Reserve Fund) are insufficient for the payment of the principal of, premium if any, and interest due on the Bonds on any due date, the District shall apply such amounts on such due date in the following order of priority:

FIRST, the District shall pay such amounts as are available, proportionally in accordance with the amount of interest due on each Bond; and

SECOND, the District shall apply any remaining amounts to the payment of the principal of as many Bonds, then due and owing, as can be paid with such remaining amounts, such payments to be made proportionately against the principal amount of the Bonds then due and may be made in any denomination.

Notwithstanding the foregoing, as provided in the sections of the Indenture entitled "Surplus Fund," "Reserve Fund," and "Project Fund," and in the Lot Escrow Sale Agreement, moneys transferred to the Bond Fund from the Surplus Fund, the Lot Sale Escrow, the Project Fund, and the Reserve Fund may be used only for the payment of the Bonds, and shall not be used or pledged to the payment of any other obligations.

(d) *Investment Earnings.* Moneys credited to the Bond Fund shall be invested, and the investment earnings thereon shall be deposited as provided in Article VI hereof.

Section 3.07. Reserve Fund.

(a) *Use of Moneys in Reserve Fund.* The Reserve Fund shall be held, disbursed and administered by the Trustee. For so long as the Reserve Fund is in existence, moneys therein shall be used solely in accordance with this Section. The Reserve Fund shall be initially funded from Bond proceeds in the amount of Reserve Fund Requirement and thereafter shall be maintained in an amount equal to the Reserve Fund Requirement.

(b) *Transfers from Reserve Fund.* In the event the amounts credited to the Bond Fund from all sources of available Pledged Revenues, other Additional Security, and from the Project Fund, if applicable, are insufficient to pay the principal of, premium, if any, or interest on the Bonds when due, the Trustee shall transfer from the Reserve Fund to the Bond Fund an amount which, when combined with moneys in Bond Fund, will be sufficient to make such payments when due; and in the event the amounts in the

Bond Fund and the Reserve Fund are insufficient to pay all principal, premium, if any, and interest on any due date, the Trustee shall nonetheless transfer all of the moneys in the Reserve Fund to the Bond Fund for the purpose of making partial payments. Amounts in the Reserve Fund shall not be used to redeem Bonds being called pursuant to any optional redemption provisions hereof.

(c) *Insufficiency of Pledged Revenue.* Provided that (i) the District is imposing the Required Mill Levy, the Capital Fees, and otherwise is causing the enforcement of collection of the other Pledged Revenue and the Additional Security pursuant to the provisions hereof and of the Guaranty Agreement and Lot Sale Escrow Agreement, and (ii) all Pledged Revenue is being deposited with the Trustee and applied pursuant to the Section hereof entitled "Flow of Funds," an insufficiency of Pledged Revenue to replenish the Reserve Fund to the Reserve Fund Requirement shall not constitute an Event of Default hereunder.

(d) *Investment Earnings.* Moneys credited to the Reserve Fund shall be invested, and the investment earnings thereon shall be deposited as provided in Article VI hereof.

(e) *Maintenance of Reserve Fund.* The Reserve Fund shall be maintained in an amount equal to the Reserve Fund Requirement until the amount on deposit in the Reserve Fund, the Surplus Fund, and the Bond Fund is sufficient to fully pay the principal of and interest on the Bonds and has been applied to that purpose.

Section 3.08. Surplus Fund.

(a) The Surplus Fund shall be held, disbursed, and administered by the Trustee, and shall not be pledged to the payment of any other obligations. For so long as the Surplus Fund is in existence, moneys therein shall be used solely in accordance with this Section 3.08. The Surplus Fund shall be accumulated and maintained until the District's Debt to Assessed Ratio is 45% or less or until the amounts on deposit in the Reserve Fund, the Surplus Fund, and the Bond Fund are sufficient to fully pay the principal of and interest on the Bonds and have been applied to that purpose.

(b) The Surplus Fund shall be funded initially with a deposit as provided in Section 3.02 hereof entitled "Initial Credits" and thereafter from Pledged Revenue as provided in Section 3.05 hereof entitled "Flow of Funds".

(c) On or after any date that the District's Debt to Assessed Ratio is 45% or less and no Event of Default is continuing, all amounts on deposit in the Surplus Fund shall be released to the District upon request of the District.

(d) In the event the amounts credited to the Bond Fund and available to pay the Bonds are insufficient to pay the principal of, premium if any, or interest on the Bonds when due and there are moneys in the Surplus Fund, the District shall transfer from the Surplus Fund to the Bond Fund an amount which, when combined with moneys in Bond Fund, will be sufficient to make such payments when due; and in the event the amounts in the Bond Fund and the Surplus Fund are insufficient to pay all principal,

premium if any, and interest on any due date, the District shall nonetheless transfer all moneys in the Surplus Fund to the Bond Fund and use such moneys for the purpose of making partial payments as provided herein. Amounts in the Surplus Fund shall not be used to redeem Bonds being called pursuant to any optional redemption provisions hereof, but shall be used to pay Bonds coming due as a result of any mandatory sinking fund redemption.

(e) Moneys credited to the Surplus Fund shall be invested, and the investment earnings thereon shall be deposited as provided in Article VI hereof.

Section 3.09. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture, and except for moneys paid to Trustee for its fees and expenses, shall constitute part of the Trust Estate and be subject to the lien hereof. Except to the extent otherwise specifically provided in Article VII, and Section 8.05(b) hereof, the District shall have no claim to or rights in any moneys deposited with or paid to the Trustee hereunder.

Section 3.10. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Bonds provided herein shall be governed by § 11-57-208 of the Supplemental Act, this Indenture, and the Bond Resolution. The amounts pledged to the payment of the Bonds shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall have the priority described herein. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens.

ARTICLE IV

COVENANTS OF DISTRICT

Section 4.01. Performance of Covenants, Authority. The District covenants that it will faithfully perform and observe at all times any and all covenants, undertakings, stipulations, and provisions contained in the Bond Resolution, this Indenture, the Bonds, and all its proceedings pertaining hereto. The District covenants that it is duly authorized under the constitution and laws of the State, including, particularly and without limitation, the Act and the Supplemental Act, to issue the Bonds and to execute this Indenture and that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken and will be duly taken as provided herein, and that the Bonds are and will be valid and enforceable obligations of the District according to the terms thereof.

Section 4.02. Instruments of Further Assurance. The District covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such indentures supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, and pledging unto the Trustee all and singular the Trust Estate.

Section 4.03. Covenant to Impose Required Mill Levy.

(a) For the purpose of paying the principal of, premium if any, and interest on the Bonds, funding the Surplus Fund, and, if necessary, replenishing the Reserve Fund, the District covenants to cause to be levied by the Board of County Commissioners of Grand County, Colorado, on all of the taxable property of the District, in addition to all other taxes, direct annual taxes in each of the years 2006 through 2035 (for collection in 2036) inclusive (and, to the extent necessary to make up any defaults, in each year subsequent to 2035 to the extent permitted under the Service Plan and other applicable law) in the amount of the Required Mill Levy. Nothing herein shall be construed to require the District to levy an ad valorem property tax for payment of the Bonds in excess of the Required Mill Levy.

(b) The foregoing provisions of this Indenture are hereby declared to be the certificate of the Board to the Board of County Commissioners of Grand County, Colorado, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purpose of paying the principal of, premium if any, and the interest on the Bonds.

(c) The amounts necessary to pay all costs and expenses incidental to the issuance of the Bonds and to pay the principal of, premium if any, and interest on the Bonds when due are hereby appropriated for said purposes, and such amounts as appropriate for each year shall also be included in the annual budget and the appropriation bills to be adopted and passed by the Board in each year, respectively, until the Bonds have been fully paid, satisfied, and discharged.

(d) It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other District taxes, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purposes aforesaid.

(e) Said taxes shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State, and when collected said taxes shall be paid to the District as provided by law. The Board shall take all necessary and proper steps to enforce promptly the payment of taxes levied pursuant to this Indenture.

Section 4.04. Additional Bonds.

(a) The District shall not incur any additional debt or other financial obligation having a lien upon the Pledged Revenue or any part thereof superior to the lien of the Bonds.

(b) The District may issue obligations having the character of Additional Bonds, including Parity Bonds and Subordinate Bonds, only if such issuance is consented to by the Consent Parties representing a majority in aggregate principal amount of Bonds then Outstanding.

(c) The District may issue obligations of the type that are specifically described as being not included in the definition of Additional Bonds.

Section 4.05. Additional Covenants and Agreements. The District hereby further irrevocably covenants and agrees with each and every Owner that so long as any of the Bonds remain Outstanding:

(a) The District will continue to operate and manage the District in an efficient and economical manner in accordance with all applicable laws, rules and regulations, and keep and maintain separate accounts of the receipts and expenses thereof in such manner that the Pledged Revenue may at all times be readily and accurately determined.

(b) At least once a year in the time and manner provided by law, the District will cause an audit to be performed of the records relating to District revenues and expenditures. In addition, at least once a year in the time and manner provided by law, the District will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time and manner provided by law.

(c) The District will carry fire and extended coverage, workers' compensation, public liability and such other forms of insurance on insurable District property as would ordinarily be carried by entities having similar properties of equal value.

(d) Each District official or other person having custody of any Pledged Revenue, or responsible for the handling of such funds, shall be bonded or insured against theft or defalcation at all times, which bond or insurance shall be conditioned upon the proper application of said funds.

(e) In the event the Pledged Revenue is insufficient or is anticipated to be insufficient to pay the principal of, premium if any, and interest on the Bonds when due, and there are insufficient funds available from all sources of Additional Security for such purpose, the District shall use its best efforts to refinance, refund, or otherwise restructure the Bonds so as to avoid such a default.

(f) The District shall use its reasonable efforts to oppose the formation within its boundaries of an urban renewal authority or other tax increment financing entity or mechanism, including, without limitation, a value capture area as described in Section 43-4-508, C.R.S., as amended, with respect to all or any of the property within the District or property excluded from the District subsequent to the issuance of the Bonds.

(g) The District shall take no action that could have the affect of excluding property from the District unless the District determines in good faith that such action would not have a materially adverse effect upon the amount of Pledged Revenue that would otherwise be collected by the District.

(h) In the event that an exemption from registration for the Bonds under the Colorado Municipal Bond Supervision Act becomes available that permits the issuance

or reissuance of the Bonds in denominations of $1,000, and if requested in writing by the Consent Parties with respect to not less than a majority in aggregate principal amount of the Bonds then outstanding, the District shall, at the expense of the Consent Parties so requesting, use its best efforts to obtain such an exemption and issue or reissue the Bonds in denominations of $1,000 or integral multiples thereof.

(i) The District shall impose, collect (or cause to be collected) and enforce the payment of the Capital Fees, at the times and in the amounts as set forth in the Fee Resolution and shall promptly pay or cause to be paid the revenue generated thereby to the Trustee in accordance with the provisions hereof. The District will proceed with diligence to ascertain the number of building permits that have been issued by the Town for lots or property with the District's boundaries and assure that the Capital Fee has been paid in connection with the issuance of each building permit. The District shall not act or fail to act in any matter that the result of which is to reduce or lower the amount of the Capital Fees to a level less than that established in the Fee Resolution as of the date hereof, and shall not take any action or fail to act in a manner which would modify, amend or alter the Fee Resolution to the material disadvantage of the Owners of the Bonds without the approval of the Consent Parties with respect to not less than a majority of the Bonds then outstanding.

(j) The District shall not amend the Fee Resolution in any way which would (i) result in a reduction of the amount of the Capital Fee or the revenue derived therefrom, (ii) defer the payment of the Capital Fee, (iii) impair the District's ability to impose or collect the Capital Fee, (iv) extend the due date of the Capital Fee or alter such due date in any way which could result in a delay in payment thereof, (v) reduce the rate of interest to accrue upon a default in payment of the Capital Fee, (vi) impair the District's enforcement and collection remedies, or (vii) impair in any way the security provided for the Bonds by the pledge of the Capital Fee.

(k) The District shall use its good faith efforts to impose and enforce a payment-in-lieu-of-taxes charge on all property within the District that is characterized by the Grand County Assessor as exempt from property taxation and, to the extent such a payment is collected, such revenue shall be deemed to be revenue from the Required Mill Levy.

(l) The District shall pay the Trustee's fees for services rendered hereunder in accordance with its then current schedule of fees and reimburse the Trustee for all advances, legal fees, and other expenses reasonably or necessarily made or incurred by, in, or about the execution of the trust created by this Indenture and in or about the exercise and performance of the powers and duties of the Trustee hereunder and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever, unless such liabilities resulted from the negligence or willful misconduct of the Trustee.

Section 4.06. Continuing Disclosure. For so long thereafter as the Bonds are Outstanding, the District shall comply with the requirements of the Continuing Disclosure Agreement.

Section 4.07. Assignment to Trustee of Contractual Rights. The District hereby assigns to the Trustee for the benefit of the Owners of the Bonds all of its right, title and interest in, to and under the Guaranty Agreement, the Lot Sale Escrow Agreement, and the SolVista Funding Agreement, including, without limitation, all rights with respect to the exercise of enforcement and remedies thereunder, provided, however, that the District shall not be relieved from its duty to proceed with all due diligence to exercise its rights and remedies thereunder and the District agrees that it shall take all action necessary or desirable to assist the Trustee to effectuate such rights and remedies.

Section 4.08. Assignment to Trustee – Fee Resolution. The District hereby assigns to the Trustee for the benefit of the Owners of the Bonds all of its right, title and interest in, to and under the Fee Resolution, including, without limitation, all rights with respect to collection of unpaid Capital Fees; the District's remedies available to it upon nonpayment when due of the Capital Fee, including, without limitation, the right to commence foreclosure proceedings in accordance with the provisions of Section 32-1-1001(1)(j)(I) Colorado Revised Statutes, as amended, and the Fee Resolution; provided, however, that the District shall not be relieved from its duty to exercise foreclosure rights in connection with the lien created by nonpayment when due of the Capital Fee and the District agrees that it shall take all action necessary or desirable to assist the Trustee to effectuate such rights and complete such foreclosure proceedings.

ARTICLE V

PRIOR REDEMPTION

Section 5.01. Prior Redemption.

(a) *Optional Redemption.* Bonds maturing on and after December 1, _____, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, in any order of maturity and in whole or partial maturities, on December 1, _____, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, ____, to November 30, ____	___%
December 1, ____, to November 30, ____	___
December 1, ____, and thereafter	0.00

(b) *Mandatory Sinking Fund Redemption.* The Bonds maturing on December 1, 20__ are subject to mandatory sinking fund redemption, in part, by lot, on December 1 in the years set forth below, prior to the maturity date of the Bonds, upon payment of the principal amount so redeemed together with accrued interest thereon, without redemption premium, in the annual amounts set forth below:

Year of Redemption (December 1)	Principal Redemption Amount

* final maturity, not a sinking fund redemption

(c) *Extraordinary Mandatory Redemption from Project Fund.* If the circumstances described in Section 3.04(c) herein have occurred, and there are funds remaining on deposit in the Project Fund on September 30, 2012, then the District shall direct the Trustee to redeem as many Bonds as is possible on December 1, 2012 from the amounts transferred from the Project Fund to the Bond Fund.

(d) *Mandatory Excess Fund Redemption from Restricted Account of Project Fund.* If the circumstances described in Section 3.04(e) herein have occurred, and there are funds remaining on deposit in the Project Fund on September 30, 2006, then the District shall direct the Trustee to redeem as many Bonds as is possible on December 1, 2006 from the amounts transferred from the Project Fund to the Bond Fund.

(e) *Selection of Bonds for Redemption.* On or before forty five (45) days prior to each optional redemption date, sinking fund installment date, and any date set by the District for mandatory redemption from Surplus Fund or Project Fund amounts, the Trustee shall select for redemption, by lot in such manner as the Trustee may determine, from the Outstanding Bonds, a principal amount of such Bonds equal to the applicable optional redemption, sinking fund installment or mandatory redemption amount. The amount of the applicable sinking fund installment for any particular date, maturity, and series may be reduced by the principal amount of any Bonds of that series and maturity which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the District.

Section 5.02. Redemption Procedure and Notice.

(a) If less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Trustee shall determine. The Bonds shall be redeemed only in integral multiples of $1,000. In the event a Bond is of a denomination larger than $1,000, a portion of such Bond may be redeemed, but only in the principal amount of $1,000 or any integral multiple thereof. Such Bond shall be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by $1,000. In the event a portion of any Bond is redeemed, the Trustee shall, without charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds in Authorized Denominations for the unredeemed portion thereof.

(b) In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid), not less than thirty (30) days prior to the date fixed for redemption, to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the District by the Trustee. Failure to give such notice by mailing to any Owner, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. Failure to give such notice by mailing to any Owner, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

ARTICLE VI

INVESTMENTS

Section 6.01. Investments.

(a) All moneys held by the Trustee in any of the funds or accounts created hereby shall be promptly invested or reinvested by the Trustee, at the written or oral request (followed by written instructions) and direction of the District's Representative, in Permitted Investments only.

(b) Such investments shall mature or be redeemable at the option of the owner thereof no later than the respective dates when moneys held for the credit of such fund or account will be required for the purposes intended. The District Representative may direct the Trustee to, or in the absence of direction, the Trustee shall, in accordance with this subsection, invest and reinvest the moneys in any investment permitted hereby so that the maturity date, interest payment date, or date of redemption, at the option of the owner of such investment, shall coincide as nearly as practicable with the times at which

money is needed to be so expended. The Trustee may make any and all such investments through its trust department, and it is specifically provided herein that the Trustee may purchase or invest in shares of any investment company that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial, or other services for compensation); (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States; and (iii) maintains a constant asset value per share.

(c) Any and all such investments shall be subject to full and complete compliance at all times with the covenants and provisions of Section 6.02 hereof.

Section 6.02. Tax Matters; Rebate Fund.

(a) The District shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excluded from the gross income of the recipients thereof and exempt from such taxation.

(b) The District shall not use or permit the use of any proceeds of Bonds or any funds of the District, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time there under and under Section 103(b) of the Code, and the District shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The District shall comply with all requirements of Sections 148 and 149(d) of the Code to the extent applicable to the Bonds. In the event that at any time the District is of the opinion that for purposes of this paragraph it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee or held by the District under this Indenture, the District shall so restrict or limit the yield on such investment or shall so instruct the Trustee in a detailed certificate, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) In addition to the other funds and accounts created pursuant hereto, there is hereby established and shall be maintained the Rebate Fund as a fund separate from any other fund or account established and maintained hereunder. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the "Rebate Requirement" as defined in the Tax Certificate, for payment to the United States of America. Notwithstanding defeasance of the Bonds or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference).

(d) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in subsection (b) of this subsection (d) shall be withdrawn and retained by the District.

The Trustee shall pay to the United States of America out of amounts in the Rebate Fund,

(i) not later than 30 days after the end of the fifth Bond Year and not less frequently than once each five years thereafter, an amount equal to at least 90% of the Rebate Requirement; and

(ii) not later than 60 days after the retirement of all of the Bonds, an amount equal to 100% of the Rebate Requirement (determined as of the date of the retirement of all Bonds).

In the event that, prior to the time of any required payment out of the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this subsection shall be made to the United States of America on or before the date such payment is due, and shall be accompanied by a statement summarizing the determination of the amount required to be paid pursuant to this subsection and by a copy of the Internal Revenue Service Form 8038 prepared by the District and filed with respect to the Bonds.

In the event that on the first day of any Bond Year the amount credited to the Rebate Fund exceeds the Rebate Requirement, the District shall withdraw the excess from the Rebate Fund and transfer such excess to the Trustee for credit to the Bond Fund.

For purposes of crediting amounts to the Rebate Fund or withdrawing amounts from the Rebate Fund, "Nonpurpose Investments" (as defined in the Tax Certificate) shall be valued in the manner provided in the Tax Certificate.

(e) On or before the first day of each Bond Year, an amount shall be deposited to the Rebate Fund by the District, if and to the extent required, so that the balance of the Rebate Fund shall equal the Rebate Requirement for the Bond Year commencing on such first day.

(f) The District specifically covenants to comply with the provisions and procedures of the Tax Certificate.

(g) The District shall not use or permit the use of any proceeds of the Bonds or any funds of the District, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code.

(h) Notwithstanding any provisions of this Section 6.02, if the District shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, the Trustee and the District may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding anything else herein to the contrary, the covenants hereunder shall be deemed to be modified to that extent.

(i) The covenants contained in this Section shall continue in effect until all Bonds are fully paid, satisfied, and discharged.

Section 6.03. Use of Income. The income derived from the investment and reinvestment of any moneys in any fund or account held by the Trustee hereunder shall be credited to the fund or account from which the moneys invested were derived, or if such fund or account has terminated or is fully funded, to the Bond Fund.

ARTICLE VII

DISCHARGE OF LIEN

Section 7.01. Discharge of the Lien of the Indenture.

(a) If the District shall pay or cause to be paid to the Trustee, for the Owners of the Bonds, the principal of, premium if any, and interest to become due thereon at the times and in the manner stipulated herein, and if the District shall keep, perform, and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed to be kept, performed, and observed by it or on its part, and if all fees and expenses of the Trustee required by this Indenture to be paid shall have been paid, then these presents and the estate and rights hereby granted shall cease, determine, and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the District such instruments in writing as shall be requisite to satisfy the lien hereof, and assign and deliver to the District any property at the time subject to the lien of this Indenture which may then be in its possession, and deliver any amounts required to be paid to the District under Section 8.05 hereof, except for moneys and Federal Securities held by the Trustee for the payment of the principal of, premium if any, and interest on the Bonds.

(b) Any Bond shall, prior to the maturity or prior redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section 7.01 if, for the purpose of paying such Bond, there shall have been deposited to the Bond Fund or there shall have been placed in escrow and in trust either moneys in an amount which shall be sufficient, or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the principal of, premium if any, and interest

on such Bond as the same become due to its final maturity or upon a designated prior redemption date.

(c) Neither the Federal Securities, nor moneys deposited with the Trustee or placed in escrow and in trust pursuant to this Section 7.01, nor principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds; provided however, that any cash received from such principal or interest payments on such Federal Securities, if not then needed for such purpose, shall, to the extent practicable, be reinvested subject to the provisions of Article VI hereof in Federal Securities maturing at the times and in amounts sufficient to pay, when due, the principal of and interest on the Bonds.

(d) Prior to the investment or reinvestment of such moneys or such Federal Securities as herein provided, the Trustee shall receive and may rely upon: (i) an opinion of Bond Counsel that the investment or reinvestment of such moneys or such Federal Securities complies with Section 6.02 hereof; and (ii) a report of a Certified Public Accountant, satisfactory to the Trustee, that the moneys or Federal Securities will be sufficient to provide for the payment of the principal of and interest on the Bonds when due.

(e) The release of the obligations of the District under this Section shall be without prejudice to the rights of the Trustee to be paid reasonable compensation by the District for all services rendered by it hereunder and all its reasonable expenses, charges, and other disbursements incurred in the administration of the trust hereby created, the exercise of its powers, and the performance of its duties hereunder, but such fees and expenses shall not be payable from moneys or Federal Securities used for the defeasance of the Bonds as provided in this Section.

Section 7.02. Continuing Role as Bond Registrar and Paying Agent. Notwithstanding the defeasance of the Bonds prior to maturity and the discharge of this Indenture as provided in Section 7.01 hereof, the Trustee shall continue to fulfill its obligations under Section 2.03 hereof until the Bonds are fully paid, satisfied, and discharged.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under this Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body):

(a) the District fails to pay the principal of, premium if any, or interest on any Bond as the same becomes due hereunder;

(b) the District fails or refuses to impose the Required Mill Levy as required by this Indenture;

(c) the District fails or refuses to impose or enforce collection of the Capital Fees;

(d) the District fails or refuses to apply the Pledged Revenue as required by this Indenture;

(e) the District fails or refuses to enforce the collection of amounts due under the Guaranty Agreement or the Lot Sale Escrow Agreement;

(f) the District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in this Indenture or the Bond Resolution, and fails to remedy the same after notice thereof pursuant to Section 8.12 hereof; or

(g) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

Section 8.02. Remedies on Occurrence of Event of Default.

(a) Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

(i) *Receivership.* Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of this Indenture to, the Trustee.

(ii) *Suit for Judgment.* The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Act, the Bonds, the Bond Resolution, this Indenture, and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, shall deem appropriate.

(iii) *Mandamus or Other Suit.* The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Owners.

(b) No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers, or remedies of the Trustee

hereunder, or any lien, rights, powers, and remedies of the Owners of the Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners shall continue unimpaired as before.

(c) If any Event of Default under Section 8.01(b) shall have occurred and if requested by the Owners of 25% in aggregate principal amount of the Bonds then Outstanding, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 8.02 as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners; provided that the Trustee at its option shall be indemnified as provided in Section 9.01(m) hereof.

(d) Notwithstanding anything herein to the contrary, acceleration of the Bonds shall not be an available remedy for an Event of Default.

Section 8.03. Majority of Owners May Control Proceedings. The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof; and provided further that at its option the Trustee shall be indemnified as provided in Section 9.01(m) hereof.

Section 8.04. Rights and Remedies of Owners. No Owner of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 9.01 hereof, or of which under that Section it is deemed to have notice, and unless such default shall have become an Event of Default and the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit, or proceedings in their own name, nor unless they have also offered to the Trustee indemnity as provided in Section 9.01(m) hereof, nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name; and such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of this Indenture by his, her, its, or their action, or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding.

Section 8.05. Application of Moneys.

(a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the fees (including attorneys' fees and any other professionals hired by the Trustee hereunder), expenses, liabilities, and advances incurred or made by the Trustee, shall be deposited in the appropriate fund or funds created hereunder in the same manner as is provided for deposits of other revenue and used for the purposes thereof, until the principal of, premium if any, and interest on all of the Bonds have been paid in full.

(b) Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section 8.05 and all expenses and fees of the Trustee have been paid, any balance remaining in any of the funds held hereunder shall be paid to the District.

Section 8.06. Trustee May Enforce Rights Without Bonds. All rights of action and claims under this Indenture or any of the Bonds Outstanding hereunder may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the ratable benefit of the Owners of the Bonds, subject to the provisions of this Indenture.

Section 8.07. Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceedings affecting the District, the Trustee shall, to the extent permitted by law, file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and of the Owners allowed in such proceedings, without prejudice, however, to the right of any Owner to file a claim in his own behalf.

Section 8.08. Delay or Omission No Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 8.09. No Waiver of One Default to Affect Another; All Remedies Cumulative. No waiver of any default hereunder, whether by the Trustee or the Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon. All rights and remedies of the Trustee and the Owners provided herein shall be cumulative and the exercise of any such right or remedy shall not affect or impair the exercise of any other right or remedy.

Section 8.10. Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have

been determined adversely to the Trustee, then and in every such case the District and the Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies, and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 8.11. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the Consent Parties with respect to two-thirds in aggregate principal amount of all the Bonds then Outstanding; provided however, that there shall not be waived without the consent of the Consent Parties with respect to 100% of the Bonds then Outstanding any Event of Default under Section 8.01(b) hereof. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then in every such case the District, the Trustee, and the Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.12. Notice of Default; Opportunity to Cure Defaults.

(a) The Trustee shall give to the Owners of all Bonds notice by mailing to the address shown on the registration books maintained by the Trustee, of all defaults or Events of Default known to the Trustee, within 30 days after the occurrence of such default or Event of Default unless such default or Event of Default shall have been cured before the giving of such notice; provided that, the Trustee shall be protected in withholding such notice if and so long as a committee of its trust department in good faith determines that the withholding of such notice is not detrimental to the interests of the Owners.

(b) No default under Section 8.01(d) hereof shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the Owners of not less than 25% in aggregate principal amount of all Bonds Outstanding to the District, and the District shall have had 10 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted within the applicable period and diligently pursued thereafter until the default is corrected.

ARTICLE IX

CONCERNING TRUSTEE

Section 9.01. Acceptance of Trusts and Duties of Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the following terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of any Event of Default which may have occurred, shall undertake to perform such duties and only such duties are as specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a reasonable and prudent trustee would exercise or use under the circumstances in the conduct of the affairs of another.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees, but shall be answerable for the conduct of the same in accordance with the standard specified in Section 9.01(a) hereof, and shall be entitled to act upon an opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay (and be reimbursed as provided in Section 9.02 hereof) such compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon an opinion of Counsel chosen with due care.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds, or for the validity of the execution by the District of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the District, except as herein set forth; but the Trustee may require of the District full information and advice as to the performance of the covenants, conditions, and agreements aforesaid. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VI hereof.

(d) The Trustee may become the Owner of the Bonds with the same rights which it would have if not the Trustee.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper, or proceedings, the Trustee shall be entitled to rely upon a certificate signed on behalf of the District by the District's Representative or the District's President or such other person as may be designated for such purpose by a certified resolution of the District as sufficient evidence of the facts therein contained, and, prior to the occurrence of a default of which the Trustee has been notified as provided in Section 9.01(h) hereof or of which by said Section it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure to be made any of the payments to the Trustee required to be made hereby, unless the Trustee shall be specifically notified in writing of such default by the District or by the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or by law. The Trustee shall not be under any liability to invest any moneys received hereunder except as provided in Article VI hereof.

(j) At any and all reasonable times the Trustee or its duly authorized agents, attorneys, experts, engineers, accountants, and representatives shall have the right, but shall not be required, to inspect any and all books, papers, and records of the District pertaining to the Bonds and the Pledged Revenue.

(k) Notwithstanding anything in this Indenture to the contrary, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals, or other information or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee, as may be deemed desirable for the purpose of establishing the right of the District to the authentication of any Bonds, or the taking of any other action by the Trustee.

(l) All records of the Trustee pertaining to the Bonds shall be open during reasonable times for inspection by the District.

(m) Before taking any action pursuant to Article VIII hereof the Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of all expenses which it may incur, including attorneys' fees, and to protect it against all liability, except liability which may result from its negligence or willful default, by reason of any action so taken.

(n) The Trustee shall use its good faith efforts to enforce or compel the District to enforce the terms of any agreements, insurance policies, or security devices executed and delivered to the Trustee as additional security for the Bonds, to the extent necessary or desirable for the purpose of protecting the rights of the Owners.

Section 9.02. Fees and Expenses of the Trustee. The Trustee shall be entitled to payment and reimbursement of its fees and expenses for services rendered hereunder as and when the same become due, but the foregoing shall not constitute a claim or lien upon any Pledged Revenue. 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, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 9.03. Resignation or Replacement of Trustee.

(a) The Trustee may resign, subject to the appointment of a successor, by giving 30 days notice of such resignation to the District and to all Owners of Bonds specifying the date when such resignation shall take effect. Such resignation shall take effect on the date specified in such notice unless a successor shall have been previously appointed as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor. The Trustee may petition the courts to appoint a successor in the event no such successor shall have been previously appointed. The Trustee may be removed at any time by an instrument in writing, executed by the District. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

(b) In case the Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the District so long as it is not in default hereunder; otherwise by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding by an instrument or concurrent instruments signed by such Owners, or their attorneys-in-fact appointed; provided however, that even if the District is in default hereunder it may appoint a successor until a new successor shall be appointed by the District or the Owners as herein authorized. The District, upon making such appointment, shall forthwith give notice thereof to the Owners by mailing to the address shown on the registration books maintained by the Trustee, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the District shall immediately and without further act be superseded by a successor appointed in the manner above provided by the District or the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, as applicable.

(c) Every successor Trustee shall always be a commercial bank or trust company in good standing, qualified to act hereunder, and having a capital and surplus of not less than $50,000,000, if there be such an institution willing, qualified, and able to accept the trust upon reasonable or customary terms. Any successor appointed hereunder shall execute, acknowledge, and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed, or conveyance, become vested with all estates, properties, rights, powers, and trusts of its predecessor in the trust hereunder with like effect as if originally named as the Trustee hereunder; but the Trustee retiring shall, nevertheless, on the written demand of

its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the predecessor, who shall duly assign, transfer, and deliver to the successor all properties and moneys held by it under this Indenture. If any instrument from the District is required by any successor for more fully and certainly vesting in and confirming to it the estates, properties, rights, powers, and trusts of the predecessor, those instruments shall be made, executed, acknowledged, and delivered by the District on request of such successor.

(d) The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section, shall be filed or recorded by the successor Trustee in each recording office, if any, where this Indenture shall have been filed or recorded.

Section 9.04. Conversion, Consolidation, or Merger of Trustee. Anything herein to the contrary notwithstanding, any bank or trust company or other person into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole, shall be the successor of the Trustee under this Indenture with the same rights, powers, duties, and obligations, and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, provided that such bank, trust company, or other person is legally empowered to accept such trust.

Section 9.05. Trustee Protected in Relying Upon Resolutions, Etc. The resolutions, opinions, certificates, and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection, and authority to the Trustee for the release of property and the withdrawal of cash hereunder. Except as provided herein, the Trustee shall not be under any responsibility to seek the approval of any expert for any of the purposes expressed in this Indenture; provided however, that nothing contained in this Section shall alter the Trustee's obligations or immunities provided by statutory, constitutional, or common law with respect to the approval of independent experts who may furnish opinions, certificates, or opinions of Counsel to the Trustee pursuant to any provisions of this Indenture.

ARTICLE X

SUPPLEMENTAL INDENTURES; AMENDMENTS TO AGREEMENTS

Section 10.01. Supplemental Indentures Not Requiring Consent. Subject to the provisions of this Article, the District and the Trustee may, without the consent of or notice to the Owners, enter into such indentures supplemental hereto, which supplemental indentures shall thereafter form a part hereof, for any one or more of the following purposes:

(a) To cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in this Indenture, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to

matters arising under this Indenture, or to make any provisions for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Bonds;

(b) To subject to this Indenture additional revenues, properties, or collateral;

(c) To grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners or the Trustee; or

(d) To qualify this Indenture under the Trust Indenture Act of 1939.

Section 10.02. Supplemental Indentures Requiring Consent of Owners.

(a) Except for supplemental indentures delivered pursuant to Section 10.01 hereof, and subject to the provisions of this Article, the Consent Parties with respect to not less than two-thirds in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the District and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided however, that without the consent of the Consent Parties with respect to all the Outstanding Bonds affected thereby, nothing herein contained shall permit, or be construed as permitting:

(i) a change in the terms of the maturity of any Outstanding Bond, in the principal amount of any Outstanding Bond, in the optional or mandatory redemption provisions applicable thereto, or the rate of interest thereon;

(ii) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of, premium if any, or interest on the Bonds when due;

(iii) a privilege or priority of any Bond or premium or any interest payment over any other Bond or premium or interest payment; or

(iv) a reduction in the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners is required for any such supplemental indenture.

(b) Upon the execution of any supplemental indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Indenture of the District, the Trustee, and all Owners of Bonds then Outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

(c) If at any time the District shall request the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of the proposed execution of such supplemental indenture to be given by mailing such notice by certified or registered first-class mail to each Owner of a Bond to the address shown on the registration books of the Trustee, at least 30 days prior to the proposed date of execution and delivery of any such supplemental indenture. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as shall be prescribed by the District following the giving of such notice, the Consent Parties with respect to not less than the required percentage in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the District from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.03. Execution of Supplemental Indenture. The Trustee is authorized to join with the District in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein; provided that, prior to the execution of any such supplemental indenture (whether under Section 10.01 or 10.02 hereof) the Trustee and the District shall receive and shall be fully protected in relying upon the following:

(a) an opinion of Bond Counsel to the effect that: (i) the supplement will not adversely affect the exclusion from gross income for federal income tax purposes, of the interest paid or to be paid on the Bonds; (ii) the District is permitted by the provisions hereof to enter into the supplement; and (iii) the supplement is a valid and binding obligation of the District, enforceable in accordance with its terms, subject to matters permitted by Section 1.04 hereof; and

(b) written confirmation from any nationally recognized rating agency which is then maintaining a rating on the Bonds, that the supplement will not cause the current rating to be withdrawn or downgraded.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the District, the Trustee, and the Owners of the Bonds, any right, remedy, or claim under or by reason of this Indenture or any covenant, condition, or stipulation hereof; and all the covenants, stipulations, promises, and agreements in this Indenture by and on behalf of the

District shall be for the sole and exclusive benefit of the District, the Trustee, and the Owners of the Bonds.

Section 11.02. Severability. In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof, the intent being that such remaining provisions shall remain in full force and effect.

Section 11.03. Governing Law. This Indenture shall be governed and construed in accordance with the laws of the State.

Section 11.04. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.05. Notices; Waiver.

(a) Except as otherwise provided herein, all notices, certificates, or other communications required to be given to any of the Persons set forth below pursuant to any provision of this Indenture shall be in writing, shall be given either in person or by certified or registered mail, and if mailed, shall be deemed received three days after having been deposited in a receptacle for United States mail, postage prepaid, addressed as follows:

District:	Granby Ranch Metropolitan District c/o Avery Capital LLC P.O. Box 773383 Steamboat Springs, CO 80477
with a copy to:	White, Bear & Ankele, Professional Corporation 1805 Shea Center Drive Suite 100 Highlands Ranch, CO 80129
Trustee:	American National Bank 3033 East First Avenue Denver, CO 80206

(b) The Persons designated above may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

(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 Owners 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 11.06. Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, shall be a legal holiday or a day on which banking institutions in the city in which the principal office of the Trustee are located are authorized or required by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized or required by law to remain closed, with the same force and effect as if done on the nominal date provided in this Indenture.

Section 11.07. No Recourse against Officers and Agents. Pursuant to § 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Section 11.08. Conclusive Recital. Pursuant to § 11-57-210 of the Supplemental Act, the Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

Section 11.09. Limitation of Actions. Pursuant to § 11-57-212, C.R.S., no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds shall be commenced more than thirty days after the issuance or authorization of the Bonds, whichever occurs later.

[Signature Page Follows]

IN WITNESS WHEREOF, Granby Ranch Metropolitan District, has caused this Indenture to be executed on its behalf by its President and attested by its Secretary, and to evidence its acceptance of the trusts hereby created, American National Bank, as Trustee, has caused this Indenture to be executed on its behalf and attested by one of its authorized officers, all as of the date first above written.

[SEAL]

GRANBY RANCH METROPOLITAN DISTRICT

By _____
President

ATTEST:

_____

AMERICAN NATIONAL BANK

By _____
Authorized Officer

[Signature Page to Indenture of Trust]

EXHIBIT A

Form of Bond

UNITED STATES OF AMERICA
STATE OF COLORADO

No. R-_____ $_____

[$_____]
GRANBY RANCH METROPOLITAN DISTRICT
LIMITED TAX GENERAL OBLIGATION BONDS
SERIES 2006

Interest Rate	Maturity Date	Original Issue Date	CUSIP
___%	December 1, 2036	_____	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

Granby Ranch Metropolitan District, a special district duly organized and operating under the constitution and laws of the State of Colorado, for value received, hereby acknowledges itself indebted and promises to pay, solely from and to the extent of the Pledged Revenue and the Additional Security (each as defined in the Indenture), to the registered owner named above, or registered assigns, on the maturity date specified above or on the date of prior redemption, the principal amount specified above. In like manner the District promises to pay interest on such principal amount (computed on the basis of a 360 day year of twelve 30 day months) from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated prior to December 1, 2006, in which event this Bond shall bear interest from its date of delivery, at the interest rate per annum specified above, payable semiannually on June 1 and December 1 each year, commencing on December 1, 2006, until the principal amount is paid at maturity or upon prior redemption. To the extent not paid when due, such interest shall compound semiannually on each interest payment date, at the rate borne by this Bond; provided however, that notwithstanding anything herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds, including all payments of principal and interest, and all Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. The Bonds are issued pursuant to that certain Indenture of Trust (the "Indenture") between the District and American National Bank, Denver, Colorado, as trustee (the "Trustee"). All capitalized terms used and not otherwise defined herein shall have the respective meanings assigned in the Indenture.

The principal of this Bond is payable in lawful money of the United States of America to the registered owner hereof upon maturity or prior redemption and presentation at the principal office of the Trustee. Payment of each installment of interest shall be made to the registered owner hereof whose name shall appear on the registration books of the District maintained by or on behalf of the District by the Trustee at the close of business on the fifteenth day of the calendar month next preceding each interest payment date (the "Record Date"), and shall be paid by check or draft of the Trustee mailed on or before the interest payment date to such registered owner at his address as it appears on such registration books. The Trustee may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the registered owner of such Bond and the Trustee as provided in the Indenture. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (the "Special Record Date") established for the payment of any defaulted interest. Notice of the Special Record Date and the date fixed for the payment of defaulted interest shall be given by first-class mail to the registered owner hereof as shown on the registration books on a date selected by the Trustee.

This Bond is one of a series aggregating $14,725,000 par value, all of like date, tenor, and effect, issued by the Board of Directors of Granby Ranch Metropolitan District, in the County of Grand and State of Colorado, for the purpose of paying the costs of providing certain public improvements for the District, by virtue of and in full conformity with the Constitution of the State of Colorado; Title 32, Article 1, Part 11, C.R.S.; Title 11, Article 57, Part 2, C.R.S.; and all other laws of the State of Colorado thereunto enabling, and pursuant to the duly adopted Bond Resolution and the Indenture. Pursuant to § 11-57-210, C.R.S., such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

It is hereby recited, certified, and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond. It is hereby further recited, certified, and warranted that the total indebtedness of the District, including that of this Bond, does not exceed any limit prescribed by the constitution or laws of the State of Colorado; that at the election lawfully held within the District on November 4, 2003, the issuance of this Bond was duly authorized by a majority of the electors of the District qualified to vote and voting at said election; and that provision has been made for the levy and collection of an ad valorem tax on all of the taxable property within the District in the amount of the Required Mill Levy (as defined in the Indenture) for the purpose of paying the principal of and interest on this Bond as the same respectively become due.

All of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of certain moneys held under the Indenture and the "Pledged Revenue," and the "Additional Security", each as defined by the Indenture. The Bonds constitute an irrevocable first lien upon the Pledged Revenue and the Additional Security, but not necessarily an exclusive such lien. Subject to expressed conditions, obligations in addition to the Bonds of this issue may be issued and made payable from the Pledged Revenue having a lien thereon subordinate and junior to the lien of the Bonds of this

issue or, subject to additional expressed conditions, having a lien on the Pledged Revenue on a parity with the lien of the Bonds of this issue, in accordance with the provisions of the Indenture.

Reference is hereby made to the Indenture for an additional description of the nature and extent of the security for the Bonds, the accounts and revenues pledged to the payment thereof, the rights and remedies of the registered owners of the Bonds, the manner in which the Indenture may be amended, and the other terms and conditions upon which the Bonds are issued, copies of which are on file for public inspection at the office of the District Secretary.

Bonds of this issue are subject to redemption prior to maturity as provided in the Indenture.

Notice of prior redemption shall be given by mailing a copy of the redemption notice, not less than forty-five (45) days prior to the date fixed for redemption, to the registered owner of this Bond at the address shown on the registration books maintained by the Trustee, in the manner set forth in the Indenture. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. All Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The District and Trustee shall not be required to issue or transfer any Bonds: (a) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first business day following the ensuing interest payment date or (b) during the period beginning at the opening of business on a date 60 days prior to the date of any redemption of Bonds and ending at the opening of business on the first business day following the day on which the applicable notice of redemption is mailed. The Trustee shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

The District and the Trustee may deem and treat the registered owner of this Bond as the absolute owner hereof for all purposes (whether or not this Bond shall be overdue), and any notice to the contrary shall not be binding upon the District or the Trustee.

This Bond may be exchanged at the principal office of the Trustee for a like aggregate principal amount of Bonds of the same series and maturity of other authorized denominations. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the principal office of the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. This Bond may be transferred upon the registration books upon delivery to the Trustee of this Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond, along with the social security number or federal employer identification number of such transferee. In the event of the transfer of this Bond, the Trustee shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same series, maturity, and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time.

The Trustee shall charge the owner of this Bond for every such transfer or exchange an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

If the date for making any payment or performing any action shall be a legal holiday or a day on which the principal office of the Trustee is authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which the principal office of the Trustee is authorized or required by law to remain closed.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

By acceptance of this Bond, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal and interest on this Bond contained in the Indenture.

[signatures appear on following page]

IN TESTIMONY WHEREOF, the Board of Directors of Granby Ranch Metropolitan District has caused this Bond to be signed by the manual or facsimile signature of the President of the District, sealed with a manual impression or a facsimile of the seal of the District, and attested by the manual or facsimile signature of the Secretary thereof, all as of April ___, 2006.

[SEAL]

GRANBY RANCH METROPOLITAN DISTRICT

By _____
President

Attested:

By _____
Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION FOR BONDS]

CERTIFICATE OF AUTHENTICATION

Date of Registration and Authentication:

This Bond is one of the Bonds of the issue described in the within mentioned Indenture.

[TRUSTEE], as Trustee

By _____
Authorized Signatory

[Form of Transfer for Bonds]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____ _____ (Social Security or Federal Employer Identification Number of Assignee) _____ (Name and Address of Assignee) the within Bond and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

SIGNATURE OF REGISTERED OWNER:

Dated: _____

_____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature guaranteed:

_____

(Bank, Trust Company, or Firm)

[End of Form of Bond]

EXHIBIT B

Form of Project Fund Requisition

Requisition No. ____

GRANBY RANCH METROPOLITAN DISTRICT
INDENTURE OF TRUST
DATED JUNE 1, 2006

The undersigned District Representative (capitalized terms used herein shall have the meanings ascribed thereto by the above Indenture) hereby makes a requisition from the Unrestricted Account of the Project Fund held by _____, as trustee under the Indenture, and in support thereof states:

1. The amount to be paid or reimbursed pursuant hereto is $_____.

2. The name and address of the person, firm, or corporation to whom payment is due or has been made is as follows:

_____

_____

3. Payment is due to the above person for (describe nature of the obligation) _____.

4. The above payment obligations have been or will be properly incurred, are or will be a proper charge against the Unrestricted Account of the Project Fund, and have not been the basis of any previous withdrawal. The disbursement requested herein will be used solely for the payment of Project Costs.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 20__.

_____

District Representative

APPENDIX D

FORM OF GUARANTY AGREEMENT

(This page intentionally left blank.)

GUARANTY AGREEMENT

among

GRANBY REALTY HOLDINGS LLC,
As Guarantor

and

AMERICAN NATIONAL BANK,
as Trustee

and

GRANBY RANCH METROPOLITAN DISTRICT,
TOWN OF GRANBY, COLORADO

Dated as of June 1, 2006

(This page intentionally left blank.)

THIS GUARANTY AGREEMENT (this "Guaranty") is made and entered into as of June 1, 2006, by and among **GRANBY REALTY HOLDINGS LLC**, a Colorado limited liability company ("Guarantor"), **GRANBY RANCH METROPOLITAN DISTRICT**, Town of Granby, Colorado ("District"), a quasi-municipal corporation and political subdivision duly organized and existing under the Constitution and the laws of the State of Colorado, and **AMERICAN NATIONAL BANK** as trustee (the "Trustee") under the Indenture (defined below). Capitalized terms used and not defined in this Guaranty shall have the meanings assigned in the Indenture.

WITNESSETH:

WHEREAS, on or about the date of this Guaranty the District intends to issue its $14,725,000 in aggregate principal amount of Limited Tax General Obligation Bonds, Series 2006 (the "Bonds") pursuant to an Indenture of Trust dated as of June 1, 2006 (the "Indenture") between the District and the Trustee and an authorizing resolution (the "Bond Resolution") adopted by the District's Board of Directors (the "Board") prior to the issuance of the Bonds; and

WHEREAS, the proceeds derived from the issuance of the Bonds will be used for the purposes of paying and/or reimbursing a portion of the costs of acquiring, designing, constructing, relocating, installing, completing, improving and otherwise providing public facilities and improvements benefiting the District, which will include payment to Guarantor for acquisition of certain of such facilities and improvements and reimbursement of the Guarantor of the costs of District organization and certain other costs permitted to be reimbursed (the "Project"); and

WHEREAS, the Guarantor, or entities in which the Guarantor has a legal interest, will benefit from the Project financed, in part, with the proceeds of the Bonds; and

WHEREAS, Guarantor desires that the District issue the Bonds and is willing to enter into this Guaranty as an enhancement to the security for the Bonds pursuant to the terms and conditions set forth herein; and

NOW, THEREFORE, in consideration of the premises and in order to enhance the marketability of the Bonds and as an inducement to the purchasers of the Bonds, Guarantor does hereby, subject to the terms hereof, covenant and agree with the District as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF GUARANTOR

Guarantor hereby represents and warrants that:

(a) it is a limited liability company organized and in good standing under the laws of the State of Colorado (the "State");

(b) it is not in violation of any provision of its organizational documents;

(c) it is not in violation of any law in any manner affecting the validity or enforceability of this Guaranty or its financial ability to perform hereunder;

(d) it has full power and authority to enter into this Guaranty and has duly authorized the execution and delivery of this Guaranty by proper action;

(e) neither this Guaranty nor the agreements contained herein contravene or constitute a default under any agreement or instrument to which Guarantor is a party or by which it is bound, or under any provision of its organizational documents or requirement of law;

(f) it has duly authorized, executed and delivered this Guaranty and this Guaranty constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms except as such enforceability may be specifically subject to and limited by (i) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws now or hereafter in effect relating to or affecting the rights or remedies of creditors or (ii) the effect of general principles of equity, whether enforcement is considered in a proceeding in equity or at law, and the discretion of the court before which any proceeding therefore may be brought;

(g) all consents, approvals, orders and authorizations of, and registrations, declarations and filings with, any governmental agency or authority or other person or entity (including, specifically and without limitation, Redwood Capital Finance Company, LLC ("Redwood Capital"), the members or managers of Redwood Capital, or the shareholders, partners, members, or managers of any other entity), if any, which are required to be obtained in connection with the execution and delivery of this Guaranty or the performance of Guarantor's obligations hereunder have been obtained, and each is in full force and effect;

(h) no action, proceeding, investigation or litigation is pending or, to the knowledge of Guarantor, threatened against Guarantor by any person or entity which, if adversely determined, could have a material adverse effect on Guarantor's ability to perform on this Guaranty;

(i) it is not in violation or default of any material contract or agreement to which Guarantor is a party or by which Guarantor's assets are bound;

(j) it fully understands its obligations under this Guaranty;

(k) Guarantor is not in default under any contracts to sell land within the District, except those that have been disclosed in the Preliminary Limited Offering Memorandum, dated May 19, 2006 and, to the best knowledge of Guarantor, no other party to such contracts is in default;

(l) Guarantor is not in default under any other material contracts to which it is a party including, specifically, the Loan Agreement between Redwood Capital and the

Guarantor dated as of June 1, 2005, as amended March 1, 2006, and as may be further amended, refinanced, substituted or replaced (the "Construction Loan Agreement");

(m) Guarantor, for itself and in its capacity as successor to SolVista Corp., is not in violation of the terms of the Annexation and Development Agreement dated March 5, 2003, the Planned Development Overlay District Preliminary Plan for SolVista Golf & Ski Ranch dated March 5, 2003, as amended in December 2004, any final planned development plan pertaining to the property in the Development, or any other material land use document or governmental land use approval or entitlement; and

(n) The information pertaining to the Guarantor and the Development contained in the Preliminary Limited Offering Memorandum dated May 19, 2006 and the final Limited Offering Memorandum relating to the offer and sale of the Bonds was, as of their respective dates and is, on the date of issuance of the Bonds, true and correct in all material respects, and such information did not, as of its date, and does not, on the date of issuance of the Bonds, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE II

COVENANTS AND AGREEMENTS

Section 2.01. Guaranty of Obligations; Notice and Payment.

(a) *Guaranty of Obligations.* Subject to the provisions of Section 2.02 hereof, Guarantor absolutely, unconditionally and irrevocably guarantees to the Trustee for the benefit of the Owners from time to time of the Bonds, the full and prompt payment of the principal of and interest on the Bonds as the same become due and payable to the extent that Pledged Revenue from the Bond Fund, the Surplus Fund, and the Lot Sale Escrow, in that order of priority, are not sufficient to make such payments on the Bonds when due.

(b) *Deficiency; Notice; Payment.* Payments shall be made by Guarantor to the Trustee for credit to the Bond Fund upon five (5) days' written notice from the Trustee to Guarantor of a deficiency in funds in the Bond Fund, the Surplus Fund, and the Lot Sale Escrow available to pay (i) the principal of any Bond when and as the same shall become due, and/or (ii) any interest on any Bond when and as the same shall become due (a "Deficiency"), which notice shall set forth the amount of any such Deficiency. Guarantor agrees that it will make payment to the Trustee of an amount equal to each Deficiency within five (5) days from the date of such written notice. All payments by Guarantor shall be paid in immediately available funds and in lawful money of the United States of America, and all payments under this Section 2.01 shall be paid to the Trustee for credit to the Bond Fund established pursuant to the Indenture.

Section 2.02. General Covenants of Guarantor.

(a) *Payment of Taxes and Governmental Charges.* Guarantor covenants to timely file and pay all local, state and federal taxes and other charges imposed by any

governmental agency or authority which are due and payable by Guarantor, other than those which are being challenged in good faith by appropriate proceedings.

(b) *Sale of Property in the District.* Guarantor will not at any time sell property it then owns within the District that includes more than 175 lots or more than 175 units of residential density at a single closing (regardless of whether the closing on such sale may be one of two or more closings under a single contract, or under two or more related contracts with the same or related purchasers), except (i) pursuant to a merger conducted in accordance with Section 2.06 hereof, or (ii) to a purchaser that (A) has current experience in subdividing or developing residential property, or that controls, is controlled by or is under common control with an entity that has one or more principals, officers or managers that have such experience, or (B) has either (1) liquid net worth (i.e., cash, securities or assets convertible into cash with 30 days) of not less than $2,000,000, or (2) a loan in place pursuant to which such purchaser has undrawn borrowing capacity of at least $2,000,000, the proceeds of which may be used in connection with the development of the property purchased in the District (i.e., the expenditure of the proceeds of the loan are not restricted to other uses. Evidence that a purchaser of property within the District meets the requirements of this section (b)(ii) shall be established by the written certification signed by either the Guarantor or by such purchaser and provided to the Trustee at least 20 days prior to the date of closing of such sale for the benefit of the owners of the Bonds.

Section 2.03. Guaranty Unconditional; Termination.

(a) The obligations of Guarantor under this Guaranty shall:

(i) at all times be and remain absolute and unconditional;

(ii) become effective immediately on the date of issuance of the Bonds; and

(iii) once effective, remain in full force and effect until such time as this Guaranty terminates as provided in subsection (b) below.

(b) This Guaranty will terminate when the Debt to Assessed Ratio (as defined in the Indenture) is equal to or less than 45%. An opinion or certificate issued by a Certified Public Accountant as to such ratio shall be conclusive evidence of the foregoing. Notwithstanding the foregoing, termination of this Guaranty cannot occur if any default has occurred and is continuing hereunder, under the Lot Sale Escrow Agreement, or under the Indenture (collectively, the "Financing Documents").

(c) When effective, Guarantor's obligations hereunder 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, Guarantor:

(i) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the District under the Indenture, other

than the release of payment of the principal of and interest on the Bonds due to a defeasance of the Bonds pursuant to the terms of the Indenture;

(ii) the failure to give notice to Guarantor of the occurrence of an event of default under the terms and provisions of any Financing Document;

(iii) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Indenture;

(iv) the taking or the omission of any District action referred to in any Financing Document;

(v) any failure, omission, delay or lack on the part of the District to enforce, assert or exercise any right, power or remedy conferred on the District in any Financing Document, as the case may be, or any other act or acts on the part of the District or any of the Owners from time to time of the Bonds;

(vi) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of assets, or other similar proceedings affecting Guarantor or the District or any of the assets of them, or any allegation or contest of the validity of this Guaranty in any such proceeding;

(vii) the release or discharge of Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty by operation of law; or

(viii) the default or failure of Guarantor fully to perform any of its obligations set forth in this Guaranty;

(ix) provided that the specific enumeration of the above-mentioned acts, failures or omissions shall not be deemed to exclude any other acts, failures or omissions, though not specifically mentioned above, it being the purpose and intent of this paragraph that the obligations of Guarantor, when the Guaranty is effective, shall be absolute and unconditional to the extent herein specified and shall not be discharged, impaired or varied, except as provided in this Section 2.03.

(d) Without limiting any of the other terms or provisions hereof, it is understood and agreed that, in order to hold Guarantor liable hereunder, there shall be no obligation on the part of any Owner of any Bond to pursue payment on the Bonds from any person, firm, corporation or entity other than the District.

Section 2.04. Enforcement. In the event of failure by the Guarantor to pay a Deficiency when due pursuant to the provisions hereof, the Trustee shall, unless otherwise requested by the Owners of a majority in aggregate principal amount of the Bonds then outstanding, be obligated

to proceed hereunder, and the Trustee shall have the right to proceed first and directly against Guarantor under this Guaranty without proceeding against or exhausting any other remedies which it may have. Each and every Deficiency shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises. With the consent of the Trustee, Guarantor may, but is not obligated to, cure any event of default occurring under the Indenture within the cure period established under the Indenture or, if no cure period is established under the Indenture, within the cure period designated by the Trustee at the time of such consent.

Section 2.05. Waiver of Notice; Fees and Expenses. Guarantor hereby expressly waives notice from the Trustee or the Owners from time to time of any of the Bonds of their acceptance and reliance on this Guaranty. Guarantor agrees to 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 Guaranty following any default on the part of Guarantor hereunder, whether the same shall be enforced by suit or otherwise.

Section 2.06. Maintenance of Existence. Guarantor agrees that during the term of this Guaranty it will maintain its existence, will continue to be a limited liability company in good standing in the State and authorized to transact business in the State, and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it, provided that Guarantor may, without violating the agreement contained in this Section, consolidate with or merge into another legal entity, or permit one or more such legal entities to consolidate with or merge into it, provided that (a) the surviving, resulting or transferee legal entity, as the case may be, shall be a legal entity organized and existing under the laws of one of the states of the United States of America, shall be qualified to transact business in the State, shall have a net worth immediately subsequent to such acquisition, consolidation or merger at least equal to that of Guarantor immediately prior to such acquisition, consolidation or merger, and shall assume in writing all of the obligations of Guarantor under this Guaranty, (b) the surviving, resulting or transferee legal entity, as the case may be, shall make for the benefit of the District and the Owners of the Bonds then outstanding, substantially the same representations made in Article I hereof by the Guarantor, and (c) the surviving, resulting or transferee legal entity, as the case may be, shall be an entity engaged primarily in the business of developing real estate. Upon the performance of the above-stated requirements the District shall, in writing, concurrently with and contingent upon such assumption, release Guarantor from all liability hereunder and, prior to such sale, transfer, consolidation or merger, the District shall be furnished a certificate from the chief financial officer of Guarantor and of the surviving, resulting or transferee legal entity stating that, in the opinion of each of such officers, respectively, none of the covenants contained in this Guaranty will be violated as a result of such sale, transfer, consolidation or merger.

Section 2.07. Beneficiaries; Enforcement Direction. This Guaranty is entered into by Guarantor for the benefit of the Trustee and the Owners from time to time of the Bonds. Anything in this Guaranty to the contrary notwithstanding, in the event a default has occurred and is continuing hereunder, the Owners of a majority in aggregate principal amount of the Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Guaranty,

provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Guaranty.

Section 2.08. Defenses to Payment. No setoff, counterclaim, reduction or diminution of an obligation or any defense of any kind or nature which Guarantor has or may come to have against the Trustee shall be available hereunder to Guarantor against a payment due hereunder.

Section 2.09. Notice of Termination. This Guaranty shall fully and finally terminate at the time stated in Section 2.03(b), and upon such termination, Guarantor shall have no further obligation to the Trustee, the Owners of the Bonds, or any other party with respect to this Guaranty. The District shall provide prompt notice to the Guarantor of the satisfaction of the conditions to termination.

ARTICLE III

NOTICE AND SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

Guarantor covenants that it is and will remain subject to service of process in the State so long as this Guaranty is in effect. If for any reason Guarantor should not remain so qualified, Guarantor hereby designates and appoints, without power of revocation, the Secretary of State of the State of Colorado as the agent of Guarantor upon whom may be served all process, pleadings, notices or other papers which may be served upon Guarantor as a result of any of its obligations under this Guaranty.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Actions and Defenses. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Trustee to exercise any remedy reserved to it in this Guaranty, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained in this Guaranty should be breached by Guarantor and thereafter duly waived by Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Guaranty shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties hereto and any waiver, consent or approval shall be effective only in the specific instance and for the specific purpose set forth in such writing.

Section 4.02. Amendment. The Trustee shall not consent to any waiver, amendment, release or modification of this Guaranty except in accordance with the provisions of the

Indenture. Nothing contained herein or in the Indenture shall permit or be construed as permitting any waiver, amendment, release or modification of this Guaranty which would (a) reduce the amount payable by Guarantor hereunder, (b) change the time for payment of the amounts payable by Guarantor hereunder or (c) change the nature of the Guaranty herein contained.

Section 4.03. Assignment. The obligations of the Guarantor shall not be assignable without the written consent of the Trustee, provided, however, that the Guarantor may enter into agreements with the District or with other parties to provide reimbursements to Guarantor if Guarantor is obligated to make payments under this Guaranty.

Section 4.04. Entire Agreement. This Guaranty constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 4.05. Severability. The invalidity or unenforceability of any one or more phrases, sentences, clauses or Sections in this Guaranty shall not affect the validity or enforceability of the remaining portions of this Guaranty or any part thereof.

Section 4.06. Choice of Law.

(a) This Guaranty shall be governed by and construed in accordance with the laws of the State. Each of the Trustee and Guarantor submits (and waives all rights to object) to non-exclusive personal jurisdiction in the State for the enforcement of any and all obligations under this Guaranty, except that if any such action or proceeding arises under the Constitution, laws or treaties of the United States of America, or if there is a diversity of citizenship between the parties thereto, so that it is to be brought in a United States District Court, it shall be brought in the United States District Court for the District of Colorado or any successor federal court having original jurisdiction; and

(b) Guarantor hereby:

(i) waives any right to a trial by jury in any action to enforce or defend any matter arising from or related to this Guaranty;

(ii) irrevocably submits to the jurisdiction of any state or federal court located in Grand County or the City and County of Denver, Colorado, over any action or proceeding to enforce or defend any matter arising from or related to this Guaranty;

(iii) irrevocably waives, to the fullest extent Guarantor may effectively do so, the defense of an inconvenient forum to the maintenance of any such action or proceeding;

(iv) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdictions by suit on the judgment or in any other manner provided by law; and

(v) agrees not to institute any legal action or proceeding against the District or any of the District's directors, officers, employees, agents or property concerning any matter arising out of or related to this Guaranty in any court other than one located in Grand County, Colorado.

IN WITNESS WHEREOF, the parties to this Guaranty have caused it to be executed by their duly authorized officers as of the 1st day of June, 2006.

GUARANTOR

GRANBY REALTY HOLDINGS LLC, a Colorado limited liability company

By: _____

Name/Title: _____

DISTRICT

GRANBY RANCH METROPOLITAN DISTRICT
TOWN OF GRANBY, COLORADO

By: _____
President

ATTEST:

By: _____
Secretary

TRUSTEE

AMERICAN NATIONAL BANK, Denver, Colorado

By: _____
President

[Signature Page to Guaranty Agreement]

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APPENDIX E

FORM OF BOND COUNSEL OPINION

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KUTAK ROCK LLP

SUITE 3100
1801 CALIFORNIA STREET
DENVER, COLORADO 80202-2626

303-297-2400
FACSIMILE 303-292-7799

www.kutakrock.com

ATLANTA
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RICHMOND
SCOTTSDALE
WASHINGTON
WICHITA

SARANNE MAXWELL
saranne.maxwell@kutakrock.com
(303) 292-7704

July 5, 2006

Granby Ranch Metropolitan District
Granby, Colorado

D.A. Davidson & Co.
Denver, Colorado

$14,725,000
Granby Ranch Metropolitan District
(In the Town of Granby, Colorado)
Limited Tax General Obligation Bonds
(Limited Tax Convertible to Unlimited Tax)
Series 2006

Ladies and Gentlemen:

We have acted as bond counsel to the Granby Ranch Metropolitan District, in the Town of Granby, Colorado (the "District") in connection with the issuance of the District's Limited Tax General Obligation Bonds, Series 2006, dated July 5, 2006, in the aggregate principal amount of $14,725,000 (the "Bonds").

The Bonds mature on the dates, are subject to optional, extraordinary, and mandatory sinking fund redemption, bear interest at the rates, and are transferable and payable in the manner and subject to the conditions and limitations provided in the Indenture of Trust dated as of June 1, 2006 (the "Indenture") between the District and American National Bank, as trustee (the "Trustee") and the resolution authorizing the issuance of the Bonds adopted by the Board of Directors of the District (the "Board") on June 21, 2006 (the "Bond Resolution"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture and the Bond Resolution.

We have examined the Constitution and laws of the State of Colorado, the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraphs 4 and 5 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render

this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the District contained in the Bond Resolution, the Indenture and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law and as of the date hereof, that:

1. The Bond Resolution and the Indenture have been duly authorized, are in full force and effect, and are valid and enforceable in accordance with their terms.

2. The Bonds in the principal amount stated above are valid and binding limited tax general obligations of the District payable from the Pledged Revenue and the Additional Security and are legally enforceable in accordance with their terms.

3. All taxable property of the District is subject to an ad valorem tax levy at the rate and in the amount of the Required Mill Levy to pay the principal of and interest on the Bonds. The District is required by law to include the principal of and interest coming due on the Bonds in its annual property tax levy, up to the amount of the Required Mill Levy.

4. Under the laws, regulations, rulings and judicial decisions existing on the date hereof, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentences assume the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause such interest to be included in gross income for federal income tax purposes or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Bonds. The District has covenanted in the Indenture and in the Tax Compliance Certificate executed and delivered in connection with the issuance of the Bonds to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. We note, however, that interest on the Bonds is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes).

5. Under State of Colorado statutes existing on the date hereof, the Bonds and the interest income therefrom are exempt from Colorado income tax. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Colorado or any other state or jurisdiction.

We understand the Bonds are also secured by the District's pledge to impose and collect Capital Fees which are pledged under the Indenture to the payment of principal of and interest on the Bonds. No opinion is expressed herein on the enforceability or collectibility of such Capital Fees.

We also understand that Granby Realty Holdings LLC (the "Developer") has entered into a Guaranty Agreement (the "Guaranty Agreement") with the Trustee and the District pursuant to which the Developer agreed to make scheduled payments of principal and interest on the Bonds to the extent that the Pledged Revenue and moneys on deposit in the Surplus Fund and the Lot Sale Escrow are not sufficient to make such payments. Further, The Developer and the District have entered into a Lot Sale Escrow Agreement pursuant to which the Developer has agreed to deposit a portion of the proceeds of each lot that is sold in the District into the Lot Sale Escrow. No opinion is expressed herein on the enforceability of the Guaranty Agreement or the Lot Sale Escrow Agreement or the ability of the Developer to pay amounts that may be due thereunder.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Bond Resolution and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have acted as counsel to the District in connection with the issuance of the above-referenced Bonds and not as counsel to the Underwriter and by including the Underwriter as an addressee of this letter we are not implying or establishing an attorney-client relationship between Kutak Rock LLP and the Underwriter.

/s/ Kutak Rock LLP

As to Section 2:

GRANBY REALTY HOLDINGS LLC, a
Colorado limited liability company

By _____
Authorized Representative

As to Section 3:

AMERICAN NATIONAL BANK, as Trustee

By _____
Authorized Representative

APPENDIX G

AUDITED DISTRICT FINANCIAL STATEMENTS

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GRANBY RANCH METROPOLITAN DISTRICT

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2005

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Chadwick, Steinkirchner, Davis & Co., P.C. Consultants and Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

February 17, 2006

The Board of Directors
Granby Ranch Metropolitan District

We have audited the accompanying financial statements of the governmental activities and each major fund of Granby Ranch Metropolitan District as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Granby Ranch Metropolitan District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Granby Ranch Metropolitan District, as of December 31, 2005, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Granby Ranch Metropolitan District basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chadwick, Steinkirchner, Davis + Co., P.C.

225 North 5th Street, Suite 401
Grand Junction, CO 81501-2645

www.csdcpa.com
e-mail info@csdcpa.com

970/245-3000
Fax 970/242-4716
Toll Free 877/245-8080

Granby Ranch Metropolitan District

Management's Discussion and Analysis
December 31, 2005

As management of Granby Ranch Metropolitan District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2005.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activity of the District is primarily financing construction, operation, and maintenance of the basic public infrastructure that is performed by Headwaters Metropolitan District. There are no business-type activities within the District.

The government-wide financial statements can be found on pages 6 and 7 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has two funds, the General Fund and the Debt Service Fund which are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 11 through 19 of this report.

Government-wide Financial Analysis. A condensed comparative summary of the District's government-wide assets, liabilities, net assets, revenues and expenditures follows:

Granby Ranch Metropolitan District's Net Assets

	Governmental Activities	
	2005	2004
Assets		
Current and other assets	$ 146,478	$ –
Deposit on Infrastructure Assets	1,227,237	–
Total Assets	1,373,715	–
Liabilities		
Current and other liabilities	146,361	–
Long-term obligations payable	1,422,789	225,993
Total Liabilities	1,569,150	225,993
Net Assets:		
Unrestricted	(195,435)	(225,993)
Total Net Assets	$ (195,435)	$ (225,993)

Granby Ranch Metropolitan District's Change in Net Assets

Revenues		
General revenues:		
Taxes	$ 91,055	$ –
Intergovernmental	1,227,237	13,365
Interest and other revenue	118	–
Total Revenues	1,318,410	13,365
Expenses:		
General government	89,185	–
Intergovernmental	1,198,667	185,902
Total Expenses	1,287,852	185,902
Changes in Net Assets	30,558	(172,537)
Net Assets – Beginning	(225,993)	(53,456)
Net Assets – Ending	$ (195,435)	$ (225,993)

The District is the "Financing District" in a dual district structure whereby the District is having Headwaters Metropolitan District, the "Service District," construct the infrastructure of the District. Granby Ranch Metropolitan District will ultimately pay a "capital obligation" to Headwaters Metropolitan District to acquire the infrastructure. Some of this infrastructure will be conveyed to other municipalities such as the Town of Granby or the Granby Water and Sanitation District. All infrastructure not conveyed to another municipality will be operated and maintained by Headwaters until it is dissolved, at which time the remaining infrastructure will be conveyed to Granby Ranch. Granby Ranch will also pay a "Service Obligation" for the costs incurred by Headwaters Metropolitan District to operate and maintain the facilities until they are transferred. The majority of the District's assets consist of the deposit on the capital assets that are being constructed by Headwaters Metropolitan District and will ultimately be conveyed from Headwaters to the District. The District has an obligation to pay Headwaters for the cost of constructing and maintaining the infrastructure assets and those obligations are reflected as long-term obligations on the District's government-wide statement of net assets. The District will use the infrastructure assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending.

The District's primary revenue sources were capital grants and contributions and, property taxes collected. These revenues have been used to pay the general government expenses of the District. The majority of the District's expenses relate to increases in the Service and Capital Obligations payable to Headwaters Metropolitan District.

Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $117 which reflects an increase of $117. This increase is the result of the current year revenues being slightly higher than expenditures.

Capital assets. As stated above, the infrastructure in the District is being constructed by Headwaters Metropolitan District and the District has recorded a capital deposit in the amount of $1,227,237 on those assets. All assets not conveyed to other municipalities will ultimately be conveyed to the District when the District has fulfilled its obligation to pay Headwaters for the cost of constructing the assets which is not expected to occur for many years.

Long-term debts. The District's remaining capital and service obligation to Headwaters for the balance of the cost of the infrastructure incurred through December 31, 2005 is $1,422,789. Additional information can be found in the Notes to the Financial Statement on page 16 of this report.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Robertson & Marchetti, P.C., 28 Second Street, Suite 213, Edwards, CO 81632 or you may call (970) 926-6060.

Granby Ranch Metropolitan District

STATEMENT OF NET ASSETS

December 31, 2005

	Governmental Activities
ASSETS	
Cash	$ 117
Receivables	
Due from County Treasurer	583
Property taxes receivable	145,778
Deposit on infrastructure assets	1,227,237
Total Assets	$ 1,373,715
LIABILITIES AND NET ASSETS	
Liabilities	
Due to Headwaters Metropolitan District	$ 583
Deferred property taxes	145,778
Capital obligation to Headwaters Metropolitan District	903,397
Service obligation to Headwaters Metropolitan District	519,392
Total Liabilities	1,569,150
Net Assets	
Unrestricted	(195,435)
Total Net Assets	(195,435)
Total Liabilities and Net Assets	$ 1,373,715

The accompanying notes are an integral part of this statement.

Granby Ranch Metropolitan District

STATEMENT OF ACTIVITIES

Year ended December 31, 2005

Function/Programs	Expenses	Program Revenue Capital Grants and Contributions	Governmental Activities
Governmental activities			
General government	$ 89,185	$ -	$ (89,185)
Intergovernmental	1,198,667	1,227,237	28,570
Total governmental activities	$ 1,287,852	$ 1,227,237	(60,615)

General revenues	
Property taxes	84,957
Specific ownership taxes	6,098
Interest earnings	118
Total general revenues	91,173
Change in net assets	30,558
Net assets - beginning	(225,993)
Net assets - ending	$ (195,435)

The accompanying notes are an integral part of this statement.

Granby Ranch Metropolitan District

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2005

	Debt Service	Total Governmental Funds
ASSETS		
Cash	$ 117	$ 117
Receivables		
Due from County Treasurer	583	583
Property taxes receivable	145,778	145,778
Total Assets	$ 146,478	$ 146,478
LIABILITIES AND FUND EQUITY		
Liabilities		
Due to Headwaters Metro District	$ 583	$ 583
Deferred property taxes	145,778	145,778
Total Liabilities	146,361	146,361
Fund equity		
Unreserved, undesignated	117	117
Total Fund Balances	117	117
Total Liabilities and Fund Equity	$ 146,478	$ 146,478

Fund balance (as reported above)	$ 117
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Deposit on infrastructure assets not recorded in the funds	1,227,237
Long-term capital obligations are not due and payable in the current period and, therefore, are not reported in the funds	(903,397)
Long-term service obligations are not due and payable in the current period and, therefore, are not reported in the funds	(519,392)
Net assets of governmental activities	$ (195,435)

The accompanying notes are an integral part of this statement.

Granby Ranch Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended December 31, 2005

	Debt Service	Total Governmental Funds
Revenues		
Property taxes	$ 84,957	$ 84,957
Specific ownership taxes	6,098	6,098
Interest income	118	118
Total revenues	91,173	91,173
Expenditures		
General	89,185	89,185
Intergovernmental		
Capital and service costs	1,871	1,871
Transfers to Headwaters	-	-
Total expenditures	91,056	91,056
Excess of Revenues Over (Under) Expenditures	117	117
Fund Balance - January 1	-	-
Fund Balance - December 31	$ 117	$ 117

Net Change in Fund Balance (above)	$ 117
Amounts reported for governmental activities in the Statement of Activities are different because:	
Deposit on infrastructure reported in governmental activites	1,227,237
Capital obligation reported as debt in governmental activites	(916,762)
Service obligation reported as debt in governmental activites	(280,034)
Change in Net Assets of Governmental Activities	$ 30,558

The accompanying notes are an integral part of this statement.

Granby Ranch Metropolitan District

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year ended December 31, 2005

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures			
General government			
Insurance	$ 900	$ -	$ 900
Membership and dues	200	-	200
Contingency	1,400	-	1,400
Total expenditures	2,500	-	2,500
Excess of Revenues Over (Under) Expenditures	(2,500)	-	2,500
Other Financing Sources (Uses)			
Transfers in (out)	2,500	-	(2,500)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-
Fund Balance - January 1	450	-	(450)
Fund Balance - December 31	$ 450	$ -	$ (450)

The accompanying notes are an integral part of this statement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The Granby Ranch Metropolitan District (the "District") was established on November 4, 2003, as a quasi-municipal corporation and political subdivision of the State of Colorado. The District was originally named SolVista Metropolitan District #2 and was part of the Sol Vista Golf and Ski Ranch development and overlapped with SolVista Metropolitan District which was established in 1999. The name Granby Ranch became effective October 23, 2004. Granby Ranch was organized to provide services, programs and facilities, including the financing of construction, completion, maintenance and operation of public infrastructure within the District.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

2. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

3. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, the District has only governmental activities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide Financial Statements

In the government-wide Statement of Net Assets, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported as unrestricted net assets.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

4. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. At this time the District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

Debt Service Fund – The Debt Service fund accounts for the servicing of general long-term debt including long-term contractual obligations approved by the District's electorate and revenues generated by property taxes that are required to be used in payment of long-term debt and contractual obligations.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Measurement Focus and Basis of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

Long-Term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

6. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

In the Fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").

As required by the Colorado statutes, the District followed the following timetable in approving and enacting a budget for the ensuing years:

(1) For the 2005 budget year, prior to August 23, 2004, the County Assessor sent the District the assessed valuation of all taxable property within the District's boundaries.

(2) On or before October 15, 2004, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

(3) The Board held a public hearing on the proposed budget and capital program no later than 45 days prior to the close of the fiscal year.

(4) For the 2005 budget, prior to December 15, 2004, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.

(5) For the 2005 budget, the final budget and appropriating resolution was adopted prior to December 31, 2004.

(6) After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) supplemental appropriations to the extent of revenues in excess of those estimated in the budget; c) emergency appropriations; and d) reduction of appropriations for which originally estimated revenues are insufficient.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year-end.

NOTE B - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets as cash.

Investments

Colorado state statues authorize the District to invest in U.S. Treasury bills, obligations of any other U.S. agency, obligations of the World Bank, general obligation bonds of any state or any of their subdivisions, revenue bonds of any state or any of their subdivisions, bankers acceptance notes, commercial paper, repurchase agreements, money market funds and guaranteed investment contracts. All investments must be held by the District, in their name, or in custody of a third party on behalf of the local government.

As of December 31, 2005, the District had invested $117 in the Colorado Surplus Asset Fund (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. CSAFE operates similarly to a money market fund and each share is equal in value to $1.00. A designated custodial bank provides safekeeping and depository services to CSAFE in connection with the direct investment and withdrawal functions of CSAFE. Substantially all securities owned by CSAFE are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by CSAFE. CSAFE funds carry a Standard & Poor's AAAm rating. There is no custodial, interest rate or foreign currency risk exposure.

A reconciliation of the carrying value of deposits and investments reported above to the Statement of Net Assets is as follows:

CSAFE	$ 117
Total Cash	$ 117

NOTE C – INTERGOVERNMENTAL AGREEMENTS

The District has entered into the following intergovernmental agreements:

In March of 2003 the initial service plan for the District was adopted. The service plan allowed for the creation of two separate districts designating Granby Ranch as the tax district and Headwaters Metro District as the service district. Under the plan, Headwaters is to construct, manage and operate public facilities and services throughout the development. Granby Ranch is to operate as the tax district and produce property taxes and other revenue sufficient to pay the costs of operations and debt service expenditures incurred for the improvement of public infrastructure. The use of a dual district structure provides for the issuance of bonds in a timely manner that is consistent with the construction of development improvements when needed. The service plan also outlined a financial plan for the districts entitling Headwaters Metro District to all Granby Ranch revenues in order to pay all costs associated with the operations and management of the development. The service plan was subject to approval from the Town of Granby and was approved on July 22, 2003.

NOTE C – INTERGOVERNMENTAL AGREEMENTS – CONTINUED

On December 9, 2003, Granby Ranch and Headwaters Metro District (acting jointly) entered into an agreement with the Town of Granby in an effort to promote the coordinated development of the districts. The agreement states that all infrastructure and improvements will be designed and constructed in accordance with Town standards. As defined by the service plan, Headwaters Metro District has the primary responsibility for meeting the Town's standards. All streets, roadways, traffic and safety protection, transportation, parks and recreation, storm-water drainage, mosquito control and non-potable water facilities are to be owned, maintained and operated by the districts. The sanitary sewer and potable water systems will be conveyed to the Town of Granby or Granby Sanitation District, upon acceptance. The agreement limits the aggregate bonded debt amount to $40,000,000 with a maximum effective interest rate of 14% (per annum), a maximum maturity term of 40 years from the date of issuance and a 25 year term limit on debt measured from the date of election. The agreement was amended May 20, 2005 to increase the aggregate bonded debt limit to $64,000,000. The agreement also contains a revenue sharing agreement subject to terms of a separate annexation agreement. Furthermore, the Town is to receive 8% of the District's total bond proceeds for jointly funded public infrastructure improvements such as streets, water, sanitation, sewer, transportation, parks and recreation and landscaping.

On December 10, 2003, Granby Ranch Metro District and Headwaters Metro District entered into a master intergovernmental agreement. The agreement is to coordinate the financing, processing of construction, and operation and maintenance of the development infrastructure. All tax and other revenues collected by Granby Ranch Metro District (the tax district) will be remitted to Headwaters Metro District (the service district). The Districts are empowered to enter into contracts and agreements with one another to provide intergovernmental services and facilities. Under the agreement, Granby Ranch shall certify the required tax levy and assign all revenues including taxes, fees, user charges and interest to Headwaters Metro District. Granby Ranch is to issue bonds at the request of Headwaters Metro District.

Under this Agreement, the District has an obligation to fund all capital costs incurred by Headwaters (the capital obligation). This Agreement does not establish specific payment dates for this obligation. The capital obligation had a prepaid balance of $13,365 at December 31, 2004 and a balance owed of $903,397 at December 31, 2005.

The District also has an obligation to Headwaters to fund all service costs incurred by Headwaters (the service obligation). This agreement does not establish specific payment dates for this obligation. The service obligation was $239,358 at December 31, 2004 and $519,392 at December 31, 2005.

NOTE D – COMMITMENTS AND CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and its legal representatives have disclosed that there are no material outstanding claims against the District at December 31, 2005.

NOTE E – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets; injuries to employees, or acts of God.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association of Colorado. The Pool provides property and general liability, automobile physical damage and liability, public official's liability and machinery coverage to its members. Members of the Pool are required to make additional surplus contributions. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2005 the Pool made no distributions to the District.

Condensed financial statement data for the Colorado Special Districts Property and Liability Pool as of December 31, 2004 (the most recent information available) is as follows:

	Colorado Special Districts Property and Liability Pool
Assets	$ 11,487,396
Liabilities	$ 5,476,513
Net Assets	6,010,883
	$ 11,487,396
Revenue	$ 6,305,838
Investment Income and Other	187,018
Total Revenue	6,492,856
Expenses	4,710,139
Excess of Revenues Over Expenses	$ 1,782,717

NOTE F – TABOR AMENDMENT

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that of the prior year, extension of any expiring tax, or tax policy change directly causing a new tax revenue gain to any local government. Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year or other financial obligation unless adequate present cash reserves are pledged irrevocable and held for payments in future years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of the fiscal year spending (excluding bonded debt service) for fiscal years ended after December 31, 1994. At December 31, 2005, the emergency reserve was $0.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

On November 4, 2003 and November 2, 2004 the voters of the District authorized increases in debt as follows:

Authorized Debt	Maximum Annual Taxes	Purpose
		November 4, 2003
$ 18,500,000	$ 14,800,000	Street Improvements
600,000	480,000	Traffic and Safety Control
11,000,000	8,800,000	Potable & Non-Potable Water Systems
6,000,000	4,800,000	Sanitary Sewer Systems
2,500,000	2,000,000	Parks and Recreation Facilities
1,000,000	800,000	Public Transportation Facilities and Systems
400,000	320,000	Mosquito Control
		November 2, 2004
20,000,000	2,130,000	Parks and Recreation
4,000,000	430,000	Sanitary Sewer Systems
$ 64,000,000	$ 34,560,000	

NOTE F – TABOR AMENDMENT – CONTINUED

The electorate of the District also authorized property taxes to be increased up to $2,875,000 in 2003 and each year thereafter to pay the District's operations, maintenance, and other expenses, such amounts to increase annually in an amount not to exceed the applicable limitations of Article X, Section 20 of the Colorado Constitution and Colorado Law.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE G – RELATED PARTIES

All of the members of the Board of Directors of the District are employees or have substantial business interests with the developer.

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SUPPLEMENTARY INFORMATION

Granby Ranch Metropolitan District

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND

Year ended December 31, 2005

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 84,937	$ 84,957	$ 20
Specific ownership taxes	6,795	6,098	(697)
Interest income	-	118	118
Total revenues	91,732	91,173	(559)
Expenditures			
General government			
Treasurer's fees	2,548	4,248	(1,700)
Return of property taxes	-	84,937	(84,937)
Intergovernmental			
Service and capital costs	84,937	1,871	83,066
Debt service			
Transfer bond proceeds to Headwaters Metro District	1,150,000	-	1,150,000
Interest	37,500	-	37,500
Total expenditures	1,274,985	91,056	1,183,929
Excess of Revenues Over (Under) Expenditures	(1,183,253)	117	1,183,370
Other Financing Sources (Uses)			
Bond proceeds	1,250,000	-	(1,250,000)
Bond issuance costs	(62,500)	-	62,500
Transfers in (out)	(2,500)	-	2,500
	1,185,000	-	(1,185,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,747	117	(1,630)
Fund Balance - January 1	-	-	-
Fund Balance - December 31	$ 1,747	$ 117	$ (1,630)

Granby Ranch Metropolitan District

SCHEDULE OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED

December 31, 2005

Calendar Year Ended December 31	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2005	$ 1,698,740	50	$ 84,937	$ 84,957	100.1%
2006	2,915,550	50	145,778		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

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APPENDIX H

AUDITED SOLVISTA DISTRICT FINANCIAL STATEMENTS

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SOLVISTA METROPOLITAN DISTRICT

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2005

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Chadwick, Steinkirchner, Davis & Co., P.C. Consultants and Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

February 17, 2006

The Board of Directors
SolVista Metropolitan District

We have audited the accompanying financial statements of the governmental activities and each major fund of SolVista Metropolitan District as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of SolVista Metropolitan District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of SolVista Metropolitan District, as of December 31, 2005, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SolVista Metropolitan District basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

225 North 5th Street, Suite 401
Grand Junction, CO 81501-2645

www.csdcpa.com
e-mail info@csdcpa.com

970/245-3000
Fax 970/242-4716
Toll Free 877/245-8080

SolVista Metropolitan District

Management's Discussion and Analysis
December 31, 2005

As management of the SolVista Metropolitan District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2005.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The District had no business-type activities during 2005. The government-wide financial statements can be found on pages 5 and 6 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds. The District had no proprietary funds during 2005.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental funds financial statements are located on pages 7 and 8 of this report.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page 9 to demonstrate compliance with this budget.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found beginning on page 10 of this report.

Government-wide Financial Analysis

The following tables show condensed financial information derived from the government-wide financial statements of the District:

SolVista Metropolitan District's Net Assets

	Governmental Activities	
	2005	2004
Assets:		
Current and other assets	$ 80,634	$ 228,730
Non-current assets	-	759,167
Total Assets	80,634	987,897
Liabilities:		
Current and other liabilities	56,363	180,093
Long-term obligations payable	1,214,693	1,302,559
Total Liabilities	1,271,056	1,482,652
Net Assets:		
Unrestricted	(1,190,422)	(494,755)
Total Net Assets	$ (1,190,422)	$ (494,755)

SolVista Metropolitan District's
Change in Net Assets

Revenues:		
General revenues:		
Property Taxes	$ 169,820	$ 124,018
Other taxes	12,886	10,359
Interest and other revenue	1,833	1,436
Total Revenues	184,539	135,813
Expenses:		
General government	121,039	266,557
Contribution of water facilities	759,167	-
Total Expenses	880,206	266,557
Change in Net Assets	(695,667)	(130,744)
Net Assets - Beginning	(494,755)	(364,011)
Net Assets - Ending	$ (1,190,422)	$ (494,755)

The District's primary activity in 2004 was related to the downsizing of the District to allow formation of the Headwaters and Granby Ranch Metropolitan Districts. In 2005, the District dedicated infrastructure (water facilites) to other governmental agencies. The conveyance of capital assets to other entities is shown as an expense which has increased the net assets deficit for 2005.

Financial Analysis of the District's Funds

As mentioned early, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the efnd of the fiscal year. The Developer advances are reflected as a source of funds and developer repayments are shown as debt service in the fund financial statements.

Budget variances: Due to the downsizing of the District to allow for creation of Headwaters and Granby Ranch Metropolitan Districts, a budget amendment was required for 2005 to allow for the increased legal fees. With this budget amendment the District operated within its budget with no significant variances.

Long-term debts: The District's long-term debt at the end of 2005 consists of the obligation to the Developer for the funds advanced during 2005 and prior years as more fully described in Note D to the financial statements.

Request for Information:

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the SolVista Metropolitan District, c/o Robertson & Marchetti, P.C., 28 Second Street, Suite 213, Edwards, CO 81632, phone (970) 926-6060.

SolVista Metropolitan District

STATEMENT OF NET ASSETS

December 31, 2005

	Governmental Activities
ASSETS	
Cash and investments	$ 24,139
Receivables	
Property taxes receivable	55,329
Due from other governments	1,166
Total Assets	$ 80,634
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	$ 1,034
Deferred property taxes	55,329
Due to developer	1,214,693
Total Liabilities	1,271,056
Net Assets	
Unrestricted	(1,190,422)
Total Net Assets	(1,190,422)
Total Liabilities and Net Assets	$ 80,634

The accompanying notes are an integral part of this statement.

SolVista Metropolitan District

STATEMENT OF ACTIVITIES

Year ended December 31, 2005

Function/Programs	Expenses	Governmental Activities
Governmental activities		
General government	$ 121,039	$ (121,039)
Contribution of water facilities	759,167	(759,167)
Total governmental activities	$ 880,206	(880,206)
General revenues		
Property taxes		169,820
Specific ownership taxes		12,886
Interest earnings		1,833
Total general revenues		184,539
Change in net assets		(695,667)
Net assets - beginning		(494,755)
Net assets - ending		$ (1,190,422)

The accompanying notes are an integral part of this statement.

SolVista Metropolitan District

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2005

	General Fund
ASSETS	
Cash and investments	$ 24,139
Receivables	
Property taxes receivable	55,329
Due from other governments	1,166
Total Assets	$ 80,634
LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts payable	$ 1,034
Deferred property taxes	55,329
Total Liabilities	56,363
Fund equity	
Unreserved, undesignated	24,271
Total Fund Equity	24,271
Total Liabilities and Fund Equity	$ 80,634
Fund balance (as reported above)	$ 24,271
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Developer advances recorded as debt in governmental activities	(1,214,693)
Net assets of governmental activities	$ (1,190,422)

The accompanying notes are an integral part of this statement.

SolVista Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended December 31, 2005

		General Fund
Revenues		
Property taxes		$ 169,820
Specific ownership taxes		12,886
Interest		1,833
Total revenues		184,539
Expenditures		
General government		121,039
Debt service		138,000
Total expenditures		259,039
	Excess of Revenues Over (Under) Expenditures	(74,500)
Other financing sources		
Developer advances		50,134
Total other financing sources		50,134
	Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(24,366)
Fund Balance - January 1		48,637
Fund Balance - December 31		$ 24,271
	Net Change in Fund Balance (above)	$ (24,366)
	Amounts reported for governmental activities in the Statement of Activities are different because:	
	Developer advances and repayments recorded as debt in governmental activities	87,866
	Contributions and conveyance of capital assets to other governments reported as a decrease of governmental capital assets not recorded in the funds	(759,167)
	Change in Net Assets of Governmental Activities	$ (695,667)

The accompanying notes are an integral part of this statement.

SolVista Metropolitan District

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	$ 169,819	$ 169,819	$ 169,820	$ 1
Specific ownership taxes	13,586	13,586	12,886	(700)
Interest income	1,400	1,650	1,833	183
Total revenues	184,805	185,055	184,539	(516)
Expenditures				
General government				
Accounting	14,400	14,400	11,760	2,640
Utilities	2,000	4,300	4,234	66
Engineering	-	5,000	2,551	2,449
Legal	25,000	90,000	77,732	12,268
Repairs and maintenance	-	2,100	2,058	42
Water Rights	9,900	9,900	9,900	-
Other general and administrative	2,200	3,050	2,184	866
Treasurer fees	8,491	8,491	8,494	(3)
Insurance	5,000	4,000	2,126	1,874
Contingency	18,000	-	-	-
Debt service				
Developer repayments	824,000	138,000	138,000	-
Interest	36,000	-	-	-
Total expenditures	944,991	279,241	259,039	20,202
Excess of Revenues Over (Under) Expenditures	(760,186)	(94,186)	(74,500)	19,686
Other financing sources (uses)				
Developer advances	-	50,000	50,134	134
Bond proceeds	800,000	-	-	-
Bond issue costs	(40,000)	-	-	-
	760,000	50,000	50,134	134
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(186)	(44,186)	(24,366)	19,820
Fund Balance - January 1	61,705	48,637	48,637	-
Fund Balance - December 31	$ 61,519	$ 4,451	$ 24,271	$ 19,820

The accompanying notes are an integral part of this statement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The SolVista Metropolitan District (the "District") was established on November 28, 1999, as a quasi-municipal corporation and political subdivision of the State of Colorado. The District was originally named the Silver Creek Metropolitan District and changed its name to SolVista Metropolitan District in 2001. The District's service area is located in Grand County, Colorado. The District was established to provide roads and drainage, parks and recreation, safety protection including signage and lighting, transportation, fire protection, mosquito control, and water and sewer lines.

The District has no employees and all services are contracted.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

2. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

3. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, the District has only governmental activities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide Financial Statements

In the government-wide Statement of Net Assets, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported as unrestricted net assets.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

4. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District currently has only one fund, the General Fund, which is a governmental fund.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental fund:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Measurement Focus and Basis of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

Long-Term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

6. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

In the Fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").

As required by the Colorado statutes, the District followed the following timetable in approving and enacting a budget for the ensuing years:

(1) For the 2005 budget year, prior to August 23, 2004, the County Assessor sent the District the assessed valuation of all taxable property within the District's boundaries.

(2) On or before October 15, 2004, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

(3) The Board held a public hearing on the proposed budget and capital program no later than 45 days prior to the close of the fiscal year.

(4) For the 2005 budget, prior to December 15, 2004, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.

(5) For the 2005 budget, the final budget and appropriating resolution was adopted prior to December 31, 2004.

(6) After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) supplemental appropriations to the extent of revenues in excess of those estimated in the budget; c) emergency appropriations; and d) reduction of appropriations for which originally estimated revenues are insufficient.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end.

NOTE B – CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. As of December 31, 2005, the District had fully insured bank deposits totaling $1,662.

Investments

Colorado state statues authorize the District to invest in U.S. Treasury bills, obligations of any other U.S. agency, obligations of the World Bank, general obligation bonds of any state or any of their subdivisions, revenue bonds of any state or any of their subdivisions, bankers acceptance notes, commercial paper, repurchase agreements, money market funds and guaranteed investment contracts. All investments must be held by the District, in their name, or in custody of a third party on behalf of the local government.

The District had invested $22,642 in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to $1.00. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust. Colotrust funds carry a Standard & Poor's AAAm rating. There is no custodial, interest rate or foreign currency risk exposure.

NOTE C – CAPITAL ASSETS

Property and Equipment

During 2005 the District conveyed all of its water facilities to the Town of Granby.

An analysis of the changes in capital assets for the year ended December 31, 2005 follows:

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
Water facilities	$ 897,343	$ –	$ (897,343)	$ –
Less accumulated depreciation	(138,176)	–	138,176	–
Net capital assets	$ 759,167	$ –	$ 759,167	$ –

NOTE D – LONG-TERM OBLIGATIONS

The District has an obligation to the District's Developer for costs incurred during construction. There are no specific payment dates for this obligation. The following is a summary of transactions for the obligation to the developer for the year ended December 31, 2005:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital obligation	$ 1,302,559	$ 50,134	$ (138,000)	$ 1,214,693

NOTE E – RELATED PARTIES

All of the members of the Board of Directors of the District are employees of or have substantial business interests with the Developer. On June 13, 2000, the District entered into an Agreement for Infrastructure Acquisition with the Developer. The Developer agreed to undertake the construction of streets, landscaping, storm drainage, water and sewer, safety protection, and park improvements and facilities, (The Public Infrastructure) within the boundaries of the District.

Following the completion of any phase or phases of the Public Infrastructure by the Developer, to the District's standards, the District will purchase the Public Infrastructure for the actual construction costs, which shall not include any interest or other compensation to the Developer.

The District may pay the costs of the Public Infrastructure from any source lawfully available to the District for such purpose, including the proceeds of the issuance of general obligation bonds or other indebtedness of the District, ad valorem taxes, or any other sources, but shall not be obligated to make payment from any particular source. The District may also construct the Public Infrastructure instead of purchasing the Public Infrastructure from the Developer.

NOTE F – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets; injuries to employees, or acts of God.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool), which is sponsored by the Special District Association of Colorado. The Pool provides property and general liability, automobile physical damage and liability, public official's liability and machinery coverage to its members. Members of the Pool are required to make additional surplus contributions. Any excess funds, which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2005 the Pool made no distributions to the District.

NOTE F – RISK MANAGEMENT – CONTINUED

Condensed financial statement data for the Colorado Special Districts Property and Liability Pool as of December 31, 2004 is as follows:

	Colorado Special Districts Property and Liability Pool
Assets	$ 11,487,396
Liabilities	$ 5,476,513
Net Assets	6,010,883
	$ 11,487,396
Revenue	$ 6,305,838
Investment Income and Other	187,018
Total Revenue	6,492,856
Expenses	4,710,139
Excess of Revenues Over Expenses	$ 1,782,717

NOTE G – AGREEMENTS WITH OTHER GOVERNMENTAL ENTITIES

Colorado River Water Conservation District

In 2001, the District entered into an agreement with the Colorado River Water Conservation District (River District) for delivery of ninety acre feet of water each project year, (July 1-June 30) for municipal and industrial purposes. The River District is the owner and operator of the Wolford Mountain Reservoir Project located on the Muddy Creek drainage near Kremmling, Colorado.

The base price is $105 per acre-foot of water that includes a charge for operation and maintenance (O&M) of $20. Effective April 1, 2003 and every five years thereafter, the O&M charges will be adjusted based on the cumulative change in the Boulder-Denver Metro Area Consumer Price Index.

The initial term of the contract is for a period of forty years, with the right to renew for a secondary term of thirty-five years. For the year ended December 31, 2005, the District paid $9,900 for water under this agreement. This contract was later transferred to Headwaters Metropolitan District in March of 2006.

NOTE H – TABOR AMENDMENT

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that of the prior year, extension of any expiring tax, or tax policy change directly causing a new tax revenue gain to any local government. Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year or other financial obligation unless adequate present cash reserves are pledged irrevocable and held for payments in future years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of the fiscal year spending (excluding bonded debt service) for fiscal years ended after December 31, 1994. At December 31, 2005, the District was not required to have an emergency reserve.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

On November 2, 1999 the voters of the District authorized increases in debt as follows:

Authorized Debt	Maximum Annual Taxes	Purpose
$ 5,913,000	$ 6,563,430	Street Improvements
11,173,000	12,402,030	Potable & Non-Potable Water Systems
10,306,000	11,439,660	Sanitary Sewer Systems
1,590,000	1,764,900	Parks and Recreation Facilities
153,000	169,830	Public Transportation Facilities and Systems
$ 29,135,000	$ 32,339,850	

The electorate of the District also authorized maximum annual taxes up to $2,875,000 in 1999 and each year thereafter to pay the District's operations, maintenance, and other expenses, such amounts to increase annually in an amount not to exceed the applicable limitations of Article X, Section 20 of the Colorado Constitution and Colorado Law.

NOTE H – TABOR AMENDMENT – CONTINUED

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE I – COMMITMENTS AND CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives have disclosed that there are no material outstanding claims against the District at December 31, 2005.

SUPPLEMENTARY INFORMATION

SolVista Metropolitan District

SCHEDULE OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED

December 31, 2005

Calendar Year Ended December 31	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2005	$ 6,792,770	25	$ 169,819	$ 169,820	100%
2006	$ 2,213,140	25	$ 55,329		

Note:

The reduction in assessed value for 2006 reflects the exclusion of 4,223 acres of land from the District in April 2005. After the exclusion, the District contained 77 acres. The District excluded an additional 23 acre parcel of land in July 2005 but the assessed value of that land, $94,350, is reflected in the 2006 assessed value of the District. The 2007 assessed value will not include the assessed value of this parcel.

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

APPENDIX I

AUDITED DEVELOPER FINANCIAL STATEMENTS

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Granby Realty Holdings LLC
(a wholly owned subsidiary of
SolVista Corp)

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

March 21, 2005 (date of inception) through
December 31, 2005

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Marc, James & Associates, PC
Certified Public Accountants

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

To the Member
Granby Realty Holdings LLC
Granby, Colorado

We have audited the accompanying balance sheet of Granby Realty Holdings LLC, a Colorado Limited Liability Company, a wholly owned subsidiary of SolVista Corp, as of December 31, 2005, and the related statements of operations and changes in member's equity and cash flows for the period March 21, 2005 (date of inception) through December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit 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 audit provides a reasonable basis for our opinion.

The market value information in Note M was not subject to our auditing procedures applied in our audit of the financial statements. Accordingly, we do express an opinion on Note M.

In our opinion, the financial statements referred to above, except Note M, present fairly, in all material respects, the financial position of Granby Realty Holdings LLC as of December 31, 2005, and the results of operations and cash flows for the period March 21, 2005 (date of inception) to December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

Marc, James and Associates, PC

Highlands Ranch, Colorado
February 28, 2006

Financial Statements

Granby Realty Holdings LLC
(a wholly owned subsidiary of SolVista Corp)

BALANCE SHEET

December 31, 2005

ASSETS:	
Land and land development costs:	
Common project costs	$ 33,436,971
Multiple project costs	332,845
Specific project costs	2,302,381
Total land and land development costs	36,072,197
Community amenities - leased, net of accumulated depreciation	12,510,065
Cash and cash equivalents	213,928
Fixed assets, net of accumulated depreciation	706,223
Other assets:	
Accounts receivable, less allowance for doubtful accounts of $14,191	258,615
Accounts receivable - related parties	1,450,192
Prepaid expenses	158,431
Total other assets	1,867,238
	$ 51,369,651
LIABILITIES AND MEMBER'S EQUITY:	
LIABILITIES:	
Accounts payable	$ 1,168,540
Accrued liabilities	2,048,951
Advance from parent company	776,832
Long-term debt	25,318,773
Total liabilities	29,313,096
COMMITMENTS AND CONTINGENCIES	-
MEMBER'S EQUITY:	
Member's capital	20,839,409
Retained earnings	1,217,146
Total member's equity	22,056,555
	$ 51,369,651

The accompanying notes are an integral part of these statements

Granby Realty Holdings LLC
(a wholly owned subsidiary of SolVista Corp)

STATEMENT OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY

For the period March 21, 2005 (date of inception) through December 31, 2005

REVENUES:	
Sale of land	$ 3,631,026
Commissions	383,515
Community amenities	290,103
Other	136,780
Total revenues	4,441,424
EXPENSES:	
Cost of land sales	1,686,043
Commissions	441,255
Cost of sales	61,661
Operations	1,200,176
Depreciation and amortization	432,775
Total expenses	3,821,910
Operating income	619,514
OTHER INCOME:	
Capitalization of development costs	597,632
Net income	1,217,146
Member's capital - beginning of the period	-
Capital contribution	20,839,409
Member's capital - end of the period	$ 22,056,555

The accompanying notes are an integral part of these statements

Granby Realty Holdings LLC
(a wholly owned subsidiary of SolVista Corp)

STATEMENT OF CASH FLOWS

For the period March 21, 2005 (date of inception) through December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 1,217,146
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	432,775
Transfer of land and land development costs to cost of land sales	1,474,537
Change in assets and liabilities	
Accounts receivable	(192,544)
Prepaid expenses	167,950
Accounts payable	(1,815,494)
Accrued liabilities	952,061
Total adjustments	1,019,285
Net cash provided by operating activities	2,236,431
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions to land and land development costs	(7,774,309)
Additions to community amenities - leased	(222,807)
Increase in accounts receivable - related parties	(1,011,535)
Additions to fixed assets	(54,878)
Net cash used by investing activities	(9,063,529)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Advance from parent company	776,832
Borrowing on long-term debt	25,371,744
Payments on long-term debt	(21,593,784)
Capital contribution	2,486,234
Net cash provided by financing activities	7,041,026
NET INCREASE IN CASH AND CASH EQUIVALENTS	213,928
Cash and cash equivalents, beginning of the period	-
Cash and cash equivalents, end of the period	$ 213,928
Supplemental cash flow information	
Interest paid during the year, net of capitalized	$ -
Non-cash financing activities	
Net assets contributed by parent company	$ 18,353,175

The accompanying notes are an integral part of these statements

Granby Realty Holdings LLC
(a wholly owned subsidiary of SolVista Corp)

NOTES TO FINANCIAL STATEMENTS

March 21, 2005 (date of inception) to December 31, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Granby Realty Holdings LLC ("GRH", the "Company"), a Colorado Limited Liability Company, a wholly owned subsidiary of SolVista Corp (SVC) was organized on March 21, 2005. The Company was organized to serve as the primary development entity for the development of approximately 5,000 acres of real estate ("Granby Ranch", the "Project") located in the Town of Granby, Colorado. In addition, the Company owns and manages the SolVista Basin ski area and the Headwaters Golf Course ("Community Amenities").

On April 1, 2005, SolVista Corp transferred substantially all of the platted and un-platted land and capitalized land development costs, the SolVista Basin ski area, the Headwaters Golf Course, all related equipment and machinery, tangible personal property and other such tangible and intangible property to GRH. Effective April 1, 2005, all of the operations related to the development of Granby Ranch and operation of the Community Amenities were reflected on the financial records of GRH.

On June 1, 2005, GRH entered into a Lease Purchase Agreement (the "Lease) between GRH and Headwaters Metropolitan District ("HMD") under which GRH leases the Community Amenities to HMD. Effective June 1, 2005, all of the operations of the Community Amenities are reflected on the financial records of HMD subject to the terms of the Lease.

The accompanying financial statements include only the accounts of GRH. A summary of the Company's significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. *Land and Land Development Costs*

   The Company follows the guidance in Statement of Financial Accounting Standards (SFAS) No. 67, *Accounting for Costs and Initial Rental Operations of Real Estate Projects* for the accounting for the acquisition, development, construction, and selling costs associated with the development of the Project. Land and land development costs are stated at the lower of cost or estimated net realizable value and consist of acquisition costs, land development costs, direct construction costs, and other related capitalized costs.

2. *Community Amenities*

   Community Amenities include the land, land improvements, buildings and equipment of the SolVista Basin ski area and the Headwaters Golf Course and are stated at cost less applicable accumulated depreciation.

   Depreciation and amortization are provided in amounts sufficient to relate the cost of depreciable assets to operations over the estimated useful service lives. Depreciation is provided for under the straight-line method with estimated useful service lives as follows:

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2. *Community Amenities - continued*

	Estimated service lives (years)
Furniture and equipment	5 to 7
Vehicles	5
Computer hardware and software	5
Buildings	39
Golf course improvements	15

3. *Cost of Land Sold*

The Company follows the guidance under SFAS No. 66, *Accounting for Sales of Real Estate* for determining and accounting for the cost of land sold. The cost of land sold is determined based on an allocation of total common, multiple and specific acquisition, development, and other costs to complete the Project as applicable. The allocation of the common costs calculated is based on the relative sales value of the land sold to the total estimated sale value of the Project. The resulting percentage is then applied to the common costs. A similar calculation is completed to determine the amount of any applicable multiple and specific project costs.

4. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Company considers all cash on hand, demand deposits, and money market accounts to be cash and cash equivalents.

5. *Advertising*

The Company expensed the cost of advertising and for various other media related to the operation of the Community Amenities the first time the advertising took place. During the period March 21, 2005 through May 31, 2005 advertising in the amount of $29,261 was charged to expense. The marketing and advertising related to the continued development of the Project and pertaining to the solicitation of sales of lots within the Project are capitalized as a portion of the land and land development costs.

6. *Use of Estimates*

The accounting for the operation of the Company and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America involves the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. These estimates are based upon management's best judgment, after considering past and current events and assumptions about future events. Actual results could differ from the estimates.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

7. *Income Taxes*

The Company was organized as a Limited Liability Company and as such, no provision for income taxes has been included in the financial statements as the earnings or loss of the Company is required to be reported by the Member on its respective income tax returns.

8. *Fair Value of Financial Instruments*

The carrying amounts of the Company's financial instruments including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate the fair value due to the short-term nature of these instruments. The carrying amount on long-term debt approximates the fair value based on the instrument's interest rate, terms and maturity date and collateral in comparison to the Company's incremental borrowing rate for similar financial instruments.

NOTE B - LEASE PURCHASE AGREEMENT

On June 1, 2005 GRH entered into an operating Lease Purchase Agreement (the "Lease") between GRH and Headwaters Metropolitan District ("HMD", the "District"), a quasi municipal corporation and political subdivision of the State of Colorado.

Under the Lease, GRH leases to HMD the premises including the SolVista Basin ski area and Headwaters Golf Course located in the Town of Granby, together with all improvements, including all buildings, equipment, fixtures, parking areas, landscape areas, any retaining walls, any storm water detention, utilities, sidewalks and entrances and exits. However, under the lease all of the assets remain the property of GRH.

The initial term of this Lease began on June 1, 2005 and terminated at the end of the District's fiscal year, December 31, 2005. Under the terms of the Lease, the District has the option to renew the Lease for twenty four additional one-year terms coinciding with the fiscal year of the District. The District exercised its renewal option for 2006. The Lease will also terminate upon the earliest of four events as described in the Lease.

Under the Lease, the District is required to pay for the Original Term and all of the subsequent renewal terms of the Lease, on December 31st of each year, an annual rental payment, an amount equal to the periodic payments included in the Lease. The annual rental payment shall not exceed in any event the sum of all fees received by the District under the Amenities Fee Agreement dated June 1, 2005 between GRH and the District. Under the Lease, GRH and the District agree that the obligation of the District to pay annual rental payments is limited to available funds and does not accrue or should not be considered to be indebtedness or a multiple fiscal-year obligation of the District. For the fiscal-year ended December 31, 2005, there were no funds available and no payments were made by the District to GRH. Due to the uncertainty of the availability of future funds and the terms of the Lease, the December 31, 2005 rental payment has not been accrued on the financial statements of GRH as of December 31, 2005.

NOTE B - LEASE PURCHASE AGREEMENT – continued

Under the Lease, the District may opt to prepay in full upon sixty days notice to GRH the Lease which would constitute the purchase of the leased premises. As of December 31, 2005, no notice of prepayment by the District has been received by GRH.

In connection with the Lease, on June 1, 2005, HMD entered into a Management Agreement (the "Agreement") with GRH under which GRH will manage the SolVista Basin ski area and Headwaters Golf Course on behalf of HMD. The initial term of the Agreement began on June 1, 2005 and terminated at the end of the District's fiscal year, December 31, 2005. Under the terms of the Agreement, the District has the option to renew the Agreement for twenty four additional one-year terms coinciding with the fiscal year of the District. The District exercised its renewal option for 2006. The Agreement will also terminate upon the earliest of three events as described in the Agreement.

Under the Agreement, HMD shall make available all operating revenues of the SolVista Basin ski area and Headwaters Golf Course and other revenue including, without limitation, all mil levies and fees for such purpose, unless pledged, in accordance with the Annual Plan, and in addition, GRH shall provide additional funds to the extent available, as reasonably determined by HMD, to fund any operating deficits consistent with the Annual Plan. Under the Agreement, GRH, as Managers, will submit for HMD approval, an operating budget, the "Annual Plan", for the ensuing fiscal year.

Employees of GRH serve as the officers of HMD.

NOTE C - MANAGEMENT SERVICES AGREEMENT

On March 21, 2005, date of inception of GRH, SolVista Corp and GRH entered into a Management Services Agreement ("Services Agreement") with two individuals to serve as the Managers of GRH. Under the Services Agreement, the Managers will act as the sole and exclusive Managers of all aspects of GRH's business.

In exchange for their services, the Managers will receive, out of the proceeds of sales, a marketing and sales incentive fee of three percent for the first $5 million of gross revenues, three and one-half percent of gross revenues exceeding $5 million up to and including $10 million, and four percent of gross revenues exceeding $10 million. Gross revenues are defined within the Services Agreement. Under the Services Agreement the Managers are to receive a monthly management fee.

During 2005 under the terms of the Services Agreement, the Managers earned a marketing and sales incentive fee $93,369 with a balance due of $7,254 as of December 31, 2005. The Managers also earned a management fee of $175,500 with a balance due of $19,500 as of December 31, 2005.

NOTE D – OPERATION OF THE COMMUNITY AMENITIES

As previously discussed for the period January 1, 2005 to March 31, 2005, the operations of the SolVista Basin ski area were recorded on the financial records of SolVista Corp. For the period April 1, 2005 to May 31, 2005, the operations of the Community Amenities were reflected on the financial records of the GRH. For the period June 1, 2005 to December 31, 2005, the operations of the Community Amenities were reflected on the financial records of the HMD. Under the Lease with HMD, GRH is to fund any operating deficits incurred by the Community Amenities.

During the period April 1, 2005 through December 31, 2005 the Sol Vista Basin ski area and Headwaters Golf Course incurred operating losses of $752,061 and $435,368, respectively, before allocations of overhead from GRH, depreciation attributed to the Community Amenities and a one-time charge for inventory. As permitted under SFAS No. 67, as the Company had developed and implemented a plan to sell or transfer the Community Amenities to HMD, the operating losses from the Community Amenities, the allocation of overhead, $581,640, depreciation, $396,177, and the one time charge for inventory, $93,872, which total $2,259,118 or $1,547,201 and $711,917 for the SolVista Basin ski area and Headwaters Golf Course, respectively, have been capitalized and included in "Land and land development costs.

NOTE E – LAND AND LAND DEVELOPMENT COSTS

Land and land development costs consist of the following as of December 31, 2005:

Common project costs		
Total costs incurred project to date	$	34,534,370
Less: costs transferred to cost of land sales		1,097,399
Net common project costs		33,436,971
Multiple project costs		
Total costs incurred project to date		354,420
Less: costs transferred to cost of land sales		21,575
Net multiple project costs		332,845
Specific project costs		
Total costs incurred project to date		2,913,184
Less: costs transferred to cost of land sales		610,803
Net specific project costs		2,302,381
Total land and land development costs	$	36,072,197

NOTE E – LAND AND LAND DEVELOPMENT COSTS - continued

During the period March 21, 2005 through December 31, 2005 interest expense and loan origination fees related to the Project were capitalized in the amount of $2,900,870. In addition, advertising and marketing costs in the amount of $549,062 were capitalized.

NOTE F – COMMUNITY AMENITIES

Community Amenities consist of the following as of December 31, 2005:

Land and improvements	$	555,852
Buildings and improvements		1,303,292
Ski lifts and mountain lighting		3,336,621
Machinery and equipment		2,050,982
Furniture and fixtures		276,899
Vehicles		509,993
Golf course		9,347,429
Other		33,262
Total community amenities		17,414,330
Less: accumulated depreciation		4,904,265
Net community amenities	$	12,510,065

NOTE G – FIXED ASSETS

Fixed assets consisted of the following as of December 31, 2005:

Buildings	$	565,999
Building improvements		287,199
Equipment		35,078
Vehicles		12,828
Total fixed assets		901,104
Less: accumulated depreciation		194,881
Net fixed assets	$	706,223

Fixed assets are being depreciated with lives similar to those being used to depreciate the Community Amenities.

NOTE H – LONG-TERM DEBT

Long-term debt consisted of the following as of December 31, 2005:

Note payable to a private investment company with a total availability of $29,500,000 which includes a non-revolving land advance of $19,000,000, letter of credit reserve of $2,500,000 and a revolving advance of $8,000,000; collateralized by certain real property located in Grand County as described in note documentation; guaranteed by an officer of SolVista Corp and the Managers of GRH with limits as specified in the loan agreement; maturity date of June 1, 2008 with two consecutive extension options of one year each; no prepayments during the first 24 months, with limited exceptions with 30 days notice; requires monthly accrued interest payments and principal payments as described in the loan agreement; contains several financial reporting covenants and specific lender approvals.	$	24,774,153
Notes payable to a finance company bearing interest at 9.92%, payable in quarterly installments of $88,699 and payment five times per year $16,242, beginning in June 2000 through April 2008, secured by ski lifts and guaranteed by SolVista Corp and an officer of SolVista Corp.		452,084
Installment equipment loans		92,536
Total long-term debt		25,318,773
Less: current portion		350,843
	$	24,967,930

NOTE H – LONG-TERM DEBT - continued

The future minimum maturities of long-term debt as of December 31, 2005 are as follows:

Year ending December 31,		
2006	$	350,843
2007		98,211
2008		24,857,587
2009		6,335
2010		5,757
	$	25,318,773

NOTE I – RELATED PARTY TRANSACTIONS

Metropolitan Districts

To facilitate the financing and construction of the infrastructure within the Granby Ranch development, in addition to the HMD, there exist two additional special districts; SolVista Metropolitan District and Granby Ranch Metropolitan District. On January 14, 2005, SolVista Corp entered into an Amenity Agreement, subsequently assigned to GRH, under which an amenity fee in the amount of $10,000 is to be assessed to future purchases of developed lots within the Granby Ranch development. The amenity fee does not pertain to initial bulk land sales by GRH; however the Amenity fee will be due from the individual purchaser upon the subsequent resale of lots by the bulk purchaser. Under the Amenity Agreement, the amenity fee is to be paid to HMD and subsequently HMD to extent available, the amenity fee is to be paid by HMD to GRH as an annual rental payment under the Lease between GRH and HMD. During the period March 19, 2005 through December 31, 2005, GRH agreed to assume the amenity fee for the lots sold. As of December 31, 2005, $150,000 was due to HMD and is payable to HMD within one or two years from the closing date of the related lot, depending on building permit status or upon the subsequent sale of lot by the original purchaser.

As of December 31, 2005, the Company has advanced funds to the HMD and SolVista Metropolitan District in the amounts of $1,438,944 and $11,247, respectively. Management anticipates recovery of a portion of the amounts advanced to the Districts as of December 31, 2005 from bond proceeds. The remaining amounts are anticipated to be recovered from future District revenues; accordingly no allowance has been recorded.

Employees of the Company serve as officers of the Districts.

Due to SolVista Corp

As of December 31, 2005, $776,732 was due to SolVista Corp for advances to the Company during the period April 1, 2005 through December 31, 2005 for operations.

NOTE I – RELATED PARTY TRANSACTIONS - continued

Sales of Land

During the period April 1, 2005 through December 31, 2005 GRH sold lots totaling $523,500 to the family of an officer and an officer of SolVista Corp and to the Managers of GRH.

Other Related Party Transactions

During the period April 1, 2005 through December 31, 2005 the Company obtained legal services in the amount of $95,808 from a law firm in which one of the Managers of the Company is a Partner. As of December 31, 2005, the balance due the law firm was $9,794.

For 2005, the Company allocated management and accounting expense to HMD in the amounts of $283,907.

NOTE J – COMMITMENTS AND CONTINGENCIES

Land Purchase Options

During 2005, GRH issued two options to purchase land within Granby Ranch to two developers. In exchange for the options, GRH received non-refundable option payments in the amount of $186,000 which are to be applied to the purchase price when the options are exercised. During 2005, $20,000 was applied to the purchase of land. The balance of $166,000 was held in trust as of December 31, 2005 and has been subsequently transferred to GRH. The options expire one and two years from the date of the options. As of December 31, 2005 the balance of the option payments were being shown as deferred revenue. The options will be recognized as revenue upon the exercise of the options or the expiration of the options.

Contractual Commitments for Construction

The Company has various contractual commitments for the construction of infrastructure within the Granby Ranch project. As of December 31, 2005 the Company had outstanding contractual commitments of $1,357,060 for construction of infrastructure. In addition, during the period April 1, 2005 through December 31, 2005 a number of the contractual commitments for construction were assigned to HMD. Under the assignment, the Company is required to fund any shortfall of HMD on the contracts.

As of December 31, 2005, the Company was obligated in the amount of approximately $205,280 on contracts assigned to HMD. In addition, included in accounts payable as of December 31, 2005 was retainages payable on construction contracts in the amount of approximately $23,366.

NOTE J – COMMITMENTS AND CONTINGENCIES – continued

Contractual Commitments for Construction - continued

Golf Cart Lease

In May 2005, the Company entered into a four-year lease for 60 golf carts for use at Headwater Golf Course. The lease requires monthly lease payments in the amount $7,330 during the months of June through October, operating season of the golf course, of each year. At the end of the lease, the Company may purchase the golf carts at market value. The future minimum lease payments under the lease as of December 31, 2005 are $43,980 in 2006, 2007 and 2008. Rental expense for the period March 21, 2005 through December 31, 2005 was $15,692. HMD paid $27,320 for the months of July through October 2005 on behalf of the Company.

Litigation

The Company from time to time is party to various negotiations and legal proceedings arising in the normal course of its business. In the opinion of management, the ultimate disposition of these matters, if any, will not have a material adverse effect on the Company's financial position, results of operation or liquidity.

NOTE K – CONCENTRATIONS OF RISK AND CREDIT

Sales to One Developer

During the period March 21, 2005 through December 31, 2005, the Company sold undeveloped land totaling approximately $2,203,076 to one developer. The Company has no obligation in regard to construction of infrastructure related to these sales.

Target Market and Other Developments

The Company's primary target sales market is to potential second home owners with principal residences located in the Denver metropolitan area. In addition, there are several other active real estate developments in the Grand County area.

Federal Deposit Insurance Corporation ("FDIC") Limit

At December 31, 2005 and on occasion throughout the year, the Company's cash on deposit with its financial services providers exceeded the $100,000 FDIC insurance limit. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash on deposit.

NOTE L – SIGNIFICANT ESTIMATES

In the preparation of the financial statements, the Company used two significant estimates, the total estimated cost to complete the Common Projects, approximately $88 million and the total sales value of the Project, approximately $568 million.

NOTE M – MARKET VALUE

In October 2004, SolVista Corp contracted with an independent appraiser to complete an appraisal and opinion of the market value of the Granby Ranch development. Based on the appraisal the concluded opinion of the fee simple, "as is" market value of the Granby Ranch development including the Community Amenities was approximately $100,990,000.

NOTE N – CONTRIBUTION OF WORKING CAPITAL

Subsequent to December 31, 2005, SolVista Corp and one of the Managers advanced the Company working capital totaling $425,000. The working capital is considered to be an advance and not a member capital contribution.

NOTE O – CONTRACTUAL GUARANTEES

As of December 31, 2005, Granby Ranch Metropolitan District was in the process of issuing general obligation bonds, the proceeds of which will be used to finance the construction of additional infrastructure improvements within the Granby Ranch project and to reimburse the Company for infrastructure improvements previously constructed and financed by the Company. It is anticipated that the Company will provide guarantees on the bonds. To the extent that the Company has to fund payments under the guarantees, it is anticipated that Granby Ranch Metropolitan District will have an obligation to reimburse the Company.

APPENDIX J

DEVELOPER BUDGET

IMPORTANT NOTE: The Developer has prepared the attached budget projection for the Development (the "Developer Budget") for years 2006-09. The budget includes projected revenues and expenses of the Developer, as well as projected District bond proceeds which are available for infrastructure costs, projected Developer advances to the District for District operations and maintenance costs and projected shared sales and use tax revenue. ***The Developer Budget has been prepared internally by the Developer. No independent certified public accountant has reviewed this information, nor has any independent certified public accountant performed any agreed upon procedures on such information. Further, the Developer Budget is based on key assumptions made by the Developer, including, but not limited to, prospective lot sales, development costs, operational costs, and the availability of development financing. Like any forecast, the Developer Budget is inherently subject to variations in the assumed data. Actual results will vary from those projected, and such variations may be material. See "FORWARD-LOOKING STATEMENTS" and "RISK FACTORS."***

The Developer Budget includes the Developer's expectations as to operational revenues and expenses, neighborhood lot sales and project costs. Explanatory information regarding certain line items is provided under "Comments." Additionally, the Developer has provided the following notes to the Developer Budget:

* The lot sale estimates reflected under "Absorption" represent anticipated sales of platted lots to merchant builders or individual lot purchasers (in contrast to the Forecast attached as Appendix A, which represents a forecast of completion dates for constructed units).

* The Amenity Fees reflected under "Operational Cash Flow" reflect payments expected to be received by the Developer from the Headwaters District pursuant to the Lease Purchase Agreement. Such payments consist of Amenity Fees expected to be received by the Headwaters District from lot purchasers, and will depend upon the timing of home construction and sales.

* Neighborhood revenues represent a compilation of projected lot sales and development and general and administrative expenses for each of the neighborhoods included in the Development. Cash flow includes projected repayment of amounts due under the Development Loan, as well as a projected additional borrowing. The Developer Budget anticipates that additional borrowing capacity will be available under the revolving line of credit portion of the Development Loan due to anticipated payments on the current amount due under the revolving line of credit. See "RISK FACTORS – Risks Associated With the Development Loan."

PROJECT PRO FORMA	GRANBY RANCH	
PROJECT NAME:	DEV PRO FORMA - DRAFT	
SCENARIO:	DRAFT FORECAST	
DATE:	May 19, 2006	
VERSION:	007E	5.0%

			2	3	4	5	Comments
1							
2			**2006**	**2007**	**2008**	**2009**	
3	**Absorption**						
4	Lots Absorbed		95	93	98	103	Numbers represent the annual projected retail lot sales to the end user.
5	Units Absorbed (Bulk Sales to Builder)		160	178	178	184	Numbers represent the annual projected density allocated to bulk sales to third party builders.
6	Other Absorbed		0	3	1	0	Numbers represent the annual projected bulk sales of commercial parcels to third party developers and the disposition of an affordable housing parcel to the Town.
7							
8	**Operational Cash Flow**						
9							
10	**Membership and Dues Contribution**						
11	Amenity Fee Payments by Lot Purchasers to HWMD		95	93	98	103	The Amenity Fee received by HWMD is paid to the developer under the Lease Purchase Agreement. Numbers represent the annual projected retail lot sales to the end user in which the amenity fee is included.
12	Amenity Fee Payments by Unit Purchasers to HWMD		30	93	166	205	The Amenity Fee received by HWMD is paid to the developer under the Lease Purchase Agreement. Numbers represent an estimate of annual finished units for which an amenity fee is paid.
14	Total Amenity Members		125	186	264	308	Subtotal of line 11 and 12.
15	Avg. Price per Membership		10,000	10,000	10,000	10,000	Amenity fee amount - not expected to increase.
16	Total Rental Payment under Lease Purchase Agreement		1,250,000	1,863,333	2,640,000	3,083,333	Line 14 multiplied by line 15.
17	Total Membership Dues Revenue	5.0%	44,100	107,935	205,015	327,700	Family package includes additional services for an additional cost of approximately $1,200 per year for a family in 2006. Assumes that 25% of active members will opt for the family package inflated 5%
18	Membership Admin	5.0%	(157,500)	(165,375)	(173,644)	(182,326)	Estimated cost of administering membership programing, member services and packages - adjusted by 5% annually.
19	**Total Membership Cash Flow**		1,136,600	1,805,893	2,671,372	3,228,708	
20							
21	**Operational Contribution**						
22	Net Golf Cash Flow	5.0%	(596,000)	(476,800)	(381,440)	(305,152)	Assumes a negative cash flow in 2006 based on historical operations for 2005 and an increase in revenue over time due to an increase in play as residential occupany within the project increases - adjusted by 5% annually. The golf course is leased by the HWMD, but the developer is responsible for operating shortfalls.
23	Net Skiing Cash Flow	5.0%	(37,262)	(50,000)	(25,000)	-	2006 number based on 2005/2006 ski season (better than average) - future years assumes a minimal increase in skier numbers as occupany within the project increases - adjusted by 5% annually. Theski area is leased by the HWMD, but the developer is responsible for operating shortfalls.
25	Other Operational Cash Flow	5.0%	307,067	338,541	355,468	373,242	Numbers represent the projected real estate sales operation net cash flow for 2006 for some but not all project sales, general brokerage and third party listings - adjusted by 5% annually. (Village Homes properties are excluded)
26	**Net Operational Cashflow (Before ITDA)**		(326,195)	(188,259)	(50,972)	68,090	-
27							
28	**General & Administrative Expenses:**						
32	General & Admin Expenses	5.0%	(1,096,374)	(1,208,752)	(1,269,190)	(1,332,649)	Based on historical costs for 2005 and estimated personnel needs - adjusted by 5% annually.
34	Carry Over		(453,685)	-	-	-	2005 costs paid in 2006.
35	Total G & A Expenses		(1,550,059)	(1,208,752)	(1,269,190)	(1,332,649)	
36							
37	**Operations Capital**						
40	Total Operations Capital	5.0%	(535,355)	(330,750)	(347,288)	(364,652)	Numbers represent annual expected capital improvements to golf and ski operations - adjusted by 5%
41							
42	Total Membership & Operational Cash Flow		(1,275,009)	78,132	1,003,923	1,599,496	
187							
188	**Development Cash Flow**						
189							
190	**Neighborhood**						
191	Neighborhood Gross Revenue (net of sales costs)		18,227,910	23,951,537	24,882,303	30,969,446	Numbers represent the estimated gross revenue from retail lot sales and bulk land sales (net of sales costs).
192	Total Neighborhood Development Costs		(5,987,542)	(7,668,681)	(8,035,274)	(9,370,798)	Numbers represent the estimated land development costs for retail lots sales. Land development cost for the bulk sale parcels will be the responsibility of third party developers.
193	Net Neighborhood Cash Flow		12,240,368	16,282,856	16,847,029	21,598,649	
194							
195	**New Equity**						
196	Partner Contribution		8,000,000	-	-	-	Number represents partner equity contribution received May 2, 2006.
197							
198	**Metro Bond Proceeds and Tax Sharing**						
199	Metro District Rembursement (Bond Proceeds)		8,800,000	-	6,720,000	-	2006 Number represents the net bond proceeds to the GRMD. 2008 Number represents an estimate of future net bond proceeds derived from other District(s).
201	Use Tax Reimbursement		-	-	64,933	126,090	Estimate based on Town formula described in Annexation Agreement and Intergovernmental Agreement between the Town and the Districts.
202	Sales Tax Reimbursement	5.0%	-	-	57,881	60,775	Estimate based on Town formula described in annexation agreement and estimated sales within the project - adjusted by 5% annually.
203							
204	**Project Land Development Costs**						
205	Backbone Infrastructure Costs		6,680,833	8,881,405	4,338,942	10,767,949	Numbers represent various infrastructure improvements to support neighborhood development and bulk sale parcels within the project - adjusted by 5% annually.
206	Nicklaus Designs Participation		520,275	769,296	98,816	-	Numbers represent a 5% participation in the next 175 retail lot sales.
207	Amenities	5.0%	2,035,412	8,268,750	7,524,563	1,276,282	Numbers represent various amenity improvements to support neighborhood development and bulk sale parcels within the project - adjusted by 5% annually.
208	Master Planning		350,000	250,000	250,000	250,000	Numbers represent an annual cost of general master planning issues.
209							
210	**General & Administrative Expenses:**						
211	Property Taxes (Pre Plat and Carry)		405,000	406,065	395,604	375,225	Estimate based on development schedule. Neighborhood taxes are included in the total neighborhood development costs as those neighborhoods are platted over time.
212	Consulting/Legal Expenses	5.0%	355,000	132,300	138,915	145,861	Numbers represent an annual cost of general project consulting and legal issues - adjusted by 5%
213	Master Marketing	5.0%	315,000	330,750	347,288	364,652	Number represents an estimated annual cost of general marketing of the project apart from neighborhood specific marketing - adjusted by 5% annually.
214	Development Management Fee		782,090	1,037,981	1,075,830	1,333,866	Number represents 4% of gross land sales revenue.
215	Administration/RE Admin	5.0%	1,155,000	1,212,750	1,273,388	1,337,057	Based on historical costs and estimated new personnel needs - adjusted by 5% annually.
216	Annexation Legal		25,000	-	-	-	Number represents additional legal costs associated with past annexation agreement.
217	Metro Legal and Developer Advances to District		133,000	195,000	119,000	96,000	Estimated annual Developer advance to the District for O&M and developer costs associated for legal relationship issue between the same.
218	*Other Expenses		1,839,552	-	-	-	2005 costs paid in 2006.
219							
220	**Net Development Cash Flow**		14,444,205	(5,201,440)	8,127,498	5,838,623	
221							
222	**NET OPERATIONAL AND DEVELOPMENT CASH FLOW**		13,169,196	(5,123,308)	9,131,421	7,438,119	
223							
224	**SENIOR AND REVOLVER**						
225	EXISTING DEBT	(28,200,000)	(28,200,000)				
227	NET LOAN ADVANCES		-	5,123,308	-	-	
228	BEGINNING BALANCE		(28,200,000)	(22,692,112)	(24,734,402)	(17,829,077)	
229	NET PRINCIPAL & INT PAYMENT		13,169,196	-	9,131,421	7,438,119	
230	INTEREST	9.00%	(2,538,000)	(2,042,290)	(2,226,096)	(1,604,617)	
231	ENDING BALANCE		(17,568,804)	(24,734,402)	(17,829,077)	(11,995,575)	
232							
233	NET CASH FLOW AFTER FINANCING		-	-	-	-	
234							

APPENDIX K

SUMMARY OF THE DEVELOPMENT LOAN

The following information summarizes the principal provisions of the Development Loan. The entire Development Loan Agreement is available upon request as described in "INTRODUCTION – Additional Information." Certain provisions of the Development Loan and risks associated therewith are described in "RISK FACTORS – Development Loan" and "THE DEVELOPMENT – Development Financing."

Mandatory Prepayments

Pursuant to the Development Loan Agreement, the Developer is required to apply the following amounts to prepay the Development Loan:

- 85% of the Developer's Net Sales Proceeds (as defined in the Development Loan Agreement) from sales of property within the Development. With respect to sales of individual lots (other than commercial parcels) and unplatted parcels, the lesser of 85% of the Net Sales Proceeds and $65,000 per lot that is sold is applied to the repayment of the revolving loan, with any remainder applied to repay the term loan. With respect to sales of commercial parcels, 65% of the Net Sales Proceeds are applied to the repayment of the revolving loan, with the remainder applied to repay the term loan.

- 50% of all (i) "Additional Sales Proceeds" (defined to include Amenity Fees, any amount payable to Borrower by or on behalf of any District in connection with the property within the Development, retail tax subsidies and similar revenue received by the Developer in connection with the sale of property within the Development). Except as provided below with respect to District Reimbursement Proceeds, these prepayments are applied to repay the term loan, and, after the term loan is paid in full, the revolving loan.

- 50% of the Developer's revenues from the operation of the Ski Area, the Golf Course and the golf clubhouse, net of the costs of such operations ("Total Revenues"), in excess of the revenues necessary for the Developer to receive an annual return of 10% on its initial equity in the project of $20,083,000 as of June 1, 2005. These prepayments are applied to repay the term loan, and, after the term loan is paid in full, the revolving loan.

- 100% of the net proceeds received by the Developer from a bond issuance by a community facility district, a metropolitan improvement district, an assessment district or a special taxing district (collectively, "Special Districts") that is used to pay for the Special District's acquisition of the Ski Area or Golf Course from the Developer. These prepayments are applied to repay the term loan, and, after the term loan is paid in full, the revolving loan.

- 50% of the net proceeds received by the Developer of any bonds or other evidences of indebtedness issued by a Special District in order to finance all or a portion of the costs of constructing public and/or infrastructure improvements on the property within the Development, to the extent that the costs of such improvements are funded with proceeds of the revolving credit facility ("District Reimbursement Proceeds"), except that Developer is required to use 100% of such District Reimbursement Proceeds to repay the loan if (i) a default or event

of default has occurred under the Development Loan, or (ii) a change in the financial condition of the Borrower or any guarantor of the Development Loan or other person obligated to the Development Lender in connection with the Development Loan, or a change in the property within the Development, has occurred after June 2, 2005 that, as determined by the Development Lender in its sole discretion, would have a material and adverse effect on the Developer, such guarantor or other person, or the property within the Development, or (iii) the Development Lender did not consent to the issuance of the bonds or other evidences of indebtedness. 75% of these payments are applied to payment of the term loan, and 25% of such payments are applied to the revolving loan; provided, however, that 100% of the first $1.59 million of District Reimbursement Proceeds received by the Developer are required to be paid to the Development Lender, to be applied 50% to the term loan and 50% to the revolving loan.

By December 31, 2006, the Developer is required to sell lots in a sufficient quantity and at sales prices that generate Net Sales Proceeds in an amount sufficient to reduce the outstanding principal amount of the term loan by $3,283,919, and to pay the additional 0.5% additional fee required in connection with such repayments by January 15, 2007. In addition, the Developer is required to make the minimum mandatory prepayment of $18,800,000 that is described in "The Development – The Development Loan."

Covenants

The Development Loan Agreement contains a number of customary affirmative covenants for a transaction of its type. The Development Loan Agreement also contains a number of customary covenants related to the Developer's construction of improvements to the property within the Development, including, without limitation, covenants that require the Developer to (i) obtain the Development Lender's approval of (a) the commencement of construction of any improvements; (b) construction and engineering contracts and amendments and modifications thereof; (c) plans and specifications for improvements and material changes thereto, and (d) schedules for the construction of improvements, (ii) complete construction of improvements in a good and workmanlike manner, without delay and in accordance with the construction schedule approved by the Development Lender and the Developer's other contractual obligations, and (iii) obtain the release of mechanic's liens or claims of lien. In addition, the Development Loan Agreement contains a number of customary special purpose entity covenants.

The Development Loan Agreement contains a number of customary negative covenants that limit the ability of the Developer to, without the Development Lender's prior approval, (i) amend its organizational documents; (ii) enter into, amend in any material respect or terminate any agreement providing for the construction, development, management, sale, leasing or operation of the property within the Development; (iii) enter into transactions with affiliates; (iv) incur additional indebtedness or obligations; (v) cause or permit additional liens to encumber or affect title to the property within the Development or the other collateral for the Development Loan, (vi) cause or permit any equity owner of the Developer (or any equity owner of any entity that is a direct or indirect equity owner of the Developer) to transfer or encumber its direct or indirect equity interest in the Developer; (vii) enter into, amend, modify, terminate or accept the surrender of any lease or other agreement that creates use, possessory or occupancy rights with respect to all or any portion of the property within the Development or the improvements, accept

prepayments of rent, or grant any tenant any right of first refusal or first offer, or option to purchase or lease, all or any portion of the property within the Development or any interest therein; (viii) make certain dividends or distributions; (ix) record any final plat or any other plat map, final map, parcel map, lot line adjustment or other subdivision map of any kind covering any portion of the property within the Development; (x) transfer, convey, assign, mortgage, pledge, hypothecate, encumber or alienate all or any portion of the property within the Development or any interest therein, other than ordinary course sales of lots, commercial parcels and unplatted parcels (the sale contracts for such ordinary course sales must be approved by the Development Lender as described in clause (ii) above) (xi) amend or modify in any material respect, or terminate or surrender any of the Developer's permits, licenses and approvals of governmental authorities or other zoning, planning and land use approvals, or release any other party from its obligations thereunder; (xii) impose any covenants, conditions, restrictions or equitable servitudes upon all or any portion of the property within the Development, including without limitation, residential restrictions, design guidelines, architectural control provisions and other restrictions; and (xiii) form any membership club.

Events of Default

The Development Loan Agreement contains a number of customary events of default for a credit facility of its type, including, without limitation, (i) nonpayment of principal, interest, fees or other amounts when due; (ii) violation of covenants; (iii) inaccuracy of representations and warranties; (iv) bankruptcy of the Developer or any guarantor; (v) termination, dissolution or liquidation of the Developer or any guarantor or the sale of all or substantially all of the assets of the Developer or any guarantor; (vi) the death of any guarantor; (vii) the deviation of the construction of improvements from approved plans and specifications or governmental requirements, or the use or appearance of defective workmanship or materials in construction; (viii) the cessation of construction of any improvement for more than 15 continuous days; (ix) the construction, sale or leasing of any of the improvements in accordance with the Development Loan Agreement and the other loan documents being prohibited, enjoined or delayed by court order or governmental authority for a period of more than 15 days; (x) utilities or other public services necessary for the full occupancy and use of the property within the Development and the improvements being curtailed for more than 15 days due to actions or unreasonable inactions of the Developer; (xi) the recording of any mechanic's lien or claim of lien or the service on the Development Lender of any bonded stop notice, if not discharged, satisfied or provided for to the Development Lender's satisfaction within 20 days; (xii) the condemnation, seizure or appropriation of, or the occurrence of a material uninsured casualty with respect to, any material portion of the property within the Development or the improvements; (xiii) the sequestration or attachment of, or any levy or execution upon, any of the property within the Development or improvements, any other collateral for the Development Loan, any funds contained in specified accounts, or any substantial portion of the other assets of the Developer; (xiv) a material adverse change, in the Development Lender's reasonable determination, in the financial condition of the Developer or any guarantor; (xv) defaults under any of the loan documents related to the Development Loan; (xvi) the failure of the Development Lender to have a valid first priority lien on the property within the Development or any portion thereof, other than as a result of a permitted release or reconveyance pursuant to the Development Loan Agreement; and (xvii) the discovery of any significant hazardous materials

in, on, under or about the property within the Development in amounts or concentrations that exceed the maximum levels permitted under applicable laws.