

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law: (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the 2005 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) the 2005 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Interest on the 2005 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

\$38,005,000

DAC Bond®

**WEST VILLAGES IMPROVEMENT DISTRICT
(North Port, Florida)
Special Assessment Bonds, Series 2005
(Unit of Development No. 2)**

Dated: November 22, 2005**Due:** May 1 as shown below

The West Villages Improvement District (North Port, Florida) Special Assessment Bonds, Series 2005 (Unit of Development No. 2) ("the 2005 Bonds") will be issued as fully registered securities in the name of Cede & Co., as Bondholder and securities depository nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book entry form only through DTC Participants (defined herein). The 2005 Bonds will be issued in denominations of \$5,000 and integral multiples of \$5,000 in excess thereof, and this offering will initially be sold only to accredited investors within the meaning of the rules of the Florida Department of Banking and Finance and Chapter 189, Florida Statutes, as amended, in minimum increments of \$100,000 and any multiple of \$5,000 in excess thereof. Interest on the 2005 Bonds is payable on May 1, 2006, and on each May 1 and November 1 thereafter until maturity or earlier redemption. Principal of and interest on the 2005 Bonds will be paid by the Paying Agent (as defined herein) to DTC, or its nominee, and then by DTC through DTC Participants to the beneficial owners thereof. Wachovia Bank, National Association, Miami, Florida, will serve as Trustee, Registrar, and Paying Agent for the 2005 Bonds.

The 2005 Bonds are subject to optional redemption, extraordinary mandatory redemption, and mandatory redemption, each as described herein under the caption "SECURITIES BEING OFFERED - Redemption Provisions."

Proceeds of the 2005 Bonds will be used to (i) pay and redeem the District's Bond Anticipation Notes, Series 2005 (Unit of Development No. 2), currently outstanding in the aggregate principal amount of \$10,325,000, plus accrued interest thereon (the "Notes"); (ii) finance a portion of the acquisition, construction, installation and equipping of certain infrastructure benefiting the lands within Unit No. 2 (the "Project"); (iii) pay the costs of issuance of the 2005 Bonds; (iv) make a deposit into the 2005 Reserve Account for the benefit of the 2005 Bonds; and (v) pay a portion of the interest to become due on the 2005 Bonds.

THE 2005 BONDS ARE BEING OFFERED FOR SALE INITIALLY ONLY TO ACCREDITED INVESTORS. NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE 2005 BONDS, NOR IS THERE ANY REASON TO BELIEVE THAT THE DISTRICT WOULD HAVE BEEN SUCCESSFUL IN OBTAINING AN INVESTMENT GRADE RATING FOR THE 2005 BONDS HAD APPLICATION BEEN MADE. PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY ONE OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, AND/OR INTEREST ON THE 2005 BONDS. SEE "RISK FACTORS", "SECURITY FOR THE 2005 BONDS" AND "SUITABILITY FOR INVESTMENT" HEREIN FOR A SUMMARY OF CERTAIN OF THESE RISKS. EACH PROSPECTIVE INVESTOR IS EXPECTED TO CONDUCT ITS OWN INVESTIGATION INTO THE DISTRICT, THE SOURCES OF PAYMENT AND THE RISKS OF AN INVESTMENT IN THE 2005 BONDS, AND TO EVALUATE INDEPENDENTLY THE MERITS AND RISKS AND CONSEQUENCES OF SUCH AN INVESTMENT.

MATURITIES, AMOUNTS, INTEREST RATES, AND YIELDS	CUSIP*
\$ 5,640,000 5.350% Term Bonds maturing May 1, 2015 — 5.350% Yield	956454 AB 8
\$32,365,000 5.800% Term Bonds maturing May 1, 2036 — 5.800% Yield	956454 AC 6

THE 2005 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE AMOUNTS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, THE CITY OF NORTH PORT, FLORIDA, SARASOTA COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE 2005 BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OR THE NON-AD VALOREM SPECIAL ASSESSMENT POWER OF THE DISTRICT OR OTHER GOVERNMENTAL BODY TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2005 BONDS. THE 2005 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE CITY OF NORTH PORT, FLORIDA, SARASOTA COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY OTHER POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The 2005 Bonds are offered when, as and if issued to and accepted by the Underwriter, subject to the opinion on certain legal matters relating to their issuance by Squire, Sanders & Dempsey L.L.P., Miami, Florida, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the District by Caldwell & Pacetti LLP, Palm Beach, Florida, District Counsel, and for the Underwriter by Greenberg Traurig, P.A., Tallahassee, Florida, Underwriter's Counsel. It is expected that the 2005 Bonds will be available for delivery to DTC in New York, New York on or about November 22, 2005.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

Banc of America Securities LLC

Dated: November 9, 2005

* The Issuer is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Limited Offering Memorandum.

**WEST VILLAGES IMPROVEMENT DISTRICT
NORTH PORT, FLORIDA**

BOARD OF SUPERVISORS

Lamar Maddox	Chairman
Eric Anderson	Vice Chairman
Eugene Matthews	Assistant Secretary
James Woods	Assistant Secretary

DISTRICT MANAGER

Special District Services, Inc.
Palm Beach Gardens, Florida

DISTRICT COUNSEL

Caldwell & Pacetti LLP
Palm Beach, Florida

DISTRICT ENGINEER

Kimley-Horn and Associates, Inc.
Sarasota, Florida

BOND COUNSEL

Squire, Sanders & Dempsey L.L.P.
Miami, Florida

FINANCIAL ADVISOR

Spectrum Municipal Services, Inc.
Palm Beach, Florida

TRUSTEE

Wachovia Bank, National Association
Miami, Florida

REGARDING USE OF THIS LIMITED OFFERING MEMORANDUM

The Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2005 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the District, the District Engineer, the State of Florida, Sarasota County, the City of North Port, Florida, the Financial Advisor, the Developer, Bond Counsel and other sources that are believed by the Underwriter to be reliable. The District, the Developer, the District Engineer, and the Financial Advisor will all, at closing, deliver certificates certifying that the information each supplied does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change with respect to the matters described herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2005 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2005 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THESE BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM.

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LIMITED OFFERING MEMORANDUM

**WEST VILLAGES IMPROVEMENT DISTRICT
(North Port, Florida)
\$38,005,000**

Special Assessment Bonds, Series 2005 (Unit of Development No. 2)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page and Appendices hereto, is to provide certain information in connection with the offer for sale by West Villages Improvement District (referred to herein as the “Issuer”) of its \$38,005,000 Special Assessment Bonds, Series 2005 (Unit of Development No. 2) (the “2005 Bonds”). This introduction is only a brief discussion of selected topics discussed herein. To make an informed investment decision, potential investors should review fully the entire Limited Offering Memorandum, as well as the documents summarized or described herein. Capitalized terms, if not otherwise defined, have the respective meanings set forth for such terms in **Appendix B—“Form of Indenture.”**

There follows in this Limited Offering Memorandum a brief description of the Issuer, the District, the Development, the Developers, the Project, and the 2005 Project, together with summaries of certain terms of the 2005 Bonds, the Indenture, and certain provisions of the Act (hereinafter defined). All references herein to the Indenture and the Act are qualified in their entirety by reference to the full text of the Indenture and the Act, and all references to the 2005 Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. The full text of the form of the Indenture appears as Appendix B hereto. The information herein under the captions “**THE DEVELOPERS**” and “**THE DEVELOPMENT**” has been furnished by the Developers.

The 2005 Bonds are not a suitable investment for all investors. See “**SUITABILITY FOR INVESTMENT**” and “**RISK FACTORS**” herein. No person has been authorized by the Issuer or the Underwriter to give any information or to make any representations, other than those contained in this Limited Offering Memorandum and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. Prospective investors in the 2005 Bonds are invited to visit the District and the Development, ask questions of representatives of the Issuer and the Developers and request documents, instruments and information which may not necessarily be referred to, summarized or described herein. Prospective investors should rely upon the information appearing in this Limited Offering Memorandum within the context of the availability of such additional information and the sources thereof.

The Issuer

The Issuer is a local unit of special-purpose government of the State of Florida, created pursuant to Chapter 2004-456, Laws of Florida (the “Act”). The lands governed by the Issuer encompass approximately 8,200 gross acres. The District is located entirely within the jurisdictional boundaries of the City of North Port (the “City”) and Sarasota County, Florida (the “County”). The Issuer was created by the Act for the purpose of financing and managing the acquisition,

construction, maintenance, and operation of a portion of the public infrastructure necessary for capital improvement within the lands governed by the Issuer (the “District”). For more complete information about the Issuer, its Board of Supervisors, the District Manager, and the District, see “**THE DISTRICT**” herein.

Purpose of the 2005 Bonds

The 2005 Bonds are being issued for the purpose of (i) paying and redeeming the District’s Bond Anticipation Notes, Series 2005 (Unit of Development No. 2), currently outstanding in the aggregate principal amount of \$10,325,000, plus accrued interest thereon (the “Notes”); (ii) financing a portion of the acquisition, construction, installation and equipping of certain infrastructure benefiting the lands within Unit No. 2 (the “2005 Project”); (iii) paying the costs of issuance of the 2005 Bonds; (iv) making a deposit into the 2005 Reserve Account for the benefit of the 2005 Bonds; and (v) paying a portion of the interest to become due on the 2005 Bonds.

Security for the 2005 Bonds

The District’s 2005 Bonds and the interest and redemption premium, if any, payable thereon are limited obligations of the District (see “**Limited Obligations**” below) and are payable only from and are secured only by the proceeds of special assessments upon property specially benefited by the 2005 Project (the “2005 Special Assessments”), all as more fully described under the caption “**SECURITIES BEING OFFERED.**” In the Indenture, the District covenanted to levy and collect the 2005 Special Assessments to secure and pay the 2005 Bonds. The 2005 Special Assessments will be imposed by the District by several separate resolutions of the Board of Supervisors. Initially, the District passed Resolution No. 2005-18 on February 15, 2005, declaring special assessments and designating the lands in Unit No. 2 on which the special assessments were to be levied. After the Board of Supervisors approved an approximately 88-acre expansion of Unit No. 2 on April 19, 2005, the District passed Resolution 2005-29 on September 27, 2005, authorizing the imposition of special assessments on the additional acreage. On November 1, 2005, the District will hold the equalization and adjustment hearing and finalize the assessments for the 88 acre parcel. All of the assessments imposed on lands within Unit No. 2 will be pledged to repayment of the 2005 Bonds.

Features of the 2005 Bonds

1. Redemption.

The 2005 Bonds maturing May 1, 2036 are subject to optional redemption beginning May 1, 2015, to mandatory redemption beginning May 1, 2016, and to extraordinary mandatory redemption, each as more fully described under the caption “**SECURITIES BEING OFFERED—Redemption Provisions.**”

The 2005 Bonds maturing May 1, 2015 are not subject to optional redemption but are subject to mandatory redemption on May 1, 2007 and to extraordinary mandatory redemption, as more fully described under the caption “**SECURITIES BEING OFFERED—Redemption Provisions.**”

2. Denominations and Interest Payment Dates.

The 2005 Bonds will be issued as fully registered bonds in denominations of \$5,000 and integral multiples of \$5,000 in excess thereof, and this offering will initially be limited by the Underwriter to accredited investors within the meaning of the rules of the Florida Department of Financial Services and Chapter 189, Florida Statutes in minimum increments of \$100,000 and integral multiples of \$5,000 in excess thereof. This investor limitation on the initial offering does not

not denote restrictions on transfer in any secondary market for the 2005 Bonds (see “**MISCELLANEOUS—Suitability For Investment**”). When issued, the 2005 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases will be made in book-entry-only form through DTC Participants, all as defined and described under the caption “**SECURITIES BEING OFFERED—Book-Entry-Only System**”). Interest on the 2005 Bonds is payable on each May 1 and November 1 (each an “Interest Payment Date”), commencing May 1, 2006.

3. Manner of Making Payment.

So long as the 2005 Bonds remain in book-entry-only form, payment of principal, premium, if any, and interest on the 2005 Bonds will be mailed or delivered by check or draft of, Wachovia Bank, National Association, Miami, Florida, as Trustee, Registrar and Paying Agent, to Cede & Co., as registered owner of the 2005 Bonds, and will be redistributed to the beneficial owners (“Beneficial Owners”) by DTC through DTC Participants (see “**SECURITIES BEING OFFERED—Book-Entry-Only System**” herein).

4. Registration, Transfer and Exchange.

So long as the 2005 Bonds remain in book-entry-only form, transfers of beneficial ownership interests in the 2005 Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in 2005 Bonds, except in the event that use of the book-entry system for the 2005 Bonds is discontinued. (See “**SECURITIES BEING OFFERED—Book-Entry-Only System**” herein).

Professionals

The following is a list of professionals providing services in connection with this issue:

1. Banc of America Securities LLC, Naples, Florida – Underwriter;
2. Wachovia Bank, National Association, Miami, Florida – Trustee, Registrar, and Paying Agent;
3. Squire, Sanders & Dempsey L.L.P., Miami, Florida – Bond Counsel;
4. Caldwell & Pacetti LLP, Palm Beach, Florida – District Counsel;
5. Greenberg Traurig, P.A., Tallahassee, Florida – Underwriter’s Counsel;
6. Holland & Knight, LLP, Miami, Florida – Trustee’s Counsel;
7. Boone, Boone, Boone, Koda & Frook, P.A., Venice, Florida – Landowner’s Counsel and Developer’s Counsel to Fourth Quarter Properties XXXII, LLC;
8. Boone, Boone, Boone, Koda & Frook, P.A., Venice, Florida – Developer’s Counsel to Gran Paradiso I, LLC and Gran Paradiso II, LLC;
9. Mikel D. Greene, Esq., DiVosta Homes, L.P., Palm Beach Gardens, Florida – In-House Counsel to DiVosta Homes, L.P., Developer;

10. Spectrum Municipal Services, Inc., Palm Beach, Florida – Financial Advisor;
11. Kimley-Horn and Associates, Inc., Sarasota, Florida – District Engineer; and
12. Special District Services, Palm Beach Gardens, Florida – District Manager.

Terms of the Offering

The 2005 Bonds are being issued pursuant to the Act, Resolution 2005-17 duly adopted by the Board on January 18, 2005 and Resolution 2005-31 duly adopted by the Board on September 27, 2005 (collectively, the “Resolution”), and a Master Trust Indenture (the “Master Indenture”), dated February 1, 2005, as supplemented by a Second Supplemental Trust Indenture (the “Second Supplemental Indenture” dated November 1, 2005, and together with the Master Indenture, the “Indenture”), and entered into by the Issuer and Wachovia Bank, National Association, Miami, Florida, as trustee (the “Trustee”). Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the 2005 Bonds. All capitalized terms used in this Limited Offering Memorandum that are defined in the Indenture and not defined herein shall have the respective meanings set forth in the Indenture. See “***APPENDIX B—Form of the Indenture***” herein.

The Issuer designated approximately 2,006 acres of the District as the West Villages Improvement District Unit of Development No. 2 (“Unit No. 2”), in accordance with the Act. Unit No. 2 was established by Resolution No. 2004-14. Subsequent to the establishment of Unit #2, the Board of Supervisors approved on April 19, 2005, an Agreement with Fourth Quarter Properties XXXII, LLC, to add approximately 88 acres of land to Unit No. 2. Including the additional acreage, Unit No. 2 currently consists of three major parcels of land described as (1) IslandWalk, an approximately 829.32 acre parcel, (2) Gran Paradiso, an approximately 1,068.09 acre parcel, and (3) Town Center, an approximately 197.45 acre parcel. See “***THE DEVELOPERS***” and “***THE DEVELOPMENT***” herein.

Risk Factors

The 2005 Bonds are subject to a significant degree of risk. See the caption “**RISK FACTORS**” herein.

Miscellaneous

This Limited Offering Memorandum speaks only as of its date and the information contained herein is subject to change. The description of the Indenture and documents authorizing and securing the 2005 Bonds do not purport to be comprehensive or definitive; however, Bond Counsel and others will opine at closing that said descriptions are fair and accurate statements. References to the Indenture (attached as *Appendix “B”*) and other documents are qualified in their entirety by reference to the forms thereof.

Additional Information

Prior to delivery of the 2005 Bonds, copies of the documents described herein may be obtained by contacting Banc of America Securities LLC, Attn: William J. Reagan, Principal, Tax-Exempt Real Estate Securities, 4501 Tamiami Trail North, Suite 400, Naples, Florida 34103, telephone number (239) 659-2268. Subsequent to delivery of the 2005 Bonds, copies of documents

may be obtained, after paying the costs of copying, by contacting the District Manager, Special District Services, 11000 Prosperity Farms Road, Site 114, Palm Beach Gardens, Florida 33410, telephone (561) 630-4922.

THE DISTRICT

General

The District encompasses approximately 8,200 gross acres of land. The District is located entirely within the jurisdictional boundaries of the City, approximately 4 miles east of the Gulf of Mexico. The lands within the District are owned entirely by one of the Developers, Fourth Quarter Properties XXXII, LLC, except for the lands within Unit No. 2 that are owned by DiVosta Homes, L.P., Gran Paradiso I, LLC, and Gran Paradiso II, LLC. For more information about the Developers, see "**THE DEVELOPERS**" herein.

Legal Powers and Authority

The Issuer is an independent unit of special purpose local government of the State of Florida created and established in accordance with the Act. The charter of the Issuer, included in the Act, provides legal authority for the Issuer to finance the acquisition, construction, operation, and maintenance of the infrastructure improvements authorized in the Act.

The Act provides that the Issuer has the power to issue general obligation, revenue and special assessment bonds and bond anticipation notes in any combination to pay all or part of the cost of infrastructure improvements authorized under the Act. The Act further provides that the Issuer has the power to levy non-ad valorem assessments on specially benefited lands in order to pay the principal of and interest on bonds and notes issued and to provide for any sinking or other funds established in connection with any such bond or note issues.

Among other provisions, the Act gives the Issuer's Board of Supervisors the right to, among other things: (i) acquire and convey property; (ii) regulate, modify, control, and redirect the supply and level of water within the district; (iii) finance studies to assist in implementing the District's powers, and facilitate the management of the District and its facilities; (iv) finance, plan, design, acquire, construct, install, and operate (a) water control structures, pumping systems, retention and holding areas, wetlands and lakes, and other works for water management drainage, mitigation and preservation; (b) irrigation systems; (c) all necessary elements of a modern road system; (d) entry features, garages, parking facilities, and other District offices and structures; (e) landscaping systems, improvements, and structures for community or public preserves, uplands, wetlands, and parks, and greenways, and indoor/outdoor recreational/educational facilities; (f) desalination and purification water systems for consumption, irrigation, or other purposes; (g) sewer systems; (h) insect control systems; (i) environmental mitigation and preservation areas; and (j) school buildings and related structures; (v) provide for fire emergency and fire control facilities; (vi) levy non-ad valorem assessments; (vii) enter into agreements with others for facilities and services authorized by the Act; and (viii) borrow money and issue bonds and bond anticipation notes of the District.

The Act does not empower the Issuer to adopt and enforce land use plans or zoning ordinances, and the Act does not empower the Issuer to grant building permits; these functions are performed by the City and/or County, as appropriate, acting through their governing body and departments of government.

Board of Supervisors

The Act provides for a five-member Board of Supervisors (the “Board”) to serve as the governing body of the Issuer. Members of the Board (“Supervisors”) must be citizens of the United States. Initially, the Supervisors are elected on an at-large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre (with fractions thereof rounded upward to the nearest whole number). A Supervisor serves until expiration of his or her term and until his or her successor is chosen and qualified. If, during a term of office, a vacancy occurs, the remaining Supervisors may fill the vacancy by an appointment of an interim Supervisor for the remainder of the unexpired term.

At the initial election of Supervisors, the two Supervisors with the highest number of votes serve for four-year terms. The landowners then continue to vote for the supervisors who is to hold office for that seat for 3 years, after that for the supervisor who will hold office for that seat for 2 years, and finally for the Supervisor who will hold office for that seat for 1 year. Thereafter, each year during the month of June, beginning with June of the second year following the first election, a supervisor shall be elected to take the place of the retiring supervisor.

The initial and current members of the Board and the term of each member are set forth below (there is currently one vacancy on the Board):

<u>Name</u>	<u>Title</u>	<u>Term</u>
Lamar Maddox	Chairman	4 years
Eric Anderson	Vice Chairman	4 years
Eugene Matthews	Assistant Secretary	2 years
James Woods	Assistant Secretary	1 year

The landowners present or voting by proxy at the annual landowners’ meeting shall constitute a quorum for the purposes of conducting the business of the landowners. Action taken by the Issuer shall be upon a vote of the majority of a quorum of the Supervisors present unless general law or a rule of the Issuer requires a greater number. All meetings of the Board are open to the public under Florida’s “sunshine” or open meetings law.

The District Manager and Other Consultants

The Act authorizes the Board to hire a District Manager (as defined herein) as the chief administrative official of the District. The Act provides that the District Manager shall have charge and supervision of the works of the District and shall be responsible for: (i) preserving and maintaining any improvement or facility constructed or erected pursuant to the provisions of the Act; (ii) maintaining and operating the equipment owned by the District; and (iii) performing such other duties as may be prescribed by the Board.

The chief administrative official of the District is the District Manager. The District has retained Special District Services, Inc. to serve as District Manager to the District (the “District Manager”). The office of the District Manager is located at 11000 Prosperity Farms Road, Suite 104, Palm Beach Gardens, Florida 33410, and the telephone number of the District Manager is (561) 630-4922.

The two principals of the District Manager are Peter L. Pimentel and Robert D. Norris. Mr. Pimentel has made a career in government service, with the past twenty years devoted extensively to

special assessment districts. He has a total of thirty-five years of governmental experience ranging from municipal government to special districts. His primary expertise is in urban planning, special district management, and public financing. As executive director for other special districts, he has been actively involved in the preparation and issuance of in excess of \$200,000,000 in bonds in more than 35 separate transactions and has responsibility for the administration of the bond funds at the district level, which includes requisitioning moneys to pay construction contracts and related accounting and reporting that is required by various bond documents. Mr. Norris has a thirty-five year career in the private sector ranging from real estate sales to large-scale development projects. He has extensive experience with residential and commercial mortgage brokering and development, property value assessments, golf course analysis, and special assessment financing. Mr. Norris served on the board of supervisors of another special district for 13 years. The District Manager is currently acting as district manager to more than 40 separate community development districts and other special districts throughout the State of Florida.

The Act authorizes the Board to hire such employees and agents as it deems necessary. Caldwell & Pacetti LLP, Palm Beach, Florida, is serving as general counsel to the Issuer; Kimley-Horn and Associates, Inc. is serving as District Engineer; Squire, Sanders & Dempsey L.L.P., Miami, Florida is serving as Bond Counsel, and Spectrum Municipal Services, Inc., Palm Beach Gardens, Florida is serving as Financial Advisor for the Issuer.

Debt

The District does not have any existing debt, other than a \$500,000 loan obtained by the District Unit No. 1 that is currently outstanding, and the outstanding Notes that will be redeemed from proceeds of the 2005 Bonds. The District has also approved a petition to establish Unit of Development No. 3 (“Unit No. 3”) within the boundaries of Unit No. 2 and anticipates issuing bonds and levying special assessments on land within Unit No. 3 specially benefited by the public improvements financed by such bonds. See the caption “Security for the 2005 Bonds” for a more detailed discussion of Unit No. 3.

SECURITIES BEING OFFERED

Purpose

1. General. The 2005 Bonds are being issued for the purpose of (i) paying and redeeming the Notes; (ii) financing a portion of the 2005 Project, (iii) paying the costs of issuance of the 2005 Bonds; (iv) making a deposit into the 2005 Reserve Account for the benefit of the 2005 Bonds; and (v) paying a portion of the interest to become due on the 2005 Bonds.

The 2005 Bonds are the first Series of Bonds issued under a resolution authorizing bonds not to exceed \$42,000,000. The Notes to be redeemed with a portion of the proceeds of the 2005 Bonds were issued as bond anticipation notes in anticipation of the 2005 Bonds. The 2005 Bonds are being issued in fully registered form in denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof, and this offering will initially be limited to accredited investors within the meaning of the rules of the Florida Department of Financial Services and Chapter 189, Florida Statutes, in minimum increments of \$100,000 and integral multiples of \$5,000 in excess thereof (see ‘**MISCELLANEOUS—Suitability for Investment.**’)

2. Sources and Uses of Funds. The proceeds from the sale of the 2005 Bonds are expected to be applied as follows:

		2005 Bond Proceeds
SOURCES:		
Par amount of 2005 Bonds		\$38,005,000.00
Existing Construction Fund ⁽¹⁾		2,975,035.71
TOTAL ESTIMATED SOURCES		\$40,980,035.71
USES:		
Deposit to the 2005 Capitalized Interest Account		\$1,942,918.04
Deposit to the 2005 Debt Service Reserve Account ⁽²⁾		2,668,330.00
Deposit to the 2005 Costs of Issuance Account		253,450.00
Deposit to the 2005 Note Repayment Fund ⁽³⁾		10,722,225.69
Deposit to the 2005 Construction Account		24,899,046.98
Underwriter's Discount		494,065.00
TOTAL ESTIMATED USES		\$40,980,035.71

(1) As per the Trustee on November 8, 2005.

(2) Includes, among other things, fees and costs of Bond Counsel, Underwriter's Counsel, Financial Advisor; Trustee, Registrar and Paying Agent and printing costs.

(3) Includes Accrued Interest on the 2005 Note.

3. Investments. Moneys held for the credit of the Funds and Accounts established by the Indenture and held as security for the 2005 Bonds must, as nearly as practicable, be continuously invested and reinvested in Investment Obligations (see *Appendix "B"* for a definition of Investment Obligations). The Investment Obligations in which such moneys are invested must mature, or be subject to redemption by the Trustee at the option of the Trustee, no later than the dates on which such moneys will be needed.

Security for the 2005 Bonds

1. Pledged Revenues Securing the 2005 Bonds. The 2005 Bonds are payable from and secured by the proceeds of the Series 2005 Pledged Revenues, which primarily consist of the 2005 Special Assessments, levied and to be collected by the District pursuant to the Act, Chapter 197, or Chapter 170, Florida Statutes, as amended. (See "**PLAN OF FINANCE—The 2005 Special Assessments**").

2. Priority of Payment to Other Obligations of the District. The District has issued the outstanding Notes, which are secured by or payable from the Series 2005 Pledged Revenues; however, the outstanding Notes will be redeemed from the proceeds of the 2005 Bonds. The District has issued no other obligations secured by or payable from the Series 2005 Pledged Revenues; however, the lien in favor of the 2005 Special Assessments overlaps and is co-equal with the lien in favor of other assessments that have been or could be imposed by the District, the City, the County, or other units of local government having assessment powers within the District. The lien in favor of the 2005 Special Assessments is also co-equal with the lien in favor of City and County taxes. (See "**PLAN OF FINANCE—The 2005 Special Assessments—Collection and Enforcement Procedures**").

3. Additional Parity Obligations. The District has covenanted in the Indenture that so long as the 2005 Bonds issued thereunder remain Outstanding, it will not cause or permit to be caused any lien, charge or claim against the Series 2005 Pledged Revenues equal or prior to the lien of the Indenture; provided, however, that the District reserves the right to issue bonds, notes or other obligations payable from or secured by the Series 2005 Pledged Revenues pledged to the 2005 Bonds, but only so long as such bonds, notes, or other obligations are not entitled to a lien upon or charge against the Series 2005 Pledged Revenues equal or prior to the lien of the Supplemental Indenture securing the 2005 Bonds.

ALTHOUGH THE LIEN AND THE PROCEEDS OF ASSESSMENTS SECURING THE 2005 BONDS ARE PLEDGED EXCLUSIVELY TO THE 2005 BONDS THE LIEN OF THE ASSESSMENTS MAY BE ON THE SAME PROPERTY AS, AND THEREFORE OVERLAP AND BE CO-EQUAL WITH, THE LIEN OF OTHER ASSESSMENTS, INCLUDING AD VALOREM TAXES, WHICH HAVE BEEN OR MAY BE IMPOSED BY THE DISTRICT, CITY OF NORTH PORT, FLORIDA, SARASOTA COUNTY, FLORIDA OR OTHER UNITS OF LOCAL GOVERNMENT HAVING ASSESSMENT AND/OR TAXING POWERS WITHIN THE DISTRICT AND WILL ALSO BE CO-EQUAL WITH LIENS OF THE COUNTY AND THE SCHOOL DISTRICT. (See “**PLAN OF FINANCE—The Series Assessments—Collection and Enforcement Procedures**”).

The Issuer also has the authority to levy non-ad valorem assessments on land in its Unit No. 2 for administrative, maintenance and operation functions of the Issuer. See “**THE DISTRICT—Legal Powers and Authority**.” If the Issuer issues obligations in addition to the 2005 Bonds pursuant to instruments other than the Indenture, it may levy assessments to pay debt service on such obligations on the same benefited parcels that are subject to assessment as a result of the 2005 Project (the “Benefited Parcels”), and such assessments shall not constitute part of the 2005 Pledged Revenues. At the September 27, 2005 meeting of the Board of Supervisors, the District approved a petition to establish its Unit of Development No. 3 (“Unit No. 3”), the boundaries of which encompass the District’s approximately 1,068.09 acre Gran Paradiso parcel planned for 1,999 single and multi-family attached and detached residential units. It is expected that a preliminary improvement and financing plan will be presented to the District’s Board of Supervisors for approval in November of 2005. Subject to approval of same, the District will thereafter commence the statutory assessment process prescribed in Chapter 170, Florida Statutes. Upon completion of the Chapter 170 assessment process and the judicial bond validation process set forth in Chapter 75, Florida Statutes, the District anticipates spending approximately \$55 million in construction funds secured by special assessments to pay for certain public infrastructure and amenities for the benefit of lands within Unit No. 3, including water/sewer, roads, landscaping, and a public recreation center owned and operated by the District. The special assessments to be collected in connection with the issuance of bonds will be levied on the Unit No. 3 land that is specially benefited by the public improvements to be funded with such bond proceeds and are expected to range from \$2,200 to \$3,600 annually per unit. If Unit No. 3 special assessment bonds are issued, the special assessments levied in connection with such bonds and the 2005 Special Assessments levied in connection with the 2005 Bonds will overlap as to the lands located within Unit No. 3 and be co-equal in dignity and lien with each other.

4. 2005 Reserve Account. The Indenture establishes within the Debt Service Reserve Fund a 2005 Debt Service Reserve Account (the “2005 Reserve Account”). At the time of delivery of the 2005 Bonds, the 2005 Debt Service Reserve Account Requirement (the “2005 Reserve Account Requirement”) shall mean the lesser of (i) the Maximum Annual Debt Service Requirements

Requirements for all Outstanding 2005 Bonds, (ii) 125% of the average annual debt service for all Outstanding 2005 Bonds, or (iii) 10% of the principal amount of the Outstanding 2005 Bonds. The 2005 Reserve Account shall be held for the benefit of all of the 2005 Bonds and without privilege or priority of one 2005 Bond over another. In the event the amount on deposit in the 2005 Reserve Account exceeds the applicable 2005 Reserve Account Requirement due to a decrease in the amount of 2005 Bonds that will be outstanding as a result of an optional prepayment by the owner of a lot or parcel of land of a 2005 Special Assessment against such lot or parcel, the amount to be released shall be transferred from the 2005 Reserve Account to the 2005 Prepayment Account of the 2005 Redemption Fund, as a credit against the 2005 Prepayment Principal otherwise required to be made by the owner of such lot or parcel. In the event that the amount on deposit in the 2005 Reserve Account exceeds the 2005 Reserve Account Requirement due to a decrease in the amount of 2005 Bonds outstanding as a result of the regularly scheduled principal (including amortization installments) payments on the 2005 Bonds, the excess amount shall be withdrawn from the 2005 Reserve Account and transferred to the 2005 Prepayment Account of the 2005 Bond Redemption Fund to be used for the extraordinary redemption of the 2005 Bonds.

5. *Flow of Funds.* The Indenture provides for the establishment of a Construction Fund and within such Fund a 2005 Construction Account; a Revenue Fund and within such Fund a 2005 Revenue Account; a Debt Service Fund and within such Fund a 2005 Principal Account and a 2005 Interest Account (and within such 2005 Interest Account (i) a 2005 Interest Subaccount and (ii) a 2005 Capitalized Interest Subaccount) and a 2005 Sinking Fund Account; a Debt Service Reserve Fund and within such Fund a 2005 Debt Service Reserve Account; a Bond Redemption Fund and within such Fund a 2005 General Account and a 2005 Prepayment Account; a 2005 Notes Repayment Fund to be held by the Trustee separate and apart from all other Funds and Accounts and from all other moneys; and a Rebate Fund and within such Fund a 2005 Rebate Account.

Any balance remaining in the 2005 Construction Account of the Construction Fund after the Completion Date of the 2005 Project shall be transferred to the 2005 Bond Redemption Fund and applied for the extraordinary mandatory redemption of the 2005 Bonds.

In the event that at the end of the Capitalized Interest Period, the amount of proceeds (and any investment earnings thereon) of the 2005 Bonds representing Capitalized Interest on deposit in the 2005 Capitalized Interest Subaccount exceeds the amount needed for Capitalized Interest with respect to the 2005 Bonds, such excess shall be transferred from the 2005 Capitalized Interest Subaccount prior to the Completion Date of the 2005 Project to the 2005 Construction Account, and after the Completion Date, to the 2005 General Account of the 2005 Bond Redemption Fund in such manner as the District Manager shall determine to apply such excess as a credit against the 2005 Special Assessments, and applied toward the extraordinary mandatory redemption of the 2005 Bonds.

On each March 15 and September 15 (or if such March 15 or September 15 is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the Series 2005 Prepayment Account and the Series 2005 General Account and, if the balance in either or all such accounts is greater than zero, shall transfer from the Series 2005 Revenue Account for deposit into the Series 2005 Prepayment Account and/or the Series 2005 General Account an amount sufficient to increase the amount(s) on deposit therein to the next integral multiple of \$5,000, and shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2005 Bonds on the next succeeding applicable redemption date in the

maximum aggregate principal amount for which moneys are then on deposit in such Series 2005 Prepayment Account and/or the Series 2005 General Account in accordance with the provisions for extraordinary redemption of Series 2005 Bonds as set forth in Section 3.01 of the Second Supplemental Indenture and Article VIII of the Master Trust Indenture.

The Trustee shall transfer from amounts on deposit in the 2005 Revenue Account to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, upon receipt but no later than the fifth (5th) Business Day preceding the first Interest Payment Date for which there remains an insufficient amount from bond proceeds (or investment earnings thereon) on deposit in the 2005 Capitalized Interest Subaccount to be applied to the payment of interest on the 2005 Bonds due on the next succeeding Interest Payment Date, and no later than the fifth (5th) Business Day next preceding each Interest Payment Date thereafter to the 2005 Interest Subaccount of the Debt Service Fund, amounts from the 2005 Revenue Account equal to the interest on the 2005 Bonds becoming due on such next succeeding Interest Payment Date, less any amounts on deposit in the 2005 Interest Subaccount not previously credited;

SECOND, upon receipt but no later than the fifth (5th) Business Day next preceding each May 1, commencing May 1, 2007, to the 2005 Sinking Fund Account of the 2005 Debt Service Fund, an amount from the 2005 Revenue Account equal to the principal amount of 2005 Bonds subject to sinking fund redemption on such May 1, less any amount on deposit in the 2005 Sinking Fund Account not previously credited;

THIRD, upon receipt but no later than the Business Day next preceding each Interest Payment Date, to the 2005 Reserve Account, an amount from the 2005 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the 2005 Reserve Account Requirement for the 2005 Bonds; and

FOURTH, the balance of any moneys remaining on November 2 of each year after making the foregoing deposits shall be transferred to the 2005 General Account of the 2005 Bond Redemption Fund and applied to redeem 2005 Bonds in accordance with Sections 3.01(b) and 4.01(g)(i) of the Second Supplemental Indenture; provided, however, that the Trustee shall transfer moneys from the 2005 Revenue Account to the 2005 Prepayment Account and the 2005 General Account, at the times and in the amounts specified in the last paragraph of Section 4.01(g) of the Second Supplemental Indenture, but only to the extent that the amounts required to be funded by clauses FIRST, SECOND and THIRD of Section 4.02 of the Second Supplemental Indenture have been fully funded or there would remain in the 2005 Revenue Account after making the transfer described in this proviso sufficient moneys to fund the amounts required by clauses FIRST, SECOND and THIRD prior to the next Interest Payment Date.

Special Assessment prepayments shall be deposited directly into the 2005 Prepayment Account of the 2005 Bond Redemption Fund as provided in the Indenture.

6. Limited Obligations. The 2005 Bonds shall be limited and special obligations of the District payable solely from the Series 2005 Pledged Revenues and shall be a valid claim of the Owners thereof only against the Series 2005 Pledged Revenues. The 2005 Bonds shall not constitute a general obligation or indebtedness of the District, the City, the County, the State of Florida, or any

political subdivision thereof, within the meaning of the Constitution and laws of Florida. The 2005 Bonds shall not constitute either a pledge of the full faith and credit of the District, the City, the County, the State of Florida, or any political subdivision thereof, or a Lien upon any property of the District, the City, the County, the State of Florida, or any political subdivision thereof, other than as provided by the Indenture. The 2005 Bonds shall not, directly or indirectly, obligate the District, the City, the County, the State of Florida, or any political subdivision thereof, to levy any form of taxation therefor or to make any appropriations for their payment. No Owner or any other person shall have the right to compel the exercise of any ad valorem taxing power or non-ad valorem special assessment power of any other public authority or governmental body politic to pay the principal of, or interest, and premium, if any, on the 2005 Bonds.

Redemption Provisions

1. *Optional Redemption.*

The 2005 Bonds maturing on May 1, 2015 are not subject to optional redemption.

The 2005 Bonds maturing on May 1, 2036 are subject to redemption at the option of the Issuer, in whole at any time or in part on any Interest Payment Date on or after May 1 2015, at the redemption prices (expressed as percentages of principal amount to be redeemed) set forth below, plus accrued interest to the redemption date, as set forth in the Indenture.

<i>Redemption Periods (Dates Inclusive)</i>	<i>Redemption Prices</i>
May 1, 2015 through April 30, 2016	101%
May 1, 2016 and thereafter	100%

2. *Mandatory Redemption.*

The 2005 Bonds are subject to mandatory redemption in part by lot by the Issuer on May 1 in the respective years set forth in the following table, from moneys in the 2005 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof plus accrued interest to the redemption date.

[The remainder of this page is intentionally left blank].

<i>Year</i>	<i>Principal Amount Term Bond Maturing 2015</i>	<i>Principal Amount Term Bond Maturing 2036</i>
5/01/2007	\$500,000	
5/01/2008	530,000	
5/01/2009	555,000	
5/01/2010	590,000	
5/01/2011	620,000	
5/01/2012	655,000	
5/01/2013	690,000	
5/01/2014	730,000	
5/01/2015*	770,000	
5/01/2016		\$ 810,000
5/01/2017		860,000
5/01/2018		910,000
5/01/2019		965,000
5/01/2020		1,025,000
5/01/2021		1,085,000
5/01/2022		1,150,000
5/01/2023		1,220,000
5/01/2024		1,290,000
5/01/2025		1,370,000
5/01/2026		1,450,000
5/01/2027		1,535,000
5/01/2028		1,630,000
5/01/2029		1,725,000
5/01/2030		1,830,000
5/01/2031		1,940,000
5/01/2032		2,055,000
5/01/2033		2,175,000
5/01/2034		2,305,000
5/01/2035		2,445,000
5/01/2036*		2,590,000
	\$5,640,000	\$32,365,000

*maturity

The principal amounts shown above are subject to recalculation, as provided in the Second Supplemental Indenture, as a result of the redemption of 2005 Bonds so as to reamortize the remaining Outstanding principal balance of the 2005 Bonds in substantially level installments of principal and interest over the remaining term.

2005 Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

3. *Extraordinary Mandatory Redemption.*

The 2005 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary redemption price equal to 100% of the principal amount of the 2005 Bonds to be redeemed, plus accrued interest to the redemption date, as follows:

- (i) From 2005 Prepayment Principal deposited into the 2005 Prepayment Account of the 2005 Bond Redemption Fund following the prepayment in whole of the 2005 Special Assessments on any portion of Unit No. 2 (as defined in the Indenture) specially benefited by the 2005 Project in accordance with the provisions of the Indenture and from moneys deposited into the Series 2005 Prepayment Account of the Bond Redemption Fund from excess moneys in the Series 2005 Debt Service Reserve Account in accordance with the Indenture.
- (ii) On or after November 1, 2006, by application of any moneys remaining in the 2005 Capitalized Interest Account representing Capitalized Interest in excess of the amount required to pay interest on the 2005 Bonds through November 1, 2006, all of which shall be transferred to the 2005 General Account of the 2005 Bond Redemption Fund pursuant to the Indenture, and applied by the Issuer toward the redemption of the 2005 Bonds in accordance with the manner it has credited such excess moneys toward extinguishment of the 2005 Special Assessments which the Issuer shall describe to the Trustee in writing.
- (iii) From amounts on deposit in the 2005 Bond Redemption Fund following receipt of any amounts paid under a True-Up Agreement.
- (iv) From excess moneys, if any, on deposit in the 2005 Construction Account of the Construction Fund transferred, after completion of the 2005 Project, to the 2005 Bond Redemption Fund.
- (v) From excess moneys transferred from the 2005 Revenue Account to the 2005 General Account in accordance with the Indenture.

4. *Redemption of Portion of 2005 Bonds.*

If less than all of the 2005 Bonds of a maturity are to be redeemed, the Trustee shall select the particular bonds or portions of the 2005 Bonds to be called for redemption by lot in such reasonable manner as the Trustee in its discretion may determine.

5. *Notice of Redemption.*

The Trustee shall cause notice of redemption to be mailed at least thirty (30) but not more than sixty (60) days prior to the date of redemption to all registered owners of bonds to be redeemed (as such owners appear on the books of the Registrar on the fifth (5th) day prior to such mailing) and to certain additional parties as set forth in the Indenture. If less than all of the bonds shall be called for redemption, the notice of redemption shall specify the 2005 Bonds to be redeemed.

6. Failure to Provide Notice of Redemption.

Failure to give notice by mailing to the Owner of any 2005 Bond designated for redemption or to any depository or information service shall not affect the validity of the proceedings of the redemption of any other 2005 Bond.

7. Effect of Notice of Redemption.

On the redemption date, the 2005 Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and on such date interest shall cease to accrue, such bonds shall cease to be entitled to any benefit under the Indenture and such bonds shall not be deemed to be outstanding under the provisions of the Indenture and the registered owners of such 2005 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. If the amount of funds so deposited with the Trustee, or otherwise available, is insufficient to pay the redemption price and interest on all 2005 Bonds so called for redemption on such date, the Trustee shall redeem and pay on such date an amount of such 2005 Bonds for which such funds are sufficient, selecting the 2005 Bonds to be redeemed by lot from among all such 2005 Bonds called for redemption on such date, and interest on any 2005 Bonds not paid shall continue to accrue, as provided in the Indenture.

Book-Entry Only System

The following information appearing under this heading is based upon information furnished by DTC for inclusion in this Limited Offering Memorandum and neither the District nor the Underwriter have independently verified such information or make any representation as to the accuracy or the completeness thereof. The procedures utilized and services offered by DTC are a matter of agreement between DTC and its participants. There can be no assurances that the procedures described herein will always be executed or that such procedures will not be modified from time to time.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2005 Bonds. The 2005 Bonds will be issued as fully-registered bonds 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 2005 Bond will be issued for each maturity of the 2005 Bonds in the aggregate principal amount of such issue, 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 one hundred (100) 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, Fixed Income Clearing Corporation, and

Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, and also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 2005 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2005 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2005 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 2005 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 the 2005 Bonds, except in the event that use of the book-entry system for the 2005 Bonds is discontinued.

To facilitate subsequent transfers, all 2005 Bonds deposited by Direct Participants with DTC are registered in the name of the DTC’s partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of 2005 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 2005 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2005 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 the 2005 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the 2005 Bonds may wish to ascertain that the nominee holding the 2005 Bonds for their benefit has agreed to obtain and transmit notice to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2005 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 such other DTC nominee) will consent or vote with respect to the 2005 Bonds unless authorized by a Direct Participant in accordance with DTC’s procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the

after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2005 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

The redemption price and principal and interest payments on the 2005 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 Paying Agent 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption price and principal and interest 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 Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2005 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, 2005 Bond certificates are required to be printed and delivered.

Subject to the policies and procedures of DTC (or any successor securities depository), the District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event 2005 Bond certificates will be printed and delivered.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2005 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDER OF THE 2005 BONDS OR REGISTERED OWNERS OF THE 2005 BONDS SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2005 BONDS.

The District can make no assurances that DTC will distribute payments of principal of, redemption price, if any, or interest on the 2005 Bonds to the Direct Participants, or that Direct and Indirect Participants will distribute payments of principal of, redemption price, if any, or interest on the 2005 Bonds or redemption notices to the Beneficial Owners of such 2005 Bonds or that they will do so on a timely basis, or that DTC or any of its Participants will act in a manner described in this Limited Offering Memorandum. The District is not responsible or liable for the failure of DTC to make any payment to any Direct Participant or failure of any Direct or Indirect Participant to give any notice or make any payment to a Beneficial Owner in respect to the 2005 Bonds or any error or delay relating thereto.

The rights of holders of beneficial interests in the 2005 Bonds and the manner of transferring or pledging those interests is subject to applicable state law. Holders of beneficial interests in the 2005 Bonds may want to discuss the manner of transferring or pledging their interest in the 2005 Bonds with their legal advisors.

NEITHER THE DISTRICT NOR THE TRUSTEE SHALL HAVE ANY OBLIGATION WITH RESPECT TO ANY DEPOSITORY PARTICIPANT OR BENEFICIAL OWNER OF THE 2005 BONDS DURING SUCH TIME AS THE 2005 BONDS ARE REGISTERED IN THE NAME OF A SECURITIES DEPOSITORY PURSUANT TO A BOOK-ENTRY ONLY SYSTEM OF REGISTRATION.

Method of Computing Interest; Saturdays, Sundays, and Holidays

Interest payable on the 2005 Bonds will be calculated based on a 360 day year comprised of twelve 30-day months. If the date of maturity of interest on or principal of the 2005 Bonds or the date fixed for redemption of 2005 Bonds falls on a day other than a Business Day, then payment of such interest or principal and any redemption premium need not be mailed by the Paying Agent on such date, but may be mailed on the next succeeding Business Day on which the Paying Agent is open for business with the same force and effect as if mailed on the date of maturity or the date fixed for redemption, and no interest will accrue for the period after such maturity date. The Indenture defines "Business Day" as any day excluding Saturday, Sunday, or any other day on which banks in the cities in which the designated corporate trust office of the Trustee or the Paying Agent are located are authorized or required by law or other governmental action to close and on which the Trustee or Paying Agent, or both, is closed.

PLAN OF FINANCE

General Information Regarding The Developers, The Development, The 2005 Project, and The 2005 Special Assessments

There are four developers of the three parcels comprising the Development: (1) Fourth Quarter Properties XXXII, LLC, a Georgia limited liability company authorized to transact business in Florida, which is developing the Town Center; (2) Gran Paradiso I, LLC, a Florida limited liability company, (3) Gran Paradiso II, LLC, a Florida limited liability company, which, together with Gran Paradiso I, LLC, is developing Gran Paradiso; and (4) DiVosta Homes, L.P., a Delaware limited partnership authorized to transact business in Florida, which is developing IslandWalk (collectively, the "Developers"). The additional 88 acres added to Unit No. 2 in April, 2005 is owned by Fourth Quarter Properties XXXII, LLC. (See "**THE DEVELOPERS**" and "**THE DEVELOPMENT**" herein.)

The West Villages Improvement District Unit of Development No. 2 Amended Plan of Improvements (the "Amended District Engineer's Report") prepared by the District Engineer and attached herein as Appendix A describes the 2005 Project, which will be financed with the proceeds of the 2005 Bonds. The 2005 Bonds are to be issued in one or more series, pursuant to the Indenture, to finance and refinance the acquisition, design, and construction of the 2005 Project. See "**THE PROJECT**" herein.

The Developers

DiVosta Homes, L.P.

DiVosta is a Delaware limited partnership wholly owned through various subsidiaries of Pulte Homes, Inc. ("Pulte"). DiVosta Homes Holding, LLC, is a Delaware limited liability company, and is the general partner of DiVosta. Over the past 40 years, DiVosta has built more than 25,000 homes and is currently building a variety of product types throughout Florida, including Sarasota, Bonita Springs, Naples, Wellington, Jupiter, and Port St. Lucie. It is wholly owned through various

through various subsidiaries by Pulte, which is the largest homebuilder in the United States. Pulte is a Michigan based, publicly traded company (NYSE symbol “PHM”) organized in 1950 and incorporated in 1957. Pulte, through its various subsidiaries, is primarily engaged in the homebuilding business and currently builds and sells houses in 44 markets and 27 states throughout the United States. In addition to its homebuilding activity in the United States, Pulte also builds homes in Mexico and Puerto Rico. Since its formation, Pulte has constructed more than 370,000 homes.

Pulte is subject to the informational requirements of the Securities and Exchange Commission Act of 1934, as amended (the “Exchange Act”), and in accordance therewith files reports, proxy statements, and other information with the Securities and Exchange Commission (the “SEC”). The file number of Pulte with the SEC is No- 1-9804. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Room of the SEC, 100 F Street, NE, Room 1580, Washington, DC 20549, telephone (202) 772-9306, and at the SEC’s Midwest Regional Office in Chicago (175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604). Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. These materials may also be viewed on the SEC’s website, which is www.sec.gov. The most recent Annual Report on Form 10-K of Pulte on file with the SEC and any other documents and reports filed with the SEC by Pulte subsequent to the date of such Annual Report (including Form 10-Q and Form 10K) through and including the end of the “underwriting period” (as defined in SEC Rule 15c2-12) are hereby incorporated herein by reference.

Potential investors can visit Pulte’s website (www.pulte.com) for historical information, news and other financial reports. While DiVosta Homes, L.P., advises that the information contained herein regarding Pulte has been obtained from SEC filings and Pulte’s website, potential investors should review the SEC filings and Pulte’s website themselves to assure they have the most recent information on Pulte.

All documents subsequently filed Pulte pursuant to the requirements of the Exchange Act after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

William J. Pulte.

William J. Pulte, founder and Chairman of the Board of Directors of Pulte Homes, Inc., began building custom homes in the Detroit suburbs in 1956. In 1960, his first subdivision contained 49 lots. In the mid-1960s he expanded his business to the Washington D.C. area, Chicago, and Atlanta, and his homebuilding business grew to 12 subdivisions in six states. In 1969, he established Pulte Home Corporation and went public. He remained Chairman and President. From 1972 to 1990, he held the position of Chairman of the Executive Committee for Pulte Home Corporation. From 1990-1998, he held the position of Chairman of the Board. In January of 2002 he again assumed the position of Chairman of the Board.

Richard J. Dugas, Jr.

Richard J. Dugas, Jr., became President and Chief Executive Officer of Pulte Homes, Inc. in 2003, after having served as its Executive Vice President and Chief Operating Officer. Since 1994, Mr. Dugas has served in a variety of management positions at Pulte. Prior to becoming Chief Operating Officer, he was Coastal Region President with responsibility for Pulte’s Georgia, North

Carolina, South Carolina, and Tennessee operations. In 2001, the Coastal Region was Pulte's largest region, with approximately 3,400 closings and \$650 million in revenues. Mr. Dugas has also served as City President and Market Manager for Pulte Atlanta Division and as Process Improvement Vice President in which he was responsible for driving system-wide process improvement in two major national initiatives. He is a graduate of Louisiana State University.

Roger A. Clegg.

Roger A. Clegg joined Pulte Homes, Inc. in 1998, as Senior Vice President and Chief Financial Officer. He was promoted to Executive Vice President and Chief Financial Officer in May of 2003. In his position, he is responsible for the Company's accounting, treasury, tax, legal, information systems, investor relations, international operations ,and related activities associated with Pulte's day-to-day operations and long-term strategic objectives. During his tenure, he was instrumental in the acquisition and integration of Del Webb, a development company specializing in active adult communities, and as a result Pulte became the largest homebuilder in the industry. He is responsible for implementing a new financial reporting and management information system and developed a series of initiatives designed to improve Pulte's financial performance. Prior to joining Pulte, he was Executive Vice President and CFO of Zenith Electronics, where he was responsible for all financial activities, including treasury, corporate controller's office, and strategic planning. He was also the CFO of Sweetheart Cup Company and has held various financial positions with Continental Can Company. He earned a Master of Business Administration degree from the J.L. Kellogg Graduate School of Management at Northwestern University and holds a Bachelor of Science degree in Accounting from Northeastern University.

Steven C. Petruska.

Steven C. Petruska is Pulte Homes, Inc.'s Executive Vice President and Chief Operating Officer. In his position he oversees all of Pulte Home's domestic homebuilding operations. He is also responsible for all centralized functions that have a direct impact on field operations including product development, sales and marketing, segmentation, active adult development, construction, purchasing, and customer service-related activities. Mr. Petruska joined Pulte in 1984 as the Vice President of Finance for the south Texas Division. During his 20-year career with Pulte, he has held numerous management positions. Before his current promotion, he was Area President for Pulte's Arizona and Nevada operations, which in 2002 delivered almost 6,000 homes valued at more than \$1.4 billion in revenues. He also served as the President of the Company's Las Vegas Division and as President of the Southwest Region. He is a graduate of Central Michigan University.

James R. Ellinghausen.

James R. Ellinghausen serves as Senior Vice President – Human Resources. He joined Pulte in 2005, after having served as Head of Human Resources at Bristol Meyers Squibb. Prior to that, he held various Human Resource positions with Frito-Lay, a division of Pepsico. Mr. Ellinhausen received his undergraduate degree from Ohio State University. He was also drafted by the NBA and played professional basketball in Europe for five years.

Vinnie Frees.

Vinnie Frees joined Pulte Homes, Inc. as Vice President and Controller in 1995. Prior to joining Pulte, he was Vice President, Finance and Administration and Chief Financial Officer for Storz Ophthalmics Group in St. Louis, Missouri. He has held various positions with American Home Products/American Cyanamid (principally pharmaceuticals medical devices and consumer groups)

groups) from 1982 to 1995. He received his bachelor of science degree from St. Peter's College in Jersey City, New Jersey, and his master's in business administration degree from Pace University in New York City, New York, and is a Certified Public Accountant. He is a member of the Financial Executives Institute, the American Institute of Certified Public Accountants, and the New Jersey State Society of Certified Public Accountants.

Gran Paradiso I, LLC and Gran Paradiso II, LLC

Gran Paradiso I, LLC and Gran Paradiso II, LLC are Florida limited liability companies, each of which is equally owned by Richard D. Rodgers and Rex S. Rodgers, and managed by Sam R. Rodgers and his wife, Mary A. Rodgers.

Sam Rodgers was President of Sam Rodgers Enterprises, Inc., which was chartered in 1968 and was engaged in the retail sale of mobile homes from 1969 through 1990. Sam Rodgers Enterprises, Inc., was merged with Sam Rodgers Properties, Inc., a Florida corporation, on June 30, 2000. The following is a list of communities developed/constructed by Sam Rodgers.

Mobile Home Communities	
1971-1973	Sam's Leisure Lake Estate, an adult mobile home subdivision with 330 lots; sold 80 lots prior to selling in 1973.
1974-1979	Citrus Woods Estates, an adult mobile home subdivision with 385 lots.
1976-1978	Beacon Hill Colony, an adult mobile home rental park; sold 150 to 200 homes.
1979-1981	Woodbrook Estates, an adult mobile home rental park; marketed 400 homes out of 461 lots prior to selling in 1981.
1983-1986	Heatherwood Village, an adult mobile home rental park; marketed 301 homes in 3 and 1/2 years; still owned by Sam and Mary Rodgers.
1981-1990	Foxwood Communities, adult mobile home communities consisting of 544 subdivision lots and 353 rental lots.
1997 -	Purchased Fountainview Estates, adult mobile home community consisting of 197 occupied spaces.
Golf Course Communities with Conventional Homes	
1987-2000	Sandpiper Golf & Country Club, adult conventional housing subdivision consisting of 372 acres. Homes include attached villas, patio homes, and single family homes exclusively built and marketed by Sam Rodgers. 1,169 homes have been sold. Subdivision includes 8,400 sq. ft. clubhouse, tennis courts, swimming pool, spa, and shuffleboard courts.
1989-1995	The Estates of Beacon Woods Golf and Country Club, consisting of 481 home sites marketed primarily to higher income retirees and others. This was the number one community in Pasco County for several years. The corporation obtained an Arthur Rutenberg franchise in 1988 for this development. Subdivision averaged approximately 60 homes per year at an average price of \$150,000, including lot at an average of 1,700 square feet.
1995 -	Pelican Pointe Golf & Country Club in Venice, Florida, consisting of 1,325 resident units, 600 ALF units, 27-hole golf course and club facilities. Homes with home sites range in price from \$250,000 to \$600,000. During 2000 and 2001 Pelican Pointe was the highest selling subdivision in Manatee and Sarasota counties, with the exception of Lakewood Ranch. Currently, less than 24 lots

	remain to be sold. There are approximately 120 homes contracted to be constructed by Sam Rodgers Properties, Inc., with 12 lots remaining to be sold.
Other Communities	
1999 -	Legacy of Leesburg in Leesburg, Florida; consisting of 999 residential units with club facilities and marketed to residents 55 years and older. Lots are under contract to 1 builder, Pringle Development, on a take-down schedule. Lot are being taken down at a rate of 100 per year until the unit is complete.
2001 -	GreyHawk Landing in Bradenton, Florida, consisting of 789 various sized lots. Homebuilders are Sam Rodgers Homes, Sam Rodgers Franchisee of Arthur Rutenberg Homes, US Home Luxury Division, and Towne Homes. Home sizes range from 1,800 square feet to 4,000+ square feet, with prices from \$199,000 to over \$500,000, including lot, with sales for 2004 totaling \$95,000,000 between all builders. There are approximately 82 lots remaining to be contracted.
Future planned Projects Under Contract	
2004 -	Villa Lago in Venice, Florida, to consist of 148 4-plex units priced in the \$300,000's. This project is under contract to be sold.
2004 -	GreyHawk West in Manatee County, to consist of 400 home sites with homes priced in the high \$300,000s.

Source: Gran Paradiso

Richard D. Rodgers.

Richard D. Rodgers owns half of the membership interest in both Gran Paradiso I, LLC and Gran Paradiso II, LLC. He worked for Sam Rodgers Management Co., Inc., from 1975 to the present. Mr. Rodgers holds the Contractors license for Sam Rodgers Properties, Inc., and the Real Estate Broker's license for Sam Rodgers Management Co., Inc. He is in charge of all construction and community development matters. Mr. Rodgers received a Bachelor of Arts Degree from Florida Southern College in 1979.

Rex S. Rodgers.

Rex S. Rodgers owns half of the membership interest in both Gran Paradiso I, LLC and Gran Paradiso II, LLC. He has worked for Sam Rodgers Management Co., Inc., since 1983 to the present. He is Vice-President of that company, and assists in sales in various communities. Mr. Rodgers received his Bachelor of Arts degree from the University of Florida in 1981, and received a Bachelor of Science in Marketing from the University of South Florida in 1983.

Mary A. Rodgers (Mrs. Sam R. Rodgers).

Mary A. Rodgers is a Manager of Gran Paradiso I, LLC and Gran Paradiso II, LLC, and Secretary of both of those entities. She has held the position of Secretary and Treasurer to Sam Rodgers Enterprises, Inc., Sam Rodgers Properties, Inc., and Sam Rodgers Management Co., Inc., since the inception of those companies.

Fourth Quarter Properties XXXII, LLC

Fourth Quarter Properties XXXII, LLC (“Fourth Quarter”), is a Georgia limited liability company authorized to transact business in the State of Florida, the sole member of which is Stanley E. Thomas. Fourth Quarter is responsible for the development of the Town Center parcel of Unit No. 2.

Stanley Thomas.

Stanley Thomas began his career in the late 1980’s as a “big-box” developer, developing 8 power-centers in the Carolinas, Florida, Kentucky, Alabama, and Georgia, comprising nearly 10 million square feet of retail space. His company, Thomas Enterprises, Inc. (“TEI”) was founded in 1987, and is a commercial real estate company of national reach developing approximately 20 million square feet of retail property valued in excess of \$2 billion, including 20,000 acres of developable land. In the mid 1990s, while continuing to develop his own centers, Stanley Thomas created a brokerage arm of TEI, Merchant’s Resource Realty, and his clients included retailers such as Home Depot, Wal-Mart, Target, and PetsMart, among others. Currently, Mr. Thomas has numerous companies that he oversees, and is engaged in the development of several projects throughout the United States. His company, Forum Development Group, founded in 1998, specializes in the concept of lifestyle retail centers and mixed-use development as an alternative to congested retail malls.

The following is a list of projects that have been developed by Stanley Thomas through individual entities:

Project Name	Location	Status
Buckhead Pavilion	Atlanta, Georgia	Completed
Venture Pointe Shopping Center	Duluth, Georgia	Completed
Southlake Pavilion	Morrow, Georgia	Completed
Barrett Pavilion and Barrett Commons	Kennesaw, Georgia	Completed
Carolina Pavilion	Charlotte, North Carolina	Completed
Heritage Pavilion	Smyrna, Georgia	Completed
Fayette Pavilion	Fayetteville, Georgia	Completed
Snellville Pavilion	Snellville, Georgia	Completed
Kings Grant Pavilion	Cabarrus County, North Carolina	In Progress
Village Pavilion	Smyrna, Georgia	Completed
Hamburg Pavilion	Lexington, Kentucky	Completed
Newnan Crossing	Newnan, Georgia	In progress
Flowery Branch Mobile Home Development	Gwinnett County, Georgia	Completed
The Forum at Peachtree Parkway	Gwinnett County, Georgia	Completed
Hiram Pavilion	Hiram, Georgia	Completed
Out Parcels at Avondale Mall	DeKalb County, Georgia	In progress
Turkey Creek Pavilion	Knoxville, Tennessee	Completed
Westside Pavilion	Huntsville, Alabama	Completed
Carlsbad Pavilion	Carlsbad, California	Completed
Thomas Ranch	Sarasota County, Florida	In progress
Newnan Airport Development	Coweta County, Georgia	Completed
Reunion/Osceola County, FL Development	Osceola County, Florida	In progress
La Quinta Pavilion	La Quinta, California	In progress
Orlando South Campus Development	Orlando, Florida	In progress
Forum at Alpharetta	Alpharetta, Georgia	In progress
Fayette Pavilion	Fayetteville, North Carolina	Completed
Jackson Pavilion	Jackson, Georgia	In progress

Locust Grove Pavilion	Locust Grove, Georgia	In progress
Dothan Pavilion	Dothan, Alabama	In progress
Bloomingdale Pavilion	Brandon, Florida	In progress
The Rim	San Antonio, Texas	In progress
Sacramento Rail Yards	Sacramento, California	In progress
Lido Marina Redevelopment	Newport Beach, California	In progress
Oceanside (Swap Meet Property) Development	Oceanside, California	In progress

Source: Fourth Quarter

The Development

The information appearing below relating to the Development and the Developers has been furnished by the Developers. Such information has not been independently verified by the Issuer or the Underwriter and neither the Issuer nor the Underwriter makes any representation or warranty as to the accuracy or completeness of such information. The Developers' obligation to pay 2005 Special Assessments, if imposed, is limited solely to the obligation of any landowner in the District's Unit No. 2 to pay such assessments, and the recourse for the Developers' failure to pay the 2005 Special Assessments is limited to its ownership interest in the Benefited Parcels.

Location and General Description of the Development

Within the District, approximately 2,091 acres have been designated as Unit No. 2, such Unit of Development having been established by District Resolution No. 2004-14 and expanded on April 19, 2005. Unit No. 2 currently consists of three major parcels of land, located entirely within the City in south Sarasota County. Unit 2 is located on both the north and south sides of U.S. 41 and is located approximately 1.9 miles west of River Road, approximately 2.2 miles east of Woodmere Park Boulevard, 2.8 miles east of Jacaranda Boulevard, 3.4 miles east of the U.S. 41/State Road 776 intersection and 3.6 miles south of the I-75/River Road interchange. The parcels within Unit No. 2 are described as IslandWalk, an approximately 829.32 acre parcel expected to be used for residential units and a neighborhood center, Gran Paradiso, an approximately 1,068.09 acre parcel expected to be used for residential units and a neighborhood center, and Town Center, an approximately 197.45 acre parcel expected to be used for multi-family residential units and commercial/office (Island Walk, Gran Paradiso, and Town Center, collectively, the "Development"). Unit No. 2 was established to provide for the construction, financing, long-term administration, and management of certain public infrastructure required for the Development.

The IslandWalk parcel is expected to consist of up to 1,799 single family residential units plus up to 70 multi-family residential units in four neighborhoods with the associated Neighborhood Centers consisting of passive open space areas, recreational facilities, and internal community service space. The Gran Paradiso parcel is expected to consist of up to 1,439 single family residential units and up to 560 multi-family units in seven neighborhoods with the approximately 8 acres of recreational and community club house facilities. The Town Center parcel is expected to consist of up to 1,350,000 square feet of commercial or retail uses, up to 150,000 square feet of office uses, and up to 400 multi-family residential units. These parcels and the associated expected usage constitute the development currently planned within Unit No. 2. None of these parcels is currently platted, but the expected usage has been utilized as the basis of the District Engineer's Report. Unit No. 2 is primarily undeveloped pasture and rangelands, upland pine flatwoods, wetlands, and undeveloped woodlands.

Children within the Development will be expected to attend Taylor Ranch Elementary School, which is within .9 miles of the Development, Venice Middle School, which is within 2.2 miles of the Development, and Venice High School, which is within 6.8 miles of the Development.

Water and sewer for the Development will be provided by the City. Electrical service will be provided by Florida Power & Light.

The following chart shows the 2004 ad valorem tax millage rates for properties within the City of North Port, Sarasota County, Florida:

**Sarasota County Ad Valorem Tax Millage Rates
2004 Real Estate**

AD-VALOREM TAXES	
Taxing Authority	Millage Rate
Sarasota County General Revenue	4.0932
Bonds Debt Service	.1639
Mosquito Control	.0848
Sarasota Memorial Hospital	.6000
West Coast Inland Nav.	.0400
S.W. Florida Water Mgmt.	.4220
Manasota Basin	.1600
Sarasota School Board	
District Fund	6.3660
Capital Improvement	2.0000
City of North Port	4.9000
NON-AD VALOREM ASSESSMENTS	
North Port Fire & Rescue	Per parcel
TOTAL MILLAGE	
	18.8299

Source: Sarasota County Tax Collector

The Development is being developed by four developers, DiVosta Homes, L.P. (“DiVosta”), Gran Paradiso I, LLC, Gran Paradiso II, LLC (collectively, “Gran Paradiso”), and Fourth Quarter Properties XXXII, LLC (“Fourth Quarter”). See “**THE DEVELOPERS**” herein.

The District Engineer’s Report attached as Appendix A describes the 2005 Project infrastructure, which is the public infrastructure designed to serve the Development. Construction of a portion of the 2005 Project has already commenced. See “**THE 2005 PROJECT**” herein.

IslandWalk.

DiVosta is responsible for the development of the IslandWalk portion of Unit No. 2. The IslandWalk parcel of Unit No. 2 is owned by DiVosta and was acquired in 2 transactions: 600 acres were purchased in December of 2003 and 480.94 acres were purchased in January of 2004. Of that 1080.84 acres purchased, approximately 829.32 is contained within the proposed IslandWalk development. The total purchase price for 1,080.84 acres was \$30,500,000. Based on a per acre allocation of purchase price, roughly \$23,484,984 would be allocated to the proposed IslandWalk development. IslandWalk is anticipated to be a private, gated community that will comprise a mix of

of 1 and 2-story single family attached homes and detached single family homes. It is designed to be a walkable community, modeled after other DiVosta communities, using an extensive interconnected network of walkways that link the various components of the community to the centrally located “Neighborhood Center.” It is anticipated that a series of residential pods will be connected by sidewalks and pedestrian bridges, affording the residents views of the lake and preserve, access to recreation and fitness amenities, and direct access to IslandWalk’s Neighborhood Center. It is anticipated that the Neighborhood Center will consist of recreation amenities such as lighted tennis, basketball and bocce courts, a tot lot, a resort-style pool, an exercise lap pool, and a fitness center. DiVosta also intends to include within the Town Center a post office, town hall-type meeting spaces, a library, and small neighborhood commercial uses including a general store with gasoline sales, a gift shop, a bank with ATM, and a hair and nail salon. These amenities will be for the exclusive use of the residents of IslandWalk and their guests.

A manned gatehouse will be constructed at IslandWalk’s main entrance. Future secondary gated entries with card reader access will be constructed on the south and east end of the property. Decorative walls and metal railings, and extensive landscaping will be provided at each entrance.

IslandWalk will be regulated by a set of design guidelines contained within a “Village District Pattern Plan,” which will establish the development standards that will govern the site planning, infrastructure design, and residential parcel design as they are developed.

DiVosta will develop the property and will be responsible for installing the infrastructure for the internal pods, and the building of the homes and units within its portion of the Development.

The following is a breakdown of the acreage of DiVosta’s portion of the Development:

Description	Approximate Acreage
Residential	267.893
Lake	222.5
Open Space	170.434
Road Rights-of-Way	105.319
FPL Easement	32.354
Wetlands	22.623
Neighborhood Center	8.197
TOTAL	829.32

Source: DiVosta

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The following chart is a breakdown of the product type within DiVosta's portion of the Development:

Product Type	Lot Size	Number of Units	Expected Lot & Home Price
Capri (S.F. attached)	36'	980	\$235,000
Oakmont (S.F.)	50'	569	\$305,000
Carlyle (SF)	60'	250	\$350,000
Cayman (Townhome)	26'	70	\$240,000

Source: DiVosta

DiVosta provides the following information relative to the status of its portion of the Development:

Event	Status	Expected Start Date	Expected Completion Date
Purchased Property	Complete	Complete	Complete
Topographic Survey	Complete	Complete	Complete
Wetland Delineation	Complete	Complete	Complete
Annexation	Complete	Complete	Complete
Zoning	Complete	Complete	Complete
DEP permits -- CORP permits	In progress	Complete	September 2005
Club House Design	Planning	End of 2006	End of 2007
Preview Center Design	Planning	September 2005	November 2005
Sewer Tap	Planning	TBD	TBD
Marketing	In Progress	In Progress	On-Going
Landscape Design for Entryway	Planning	In Progress	November 2005 for completion of design plans
Website	Complete	Complete	Complete

Source: Divosta

DiVosta has not entered into any contracts with developer/builders or other parties to purchase lots or land within its portion of the Development.

The following is a projection of the expected absorption rate:

Unit Type	2006	2007	2008	2009	2010
	375	375	375	375	369

The DiVosta development budget is projected to be \$72,715,000. To date, \$435,000 has been expended. There are no mortgages on the property within DiVosta's portion of the Development.

The following is a description of the required approvals for DiVosta's portion of the Development. Zoning by the City for 810.74 acres was approved on October 12, 2004. Zoning approval by the City for the remaining 18.58 acres was granted on March 8, 2005. Approval by the City of the Village District Pattern Plan and Phase 1A Construction Plans was granted on July 25, 2005.

The following is a description of the permitting information relative to DiVosta's portion of the Development:

Project	Agency	Permit Status	Expected Receipt Date
Conceptual Stormwater Management (829 acres)	SWFWMD	Complete 9/27/05	
Wetlands (829 acres)	ACOE	Pending	November, 2005
Phase 1A Gopher Tortoise Permit	FF&WCC	Approved	
Phase 1A Construction Permit for Stormwater and Wetlands	SWFWMD	Approved	
Phase 1A Construction Plans (Water/Sewer/Roadway)	City of North Port	Approved	
Phase 1A Water/Sewer	FDEP	Approved	
Driveway Connection	FDOT	Responding to Comments	November, 2005
Utility Connection	FDOT	Approved	
Drainage Connection	FDOT	Technical Review Approved	To be issued with Driveway Connection
Temp. Sales Center	SWFWMD	Received September, 2005	
Temp. Sales Center	City of North Port	Approved	
Temp. Sales Center Driveway Connection	FDOT	Approved	
Temp. Sales Center Holding Tank	FDEP (local)	Approved	
Temp. Sales Center Well Permit	FDEP	To be Submitted, October, 2005	November, 2005
Phase 1B Construction Permit for Stormwater and Wetlands	SWFWMD	Received 9/27/05	October, 2005
Phase 1B Construction Plans (Water/Sewer/Roadway)	City of North Port	Submitted 8/11/05	November, 2005
Phase 1B Water/Sewer	FDEP	Water received 8/29/05	Sewer – October, 2005
Phase 1C Permitting	City, SWFWMD, FDEP	To be submitted 10/14/05	Nov./Dec. 2005
Phase 1D Permitting	City, SWFWMD, FDEP	To be submitted 11/15/05	February, 2006

Source: DiVosta

Phase 1 of DiVosta's project development consists of the first 98.26 acres of IslandWalk, and will contain the entry, model center, and first 183 residential units. IslandWalk represents 829.32 acres of the 1,080.84 acres owned by DiVosta. In 2004, the rezoning of the first 810.74 acres of

IslandWalk was approved. The remaining 18.58 acres was rezoned in March 2005. Phase 1A broke ground August 31, 2005, and will consist of the first 98.26 acres. It will contain the entry, model center, and first 180 residential units.

Ardaman & Associates, Inc. prepared the Phase I Environmental Site Assessment for the 600 acres purchased in 2003, wherein they recommended no further investigation of the environmental condition of the subject property. However, there was a small area of impacted soil near the dewatering pump, which was limited in volume and unlikely to have impacted the groundwater of the property, that they recommended be excavated and the soil transported to a thermal treatment facility for remediation. They recommended that the cleanup be documented by an experienced environmental consultant.

The following chart represents a breakdown of the annual assessments, including ad valorem tax, the 2005 Special Assessments, annual maintenance special assessments, and homeowners' association fees based on an average cost per product type within DiVosta's portion of the Development.

ESTIMATED ANNUAL TAXES, ASSESSMENTS, AND FEES PER UNIT BY PRODUCT TYPE WITHIN ISLANDWALK PARCEL

Product Type	Average Price Per Unit	Ad Valorem Tax*	2005 Special Assessments**	Homeowner's Dues and Maintenance Special Assessments	Total Taxes, Fees, and Assessments Per Unit
Capri (S.F. Attached)	\$235,000	\$4,425.00	\$403.86	\$3,514.00	\$8,342.86
Oakmont (S.F.)	305,000	5,743.00	403.86	3,574.00	9,720.86
Carlyle (S.F.)	350,000	6,590.00	403.86	3,646.00	10,639.86
Cayman (Townhome)	240,000	4,519.00	402.08	3,442.00	8,363.08

Source: DiVosta for price per unit, maintenance assessments and homeowners association fees; Amended Special Assessment Methodology Report for 2005 Special Assessments; Sarasota County Tax Collector's Office for Ad Valorem Taxes

* Does not include discount for prepayment of amounts on tax bill
 ** Includes collection costs

Note: At closing, each purchaser will also pay a Working Fund Contribution sum to the Homeowner's Association, which is equivalent to two (2) months' maintenance assessment.

There will be a total maximum 2005 Assessment per unit of \$403.86 for single family residences in IslandWalk. The total maximum 2005 Special Assessments per unit for 3 bedroom or larger multi-family residences will be \$402.08.

Gran Paradiso

Gran Paradiso is an approximately 1068.3 acre parcel in Unit No. 2, which contains 613.2 developable acres. The land was purchased on November 12, 2004 at a purchase price of \$55,550,000. Colonial Bank, N.A. currently holds a mortgage in the principal amount of

\$45,000,000 from Gran Paradiso I, LLC and Gran Paradiso II, LLC as Mortgagors. The note to Colonial Bank is secured by the property. The mortgage matures on November 12, 2011.

Gran Paradiso I and an affiliate, Sam Rodgers Homes, will be responsible for building the homes/units for the 35' (duplex) lots, 70' lots, and 80' lots. The 45' lots, 52' lots, 65' lots are under contract to Lee Wetherington Development, Inc. The 568 multi-family lots are currently under contract with Homes By Towne, with an Inspection Period contingency. Homes By Towne will be responsible for building the homes/units on these lots.

The Community Center within the Gran Paradiso parcel will be constructed in two phases. Phase 1 will consist of approximately 15,848 square feet of air conditioned space and will include recreational amenities such as card rooms, a game room, a craft room, fitness center, sauna and steam rooms, locker rooms, and massage facility. Phase 1 will also include construction of the resort pool, lap pool, 4 clay tennis courts, and an elaborate guard house facility. Phase 2, which will consist of approximately 13,857 square feet of air conditioned space, will include construction of the main ballroom, catering kitchen, snack bar, screen porch, and game rooms. Phase 2 will also include the construction of 4 additional tennis courts.

The following chart is a breakdown of the product type within Gran Paradiso's portion of the Development:

Builder	Product Type	Description	Number of Units	Square Footage	Expected Home Price
Homes by Towne	8-plex	2 bdrm/1 car	112	1,300-1,350	\$270,000
	8-plex	3 bdrm/2 car	112	1,650-1,700	340,000
	Coach-lg	3 bdrm/2 car	196	2,050-2,350	470,000
	Coach-sm	3 bdrm/2 car	74	1,800	360,000
	Coach-sm	3 bdrm/2 car	74	2,000	400,000
Lee Wetherington	45'x140'	2 bdrm/2 car	87	1,800-2,400	400,000-510,000
	45'x140'	3 bdrm/2 car	88	1,800-2,400	400,000-510,000
	52'x120'	2 bdrm/2 car	66	2,000-2,600	440,000-555,000
	52'x120'	3 bdrm/2 car	199	2,000-2,600	440,000-555,000
	65'x120'	3 bdrm/3 car	206	2,300-3,200	495,000-670,000
Sam Rodgers Homes	35'x140'	2 bdrm/2 car	388	1,800-2,200	390,000-460,000
	70'x120'	2 bdrm/ 2 car	245	2,200-2,800	500,000-650,000
	80'x120'	3 bdrm/3 car	152	2,800-4,200	700,000-1,050,000

Source: Gran Paradiso

Gran Paradiso provided the following information relative to the status of its portion of the Development:

Event	Status	Expected Start Date	Expected Completion Date
Purchased Property	Complete	Complete	
Topographic Survey	75% complete	October, 2004	January, 2005
Wetland Delineation	100% complete	Complete	
Annexation	Complete	Complete	
Zoning	Complete	Complete	
DEP permits/ CORP permits	Applied	December, 2004	December, 2005
Club House Design	Pending	April, 2005	October, 2005
Preview Center Design	Pending	April, 2005	January, 2006
Sewer Tap			2006
Marketing	Pending	January, 2006	TBD
Landscape Design for Entryway	Pending	TBD	TBD
Website	Pending	TBD	TBD

The following is a projection of the expected absorption rate for Gran Paradiso:

Unit Type	2007	2008	2009	2010	2011	2012/2013
65'x 120'	16	30	30	32	32	32/32
52'x120'	15	30	36	46	46	46/46
45'x140'	25	30	30	30	30	30/30
Multi-family	68	83	83	83	83	83/85
80'x120'	0	12	18	30	32	30/30
70'x120'	36	36	36	36	36	36/29
35'x140'	40	48	60	60	60	60/60

Source: Gran Paradiso

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The following is a description of the permitting information relative to Gran Paradiso's portion of the Development:

Project	Agency	Permit Status	Expected Receipt Date
Conceptual Stormwater Management	SWFWMD	Approved	Approved
Wetlands	SWFWMD/COE	Field Visit Complete Application Under Review	November 2005
Phase 1 Construction Permit for Stormwater and Wetlands	SWFWMD	Under Review	October 2005
Phase 1 Construction Plans (Water/Sewer/Roadway)	City of North Port	Under Review	October 2005
Water/Sewer	DEP	Pending North Port Approval	November 2005

Source: Gran Paradiso

A Phase I Environmental Site Assessment was performed on the 1,068.09 acres constituting Gran Paradiso, and adjacent parcels, by EnviroLogic, Inc., who produced a Site Assessment on June 30, 2004. Based on the results of EnviroLogic's investigations, it determined that no on-site or off-site "recognized environmental conditions" existed and that no further environmental assessment was recommended.

The following chart represents a breakdown of the annual assessments, including ad valorem tax, the 2005 Special Assessments, annual maintenance special assessments, and homeowners' association fees based on an average cost per product type within Gran Paradiso's portion of the Development.

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**ESTIMATED ANNUAL TAXES, ASSESSMENTS, AND FEES
PER UNIT BY PRODUCT TYPE WITHIN GRAN PARADISO PARCEL**

Product Type	Average Price Per Unit	Ad Valorem Tax*	2005 Special Assessments** Unit No. 2	Anticipated Homeowners Association Fees and Maintenance Special Assessments	Total Taxes, Fees, and Assessments Per Unit
Multi-family 2 bdrm. Or more (110'x110')	\$270,000-360,000	\$5,084.00-6,779.00	342.49	\$3,498.00	\$8,924.49 – \$10,619.49
Multi-family 3 bdrm or more (110'x110')	340,000-470,000	6,402.00-8,850.00	384.14	4,533.00	11,319.14 – 13,767.14
Duplex (35'x140')	390,000-460,000	7,344.00-8,662.00	450.86	3,160.00	10,954.86 – 12,272.86
Single Family (45'x140')	400,000-510,000	7,532.00-9,603.00	450.86	2,500.00	10,482.86 – 12,553.86
Single Family (52'x120')	440,000-555,000	8,285.00-10,451.00	450.86	2,500.00	11,235.86 – 13,401.86
Single Family (65'x120')	495,000-670,000	9,321.00-12,616.00	450.86	2,500.00	12,271.86 – 15,566.86
Single Family (70'x120')	500,000-650,000	9,415.00-12,239.00	450.86	2,800.00	12,665.86 – 15,489.86
Single Family (80'x120')	700,000-1,050,000	13,181.00-19,771.00	450.86	2,800.00	16,431.86 – 23,021.86

Source: Gran Paradiso for pricing, special maintenance assessments, and homeowners association dues; Amended Special Assessment Methodology Report for 2005 Special Assessments;

Sarasota County, Florida, for Ad Valorem Taxes.

* Does not include discount for prepayment of amounts on tax bill, if any, including Ad Valorem taxes and 2005 Special Assessments

** Includes collections costs

The total maximum 2005 Special Assessments per unit for single family residential units in Gran Paradiso will be \$450.86. The total maximum 2005 Special Assessments per unit for 3 bedroom or larger multi-family units will be \$384.14, and the total maximum 2005 Special Assessments per unit for 2 bedroom or smaller multi-family units will be \$342.49. It is also anticipated that there will be Unit No. 3 special assessments on specially benefited lands within Gran Paradiso, which assessments are expected to range from \$2,200 to \$3,600 per unit.

Town Center.

Fourth Quarter owns and is developing property the Town Center parcel within Unit No. 2, consisting of approximately 197.45 acres. The land was purchased in October, 2002 for approximately \$5,000 per acre. Columbus Bank and Trust Company has a mortgage on approximately 10,000 acres owned by Fourth Quarter and which property includes the Town Center parcel. The mortgaged property includes all of the property within the District, except the property owned by DiVosta and Gran Paradiso, and approximately 3,800 acres located outside the District. Currently, the principal balance of that loan is \$55,000,000. On April 19, 2005, Fourth Quarter and the District entered into an agreement expanding Unit No. 2 by the addition of approximately 88 acres of contiguous land, which will be added to the Town Center parcel. Fourth Quarter has not entered into contracts with any developer/builders or other parties to purchase lots or land. This parcel is expected to consist of up to 1,350,000 square feet of commercial or retail uses, up to 150,000 square feet of office uses, and 400 multi-family residential units. The District will be responsible for installing the master infrastructure and Fourth Quarter properties will be responsible for installing the infrastructure for the internal pods and the commercial development.

Fourth Quarter provides the following information relative to the status of its portion of the Development. It is likely that the commercial/office development of the Town Center will not commence until sufficient residential sales within the Town Center parcel and surrounding developments are made to support it.

Event	Status	Expected Start Date	Expected Completion Date
Purchased Property	Complete	N/A	N/A
Topographic Survey	Complete	N/A	N/A
Wetland Delineation	Complete	N/A	N/A
Annexation	Complete	N/A	N/A
Zoning	In Progress	N/A	April, 2006
DEP permits/ CORP permits	In Progress	March, 2006	June, 2007
Marketing (commercial and office)	In Progress	N/A	December, 2008
Landscape Design for Entryway	In Progress	N/A	January, 2007

Source: Gran Paradiso

Relative to the 88 contiguous acre parcel added to Unit No. 2, this property is located adjacent to the northeast edge of the Gran Paradiso parcel and just north of the original Town Center parcel. The 88 acre parcel, which will be a part of the Town Center parcel, are owned by Fourth Quarter Properties XXXII, LLC. The property is planned for a maximum of 400 multi-family residential units. It is anticipated that in the Adopted City of North Port Comprehensive Plan, the 88-acre parcel will be designated for the Village land use category. No permitting or design efforts have been started for the 88 acre parcel.

The following chart represents a breakdown of the annual assessments, including ad valorem tax, the 2005 Special Assessments, annual maintenance special assessments, and homeowners' association fees based on an average cost for the multi-family residential units within Fourth Quarter's portion of the Development.

ESTIMATED ANNUAL TAXES, ASSESSMENTS, AND FEES PER UNIT FOR RESIDENTIAL UNITS WITHIN TOWN CENTER PARCEL

Product Type	Average Price Per Unit	Ad Valorem Tax*	2005 Special Assessments**	Homeowners Association Dues and Maintenance Special Assessments	Total Taxes, Fees, and Assessments Per Unit
Multi-family residential (2 or 3 bedroom)	\$312,500.00	\$5,884.34	\$371.36	\$240.00	\$6,495.70

Source: Fourth Quarter for pricing, homeowners association fees, and maintenance special assessments; Amended Special Assessment Methodology Report for 2005 Special Assessments; Sarasota County Tax Collector for Ad Valorem Taxes.

* Does not include discount for prepayment of amounts on tax bill, if any, including Ad Valorem taxes and 2005 Special Assessments

** Includes collections costs; this amount is an estimated average for the 2 and 3 bedroom units

The total maximum 2005 Special Assessments per unit for a 3 bedroom or larger multi-family residence within the Town Center Parcel will be \$392.19, and the total maximum 2005 Special Assessments per unit for a 2 bedroom or smaller multi-family residence will be \$350.54.

After sufficient residential sales within the Town Center parcel and surrounding developments are made to support the commercial/office development, it is anticipated that the total maximum annual assessment per acre for commercial or office space will be \$13,675.04. Common Areas Maintenance charges (CAM) are expected to average \$5.00 per square foot. Fourth Quarter intends to retain ownership and triple net lease all of the commercial/office space, thereby passing through to its tenants all of the common areas maintenance charges along with the 2005 Special Assessments.

Competition.

Competition in the vicinity of the Development in Unit 2 includes the proposed Tuscano development. The Tuscano site is approximately 2,400 acres located immediately west of the IslandWalk development and on the south side of US-41. The Tuscano project is within the unincorporated area of Sarasota County. It is planned as a gated, golf course community with approximately 1,550 residential units, up to 500 of which may be multi-family units. Up to 27 holes of golf in a private club are proposed.

The Tuscano project has been granted the applicable zoning and has also received Development of Critical Concern (DOCC) approval from the Sarasota County Board of County Commissioners. Construction plans for the initial phase of development, Phase 1A, have been submitted to Sarasota County and the Southwest Florida Water Management District for review and approval. Phase 1A consists of 158 single family units with access to US-41. Expected completion date for the review of the Phase 1A plans is April 2005. The remainder of Phase 1, approximately 400 additional units and the 18 hole golf course, is under design at this time and expected to be approved for construction in early 2006. Build out of the project is expected by 2009.

The 2005 Project

Reference is made to “**APPENDIX A—Amended District Engineer’s Report**” for a detailed description of the 2005 Project.

The District was created to construct and maintain public works and utilities, including water, sewer, drainage, irrigation, water management, parks, recreational facilities, and roadway or related activities. The Issuer expects to issue one or more series of bonds pursuant to the Master Indenture to finance and refinance the construction of the 2005 Project.

Unit No. 2 was formed in order to finance and construct a portion of the public infrastructure improvements associated with the Development, including all or portions of the hereinafter described potable water transmission system, the wastewater transmission facilities, and arterial roadways and major intersections. The 2005 Project will consist of a portion of these infrastructure improvements. The Issuer will apply proceeds of the 2005 Bonds to pay the costs of the 2005 Project.

Unit No. 2 currently consists of three major parcels of land as follows:

NAME	APPROXIMATE SIZE (ACRES)	EXPECTED USAGE
IslandWalk	829.32	Up to 1,869 Residential Units and Neighborhood Center
Gran Paradiso	1,068.09	Up to 1,999 Residential Units and Neighborhood Center
Town Center	197.45	Up to 1,350,000 square feet commercial/retail, up to 150,000 square feet office, and 400 multi-family residential units

Source: District Engineer’s Report

The potable water transmission system will consist of a water main connecting from the City system outside the boundaries of the District to Unit No. 2. In addition, there will be a new ground storage tank and re-pump station constructed along with other required appurtenances and interconnects. All potable water systems will be permitted through and in accordance with the City’s requirements.

The wastewater transmission facilities will consist of master pumping and storage facilities to the extent required by the City located in the District along with a force-main from the District to the City of North Port wastewater treatment plant along with other required or related facilities, appurtenances and interconnects. All wastewater systems will be permitted through and in accordance with the City’s requirements.

A modern arterial roadway expected to be known as West Villages Parkway will be constructed within the District along with appropriate connecting roadways and intersections. In addition, the Unit No. 2 improvements will involve partial expansion of the intersection of U.S. 41 and North River Road, which is adjacent to the District. Roadway and intersection construction will include signage, striping, lighting, signals, sidewalks, medians, water management facilities, environmental mitigation, landscaping, irrigation, and other ancillary appurtenances of a modern roadway system. Roadway construction will be in accordance with and permitted through the City. The total estimated cost of improvements for the 2005 Project is \$39,046,365.02, which includes estimated construction costs and soft costs, costs of issuance, technical services, discounts, debt service reserve, capitalized interest, and contingency.

The Issuer will be required to acquire certain real property interests, including fee simple title, rights-of-way, easements, and access as necessary for the implementation, installation, operation and maintenance of the 2005 Project. It is anticipated that some of said real property interests may be donated by the landowners in Unit No. 2, and whatever is not donated will be purchased by the Issuer from the landowners within and outside Unit No. 2. The costs estimated above include allowances for those purchases.

Maintenance and operational responsibilities of the Issuer will include the following:

1. Maintenance and operation of the potable water and wastewater transmission systems until such systems are turned over to the City . It is expected that turnover will occur shortly after completion of construction of discrete portions of the improvements;
2. Maintenance and operation of the arterial roadway and intersections until such systems are turned over either to the City, the County, or the Florida Department of Transportation. It is expected that turnover of County and State roads and intersections will occur shortly after completion of construction. Maintenance of other, non-County or State roads will likely continue to be the responsibility of the District and will be determined on a case by case basis by the City; and
3. Maintenance and operation of the landscaping and irrigation associated with the arterial roadway system. It is expected that this responsibility will remain with the District.

The improvements authorized in the District Engineer's Report are to be constructed on existing or acquired rights-of-way. Several alternative methods of funding the implementation of these improvements are available to the District in accordance with past policy and applicable state statutes. These are as follows:

1. Donations by the landowners of the proposed improvements provided such improvements are constructed in accordance with plans and specifications approved by the District Engineer and designed by the District's project engineers;
2. Donation of funding by the landowners to the District for construction of required improvements;
3. Construction of required improvements utilizing available non-ad valorem assessments, loan or bond proceeds, with the loans or bonds being repaid from annual assessments to the benefited lands within Unit No. 2 until the indebtedness is retired.

4. Combination of 1, 2, and 3 above, including the authority, if the District so determines, to reimburse the landowners for any funds previously advanced by them to the District or for improvements constructed by them and turned over to the District, to the extent said improvements, works, or services are authorized in the District Engineer's Report.

Status of Public Approvals

Parcels within Unit No. 2 are currently in various stages of development review and approval within the City. The IslandWalk and Gran Paradiso parcels have received the Village zoning designation. It is anticipated that the Town Center parcel, including the 88 acre addition, will receive a Village zoning designation from the City, compatible with the adopted comprehensive land use plan.

The District Engineer reports that certain permits required for construction of the 2005 Project infrastructure have been applied for, with certain permits having been obtained as of the date of the report. The District Engineer has indicated that it is of the opinion that all permits necessary to complete the 2005 Project have either been obtained as described in the District Engineer's Report or are obtainable from the permitting agencies, subject to reasonable, normal and customary permit conditions.

Permitting

At the time of this Limited Offering Memorandum, the District Engineer reports that the following permits have been obtained for construction of the Unit No. 2 infrastructure improvements:

Local Zoning Approval

IslandWalk
Gran Paradiso

Water and Sewer Main

City of North Port
Florida Department of Transportation (FDOT)
Southwest Florida Water Management District (SWFWMD)
Florida Department of Environmental Protection (FDEP)
Florida Department of Health (FDOH)

Water Pump Station

City of North Port
Southwest Florida Water Management District (SWFWMD)
Florida Department of Environmental Protection (FDEP)
Florida Department of Health (FDOH)

Currently, construction of the water and sewer mains and the water pump station are underway to bring water and sewer service to Unit No. 2. Partial agreements for provision of water and sewer services are in place with the City, and negotiations are proceeding for additional capacity agreements.

In the Amended District Engineer's Report, the District Engineer states that there are no technical reasons existing at this time which would prohibit the implementation of the plan or permitting of the infrastructure described in the Amended District Engineer's Report, subject to continued compliance with all agency criteria and conditions of the already approved plans and permits. The District Engineer will certify at closing that all permits, consents, or licenses, and all notices to or filings with governmental agencies necessary for the construction and acquisition of the 2005 Project that are required to be obtained or made have been obtained or it is reasonable to believe that they will be obtained or made when required. The District Engineer will further certify at closing that there is no reason to believe that any permits, consents, licenses, or governmental approvals required to complete any portion of the 2005 Project or the Development will not be obtained as required. The District Engineer will further certify at closing that it has no knowledge of any pending government action that would lead to a building moratorium that would preclude the timely construction of any portion of the 2005 Project.

Special Assessment Methodology

Kimley-Horn and Associates, Inc. has prepared and submitted to the Issuer an Amended Special Assessment Methodology Report, included herein as Appendix D, which sets forth an overall method for allocating the 2005 Special Assessments.

Pursuant to the Amended Special Assessment Methodology Report, each parcel of land within Unit No. 2 benefits from the proposed improvements, and the 2005 Special Assessments imposed on each parcel of land cannot exceed the value of the benefits provided to such parcel.

Water and Sewer Capacity Assessments. For the purpose of the Amended Special Assessment Methodology Report, it was determined that each single family dwelling unit in Unit No. 2 shall be classified as one (1) equivalent residential connection ("ERC") and will benefit equally from the water transmission system and the wastewater transmission system. According to the City Code, a 2 bedroom or smaller multi-family unit is equal to 0.833 ERC. Any multi-family unit with more than 2 bedrooms is equal to 1.0 ERC. Based on the above, it was determined that all multi-family residential units containing 3 or more bedrooms will receive equal benefit as a single family residential unit and any multifamily residential unit containing 2 or less bedrooms will receive 0.833 of the benefit of a single family residential unit. The commercial/office portion of the Town Center parcel will benefit from the water and wastewater infrastructure of Unit No. 2. For the purpose of the Amended Special Assessment Methodology Report, based on the City standards for ERC's and based on expected commercial and/or office usage densities in the Town Center, it was determined that each acre of Town Center is the equivalent of 4.68 ERC's. For the purposes of the Amended Special Assessment Methodology Report, it is determined that Unit No. 2 will contain 4,688 ERC's.

Based on the District Engineer's estimation of the 2005 Project improvement costs (including soft costs, cost of issuance and contingency), it is estimated that there will be an annual assessment of \$249.82 per ERC for the water and wastewater system.

Roadways Assessments. Further, for the purpose of the Amended Special Assessment Methodology Report, it is determined that allocating the costs of the roadway system improvements based on the number of peak hour trips generated per day for each benefiting parcel is the appropriate basis for apportioning the special benefit. Traffic studies prepared by the District Engineer for each of the three parcels have established the respective trip generation rates for the three parcels. These trip generation rates are employed in the Amended Special Assessment Methodology Report for

Methodology Report for apportioning the roadway assessments. For the purpose of the Amended Special Assessment Methodology Report, the peak hour trip generation rate for IslandWalk is 945 trips. For Gran Paradiso, the peak hour trip generation rate is 1,197 trips. The peak hour trip generation rate used for Town Center is 3,922 trips. The District Engineer has determined that the total of 6,064 peak hour trips will be specially benefited by the roadway improvements of the 2005 Project.

Based on the District Engineer's estimation of the 2005 Project improvement costs (including soft costs, costs of issuance and contingency) for roadways, it is estimated that there will be an annual assessment of \$304.52 per trip for roadway improvements.

The annual assessment per ERC of \$249.82 for the water and wastewater improvements plus the annual assessment of \$304.52 per trip for roadway improvements are used to compute the total annual non ad valorem debt assessment. The maximum annual assessments to be levied against each residential dwelling unit, lot, or acre of commercial and/or office property in Unit No. 2 can be found in Table D attached to the Amended Special Assessment Methodology Report.

Currently, the property in Unit No. 2 is unplatte; however, as discussed above, there are 3 distinct parcels. Initially, and until each tract is platted into lots, units, or commercial space, Unit No. 2's annual debt assessment will be allocated to each parcel as provided in ***APPENDIX D—“Amended Special Assessment Methodology Report”*** at Table D attached thereto. As parcels are platted into lots, units, and/or commercial space, the annual debt assessment will be allocated to the lots, units, and/or commercial space as provided for in Table D. In the event a tract is not totally platted, the annual debt assessment for that tract will be allocated to the lots, units, and/or commercial space as provided for in the Table D, and the original unplatte portion of the tract will be assessed on an equal acreage basis for the residual amount of the tract's annual assessment. At such time as all property within Unit No. 2 has been platted into lots, units, and/or commercial space, then each unit, lot, or acre of commercial space will be assessed in accordance with Table D. At no time will the maximum annual debt assessment per tract be greater than the maximum annual debt service shown in Table D and in the event the annual debt assessment is less than the maximum annual debt assessment shown in Table D, the annual debt assessment for all original parcels will be reduced proportionately and allocated within the parcel as provided for in Table D. The maximum annual assessment per platted tract as identified in Table D shall not be exceeded for the 2005 Project. In the event the mix of land uses changes within a tract, the true-up mechanism provided for in the Amended Special Assessment Methodology Report shall apply.

Upon issuance of the 2005 Bonds to fund the 2005 Project, assuming a 6.0% interest rate and a 30-year amortization schedule, the maximum annual debt service is estimated to be \$2,836,675.92. The maximum annual assessment (including 1% County Property Appraiser fee, a 1% collection fee to the County Tax Collector, and a 4% discount for early payment of taxes) is estimated to be \$3,017,740.34.

2005 Special Assessments are intended to be collected by the Issuer based on the uniform method for the levy, collection, and enforcement of special assessments under Chapter 197, Florida Statutes, as amended, or under the procedures set forth in Chapters 170 and 173, Florida Statutes, as amended. Costs associated with the collection of the 2005 Special Assessments are estimated to include a 1% fee for the County Property Appraiser, a 1% collection fee for the County Tax Collector, and a 4% discount for early payment of taxes. These additional costs may be calculated by dividing the annual debt service and maintenance assessment amounts by 0.94.

To ensure that sufficient debt service special assessment revenue is received from any changes in the platting of the parcels within Unit No. 2, and to ensure that each lot, unit, or commercial property is assessed no more than its pro rata portion of the annual maximum debt service for water and sewer improvements, the Issuer will be required to perform a “true-up” analysis, which requires a computation at the time of submission of each new plat for a parcel to determine the potential remaining assessable lot, units, and commercial property within the parcel. The method of computation to be used for such “true-up” analysis is described in the ***APPENDIX D—AMENDED SPECIAL ASSESSMENT METHODOLOGY REPORT – Water and Sewer Improvements***. Similarly, when there are subsequent changes to the platting of parcels within Unit No. 2, the Issuer will also be required to perform a “true-up” analysis in order to assure that each lot, unit, or commercial property is assessed no more than its pro rata portion of the annual maximum debt service for roadway improvements, and that there is sufficient debt service special assessment revenue.

In the event additional land is developed in such a manner as to receive special benefit from the 2005 Project improvements, the Assessment Methodology will be re-applied to include such parcels and such new lands will be allocated an appropriate share of the special assessments while all currently assessed parcels will receive a relative reduction in their assessment.

The Act provides the Issuer the power to create additional future units or sub-units of development, which may overlay or overlap Unit No. 2. Inasmuch as there are four developers involved in the development of Unit No. 2, it is likely that in addition to Unit No. 3, which has been created for the Gran Paradiso parcel, there will be such additional units and/or sub-units of development created, which would be expected to impose additional non-ad valorem special assessments against the Unit No. 2 parcels within those units or sub-units. These assessments, if levied, would be payable in addition to the 2005 Special Assessments described above.

Prepayment

Pursuant to the terms of applicable State law, the owner of property subject to 2005 Special Assessments may pay the entire balance of the 2005 Special Assessments remaining due, without interest, within thirty days after the 2005 Project has been completed and the Board of Supervisors has adopted a resolution accepting the 2005 Project as provided by Florida Statutes, Section 170.09, as amended. The assessment resolutions levying the 2005 Special Assessments provide that the owner of any property subject to the 2005 Special Assessments may, after the 30-day period described above, (i) pay the remaining unpaid balance, plus certain interest to accrue, at any time and (ii) pay a portion of the remaining unpaid balance, but only one time. The 2005 Bonds will be subject to extraordinary mandatory redemption, in whole on any date or in part on any Interest Payment Date at a redemption price of 100% of the principal amount of thereof, without premium, together with accrued interest to the redemption date, from amounts deposited into the 2005 Prepayment Subaccount of the 2005 Redemption Account representing such prepayment (see “***SECURITIES BEING OFFERED—Redemption Provisions—Extraordinary Mandatory Redemption***” herein).

Collection and Enforcement Procedures

The primary sources of payment for the 2005 Bonds are the 2005 Special Assessments imposed on lands within the District subject to assessment pursuant to the Assessment Resolutions. To the extent that landowners fail to pay such 2005 Special Assessments, delay payments, or are unable to pay the same, the successful pursuance of collection procedures available to the District is essential to continued payment of principal of and interest on the 2005 Bonds. The Act provides for various methods of collection of assessments, including delinquent assessments, by reference to other provisions of the Florida Statutes. The following is a description of certain statutory provisions of special assessment payment and collection procedures appearing in the Florida Statutes, but is qualified in its entirety by reference to such statutes.

The District will levy 2005 Special Assessments that will be payable in no more than 30 annual installments, plus the capitalized interest period. Pursuant to Florida law, the District has held all public hearings and taken all other steps necessary to use the uniform method of collecting and enforcing non-ad valorem assessments by the Tax Collector. Unless the District is using the uniform method of collecting the 2005 Special Assessments provided by Chapter 197, Florida Statutes, as amended, the District must collect delinquent assessments in accordance with Section 170.10, Florida Statutes, as amended, by instituting the necessary legal proceedings to enforce payment through foreclosure of the lien on the property or, alternatively, pursuant to Chapter 173, Florida Statutes, as amended. Once the District begins utilizing the uniform method of collection, the District intends annually to take such further actions as are required to effectuate the collections of 2005 Special Assessments under the uniform method of collection provided by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, as amended.

The determination, order, levy and collection of 2005 Special Assessments must be done in compliance with procedural requirements and guidelines provided by law. All taxes and non-ad valorem special assessments shown on the Chapter 197 related tax notice must be paid in whole, as the Tax Collector cannot accept partial payments. Failure by the District, the Tax Collector or the Property Appraiser to comply with such requirements could result in delays in the collection of, or the complete inability to collect, annual installments of 2005 Special Assessments during any year pursuant to the uniform method. Such delays in the collection of, or complete inability to collect, annual installments of 2005 Special Assessments pursuant to the uniform method could have a material adverse effect on the ability of the District to make full or punctual payment of debt service on the 2005 Bonds (see "**RISK FACTORS**" herein).

Taxes for each year and non-ad valorem assessments billed by the Tax Collector on the Chapter 197 related tax notice are payable during the period commencing November 1 of such year and ending March 30 of the following year. If the amounts on the tax notice (including the annual installments of 2005 Special Assessments) are paid during the November following the billing or during the succeeding three months, the taxpayer is granted a discount equal to four percent (4%) in November and decreasing one percent (1%) per month to one percent (1%) in February. All unpaid levies become delinquent on April 1 of the year following the November in which they are billed. Commencing in April, a one percent (1%) per month penalty accrues on the unpaid tax notice. Delay in the mailing of the Chapter 197 related tax notices to taxpayers may result in a delay throughout this process.

Collection of delinquent taxes is, in essence, based upon the sale by the Tax Collector of "tax certificates" on the assessed parcel and the remittance to the District of the proceeds of such sale. In

the event of a delinquency in the payment of taxes or non-ad valorem special assessments, the landowner may, prior to the sale of tax certificates, pay delinquent taxes plus an interest charge of up to eighteen percent (18%) per annum on the amount of delinquent taxes. If the landowner does not act, the Tax Collector is required to sell a tax certificate to the person who pays the levies owing and interest and penalties thereon and certain costs, and who accepts the lowest interest rate (not to exceed 18% per annum) to be borne by the certificate. If there are no bidders, the County is to hold, but not pay for, tax certificates with respect to the property, bearing interest at the maximum legal rate of interest. The County may sell such certificates to the public at any time at the principal amount thereof plus interest at the rate of not more than eighteen percent (18%) per annum and a fee.

The demand for such certificates is dependent upon various factors which include the interest (and the rate thereof) which can be earned by ownership of such certificates and the value of the land which is the subject of such certificates (which may be subject to "tax deed" sale after 2 years at the demand of the certificate owner). The underlying market value of the property in the District should determine the demand for such property and the expectation of successful collection of delinquent annual installments of 2005 Special Assessments thereon which are the primary source of payment of the 2005 Bonds.

Any tax certificate in the hands of a person other than the County may be redeemed and canceled by anyone prior to the time a tax deed is issued or the property is placed on the list of lands available for sale. The person effecting such redemption must pay the face amount of the certificate and interest at the rate borne by the certificate plus costs and other charges. Regardless of the interest rate actually borne by the certificates, persons redeeming tax sale certificates must pay a minimum interest rate of five percent (5%), unless the rate borne by the certificates is zero percent (0%). The proceeds of such a redemption are paid to the Tax Collector, who transmits to the holder of the tax certificate such proceeds less service charges, and the certificate is canceled. Redemption of tax certificates held by the County is effected by purchase of such certificates from the County, as described below.

The private holder of a tax certificate that has not been redeemed has seven years from the date of issuance of the tax certificate in which to act against the property. After an initial period of two years from April 1 of the year of issuance of the tax certificate has passed, during which time action against the land is held in abeyance to allow for sales and redemptions of tax sales certificates, such holders may apply for a tax deed. The applicant is required to pay the Tax Collector all amounts required to redeem all other outstanding tax certificates covering the land, any omitted taxes or delinquent taxes, current taxes, if due, and interest. Thereafter, the property is advertised for public sale.

In any such public sale, the private holder of the tax certificate who is seeking a tax deed for non-homestead property is deemed to submit a minimum bid equal to the amount required to redeem the tax certificate, and charges for cost of sale, redemption of other tax sales certificates on the land, and the amounts paid by such holder in applying for the tax deed, plus interest thereon. In the case of homestead property, the minimum bid must include, in addition to the amount of money required for the opening bid on non-homestead property, an amount equal to one-half of the assessed value of the homestead. If there are no higher bids, the holder receives title to the land, and the amounts paid for the certificate and in applying for a tax deed are credited toward the purchase price. If there are other bidders, the holder may enter the bidding. The highest bidder is awarded title to the land. The portion of proceeds of such sale needed to redeem the tax sale certificate (and all other amounts paid by such person in applying for a tax deed) are forwarded to the holder thereof or credited to such holder if he

or she is the successful bidder. Excess proceeds are distributed first to satisfy governmental liens against the property and then to the former title holder of the property (less service charges), lien holders of record, mortgagees of record, vendees of recorded contracts for deeds, other lien holders and persons to whom the land was assessed on the tax roll for the year in which the land was last assessed, all as their interests may appear.

If the County holds a tax certificate and has not succeeded in selling it, the County may apply for a tax deed after the County's ownership of such certificate for two years. The County pays costs and fees to the Tax Collector but not any amount to redeem other outstanding certificates covering the land. The public bidding on non-homestead property must start at a minimum bid equal to the value of all outstanding certificates, plus omitted years taxes, delinquent taxes, interest and all costs and fees paid by the County. The minimum bid on homestead property must also include an amount equal to one-half of the latest assessed value of the homestead. If there are no bidders, the County may purchase the land for the opening minimum bid. After ninety days, any person or governmental unit may purchase the land without further notice or advertising by paying the opening minimum bid to the County. Levies accruing after the date of public sale do not require repetition of this process, but are added to the required minimum bid. Seven years after the date of public sale, unsold lands escheat to the county in which they are located and all tax certificates and liens against the property will be canceled and the clerk will execute a tax deed vesting title in the Board of County Commissioners, with no liability to the County.

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As reported for the years 1995 through 2004 in Sarasota County, the following table indicates the amount of County, special district and municipal ad valorem property and special assessment related revenue levied and collected:

**Sarasota County, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years**

Tax Year*	Adjusted Taxes and Assessments Levied**	Total Collected	Percent Collected	Total Credited***	Percent Collected
2004	\$696,800,708.00	\$671,647,335.72	96.39%	\$695,756,957.33	99.85%
2003	637,395,156.16	614,867,696.85	96.47%	636,523,860.38	99.86%
2002	575,948,489.65	555,558,023.24	96.46%	575,024,636.01	99.84%
2001	490,240,557.43	472,324,620.88	96.35%	488,773,692.49	99.70%
2000	448,736,258.02	432,003,797.67	96.27%	447,009,639.16	99.50%
1999	416,417,334.13	400,293,435.23	96.13%	414,337,824.16	99.50%
1998	395,293,862.68	380,550,380.44	96.27%	393,842,687.58	99.63%
1997	362,266,436.30	348,789,431.29	96.28%	360,912,245.32	99.63%
1996	347,589,865.14	334,432,159.66	96.21%	346,019,426.84	99.55%
1995	334,208,332.08	3221,446,657.87	96.18%	332,506,704.67	99.49%

* **Tax Year:** The tax bill is for the calendar year. Some districts levy for the calendar year and some for the fiscal year. Example: The 2004 tax year is either collections for the 2004 calendar year running Jan. 1, 2004 – Dec. 31, 2004 or for the fiscal year running Oct. 1, 2004 – Sept. 30, 2005.

** **Adjusted:** This represents the adjusted total reflected on the Tax Roll Close-out, which is the original certified roll less any adjustments/corrections.

*** **Total Credited:** This represents the total credits to the tax roll which may include discounts for early payment.

Source: Sarasota County Tax Collector

Neither the District nor the Underwriter has independently investigated or verified the property data in the table above and neither assumes responsibility for the accuracy or completeness of the information contained therein. The summary of real property taxes and tax certificates were obtained by the Underwriter from the Sarasota County Tax Collector.

Neither the District nor the Underwriter can give any assurance to the owners of the 2005 Bonds (1) that the past experience of the County with regard to tax or special assessment delinquencies as shown above is applicable in any way to the 2005 Special Assessments, (2) that future landowners and taxpayers in the District will pay such 2005 Special Assessments, (3) that a market may exist in the future for the aforementioned tax certificates in the event of sale of such certificates for taxable units within the District, and (4) that eventual sale of tax certificates for real property within the District, if any, will be for an amount sufficient to pay amounts due under the Indenture to discharge the lien of the 2005 Special Assessments and all other liens that are coequal therewith.

DEBT SERVICE SCHEDULE

2005 Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total P & I</u>
05/01/2006		\$ 962,351.92	\$ 962,351.92
11/01/2006		1,089,455.00	1,089,455.00
05/01/2007	\$ 500,000	1,089,455.00	1,589,455.00
11/01/2007		1,076,080.00	1,076,080.00
05/01/2008	530,000	1,076,080.00	1,606,080.00
11/01/2008		1,061,902.50	1,061,902.50
05/01/2009	555,000	1,061,902.50	1,616,902.50
11/01/2009		1,047,056.25	1,047,056.25
05/01/2010	590,000	1,047,056.25	1,637,056.25
11/01/2010		1,031,273.75	1,031,273.75
05/01/2011	620,000	1,031,273.75	1,651,273.75
11/01/2011		1,014,688.75	1,014,688.75
05/01/2012	655,000	1,014,688.75	1,669,688.75
11/01/2012		997,167.50	997,167.50
05/01/2013	690,000	997,167.50	1,687,167.50
11/01/2013		978,710.00	978,710.00
05/01/2014	730,000	978,710.00	1,708,710.00
11/01/2014		959,182.50	959,182.50
05/01/2015	770,000	959,182.50	1,729,182.50
11/01/2015		938,585.00	938,585.00
05/01/2016	810,000	938,585.00	1,748,585.00
11/01/2016		915,095.00	915,095.00
05/01/2017	860,000	915,095.00	1,775,095.00
11/01/2017		890,155.00	890,155.00
05/01/2018	910,000	890,155.00	1,800,155.00
11/01/2018		863,765.00	863,765.00
05/01/2019	965,000	863,765.00	1,828,765.00
11/01/2019		835,780.00	835,780.00
05/01/2020	1,025,000	835,780.00	1,860,780.00
11/01/2020		806,055.00	806,055.00
05/01/2021	1,085,000	806,055.00	1,891,055.00
11/01/2021		774,590.00	774,590.00
05/01/2022	1,150,000	774,590.00	1,924,590.00
11/01/2022		741,240.00	741,240.00
05/01/2023	1,220,000	741,240.00	1,961,240.00
11/01/2023		705,860.00	705,860.00
05/01/2024	1,290,000	705,860.00	1,995,860.00
11/01/2024		668,450.00	668,450.00
05/01/2025	1,370,000	668,450.00	2,038,450.00
11/01/2025		628,720.00	628,720.00
05/01/2026	1,450,000	628,720.00	2,078,720.00
11/01/2026		586,670.00	586,670.00
05/01/2027	1,535,000	586,670.00	2,121,670.00
11/01/2027		542,155.00	542,155.00
05/01/2028	1,630,000	542,155.00	2,172,155.00
11/01/2028		494,885.00	494,885.00

05/01/2029	1,725,000	494,885.00	2,219,885.00
11/01/2029		444,860.00	444,860.00
05/01/2030	1,830,000	444,860.00	2,274,860.00
11/01/2030		391,790.00	391,790.00
05/01/2031	1,940,000	391,790.00	2,331,790.00
11/01/2031		335,530.00	335,530.00
05/01/2032	2,055,000	335,530.00	2,390,530.00
11/01/2032		275,935.00	275,935.00
05/01/2033	2,175,000	275,935.00	2,450,935.00
11/01/2033		212,860.00	212,860.00
05/01/2034	2,305,000	212,860.00	2,517,860.00
11/01/2034		146,015.00	146,015.00
05/01/2035	2,445,000	146,015.00	2,591,015.00
11/01/2035		75,110.00	75,110.00
05/01/2036*	2,590,000	75,110.00	2,665,110.00
Total	\$38,005,000	\$44,021,594.42	\$82,026,594.42

Note: Annual debt service totals are based on 5/1 and 11/1 payments in each year.

Totals are subject to change due to reamortizations resulting from prepayments of assessments.

* Maturity

RISK FACTORS

In analyzing the 2005 Bonds, prospective purchasers should carefully consider the following risk factors, among others, that may adversely affect the security for the 2005 Bonds. This caption does not purport to summarize all risks that may be associated with purchasing or owning the 2005 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety for a more complete description of investment considerations relating to the 2005 Bonds.

1. As of the date of this Limited Offering Memorandum, the Developers own 100% of the land within Unit No. 2 and non-payment of the 2005 Special Assessments by the Developers would have a substantial adverse impact upon the Issuer's ability to pay the 2005 Bonds. Further, unpaid 2005 Special Assessments do not constitute a personal indebtedness of the owners of the specially benefited land within the District, but only constitute a lien upon the specially benefited land. There is no assurance that the property owners will be able to pay the 2005 Special Assessments or that they will pay such 2005 Special Assessments even though financially able to do so. Failure by owners of the specially benefited land to pay the 2005 Special Assessments when due or the inability of the District to sell tax certificates or foreclose the lien of the 2005 Special Assessments and sell the encumbered property for amounts sufficient to cover delinquent 2005 Special Assessments levied against such land may result in the inability of the District to make full or punctual payment of debt service on the 2005 Bonds.

2. Receipt of the 2005 Special Assessments is entirely dependent upon their timely payment by the Developers (and any subsequent landowners in the Development). In the event of the institution of bankruptcy or similar proceedings with respect to any of the Developers (or their successors or assigns) or any other subsequent significant owner of property within the Development, there could be delays in the payment of the 2005 Bonds. As such, bankruptcy of a major landowner could negatively impact the ability of the Issuer to foreclose on property or, if applicable, the ability of the County to sell tax certificates in relation to such property.

3. Mortgages encumber two of the three parcels in Unit No. 2: a mortgage on the Gran Paradiso parcel with a principal balance of approximately \$45,000,000, and a mortgage on the Town Center parcel with a principal balance of \$55,000,000. Each investor should independently determine that the property encumbered by the 2005 Special Assessments is sufficiently valuable to insure the payment of the 2005 Special Assessments that secure the 2005 Bonds.

4. In addition, the remedies available to the holders of the 2005 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by federal, state and local law and in the Indenture and the 2005 Bonds, including without limitation, enforcement of the obligation to pay the 2005 Special Assessments may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2005 Bonds (including the approving opinion of Bond Counsel) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available with respect to the 2005 Bonds could have a material adverse impact on the interest of the Holders thereof.

5. The Development may be affected by changes in general economic conditions, fluctuations in the real estate market, competing developments offering more amenities or not subject to special assessments, and other factors. In addition, the Development is subject to comprehensive federal, state and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other things, the design, nature and extent of required public improvements and construction of residential units and recreational amenities in the Development in accordance with applicable zoning, land use and environmental regulations for the Development. Failure to obtain such approvals in a timely manner could delay or adversely affect the Development, which may negatively impact the desire or ability of the Developers to pursue the Development as contemplated. See "**THE DEVELOPERS**" and "**THE DEVELOPMENT—Status of Public Approvals**" herein. In addition, the number of residential and commercial units, the mix of residential units, the estimated price ranges for residential and commercial offerings and the expected timing of home and commercial construction and sales planned for the Development is subject to change due to market and economic conditions, future development trends in the area, and other factors, many of which are outside of the control of the Developers. The Development is susceptible to the risk of flooding or wind damage in the event that a hurricane affects the area in which the Development is located. Significant hurricane damage sustained by the area in 2004 in which the Development is located may also adversely impact the local and regional economy, which may, in turn, adversely impact the ability or willingness of homebuyers to move to the area of the Development.

6. The willingness and/or ability of the Developers and any owner of land in the Development to pay their respective 2005 Special Assessments could be affected by the existence of other taxes and assessments imposed upon the property by the Issuer, the City, the County or other taxing authorities. The Issuer anticipates issuing bonds to finance capital infrastructure in Unit No. 3, as discussed in the caption "**SECURITIES BEING OFFERED—Security for the Bonds**", which will be secured by non-ad valorem special assessments levied on the some of the same lands that are subject to the 2005 Special Assessments. Further, the Issuer may issue additional obligations other

than the 2005 Bonds for purposes permitted by the Act which are secured by non-ad valorem special assessment levied on the same lands that are subject to the 2005 Special Assessments. In addition, the Issuer has the authority to levy non-ad valorem assessments on lands in the Development for its administrative, operation and maintenance functions and anticipates annually levying such assessments. Further, City, County, municipal, school, and special district taxes, special assessments collected by the Uniform Method and voter-approved ad valorem taxes levied to pay principal of and interest on the 2005 Bonds, including the 2005 Special Assessments to the extent collected by the Uniform Method, are payable at one time. Failure of any owner of lands within Unit No. 2 to pay taxes and assessments with a co-equal lien on their land could result in the sale of tax certificates against such land or foreclosure proceedings being instituted against such lands. In addition, tax increases or the imposition of new taxes or non-ad valorem assessments by public entities whose boundaries overlap those of the District on their land may render landowners unwilling or unable to make payments of 2005 Special Assessments, if levied; such failure to pay could adversely affect the ability of the Issuer to make full or punctual payment of the assessments necessary to pay the 2005 Bonds.

7. The 2005 Bonds may not constitute a liquid investment, and there is no assurance that a secondary market will exist for the 2005 Bonds in the event a Holder thereof determines to solicit purchasers of the 2005 Bonds. Even if a viable secondary market exists, there can be no assurance as to the price for which the 2005 Bonds may be sold. Such price may be lower than that paid by the current Holders of the 2005 Bonds, depending on the progress of the Development, existing market conditions and other factors.

8. Water and sewer utility service to the lands within Unit No. 2 is to be provided by the City. The Issuer does not control the City and the City will determine the manner in which it will provide such services to the land within Unit No. 2, although the District Engineers have indicated that water and sewer is expected to be available to service the Development when needed and an agreement with the City is currently being negotiated, but is not yet in place.

9. The Issuer may have incomplete information concerning the Development and the Developers. For example, the Issuer has limited information concerning the condition of the land in the Development, its suitability for future development, and its value. Furthermore, except to the extent described in this Limited Offering Memorandum under the captions "**THE DEVELOPERS**" and "**THE DEVELOPMENT**", the Issuer and the Underwriter have only been provided limited financial information regarding the Developers and have not undertaken to independently verify or confirm any such information.

10. There is no assurance that the Developers will have sufficient funds available to complete the master and site specific infrastructure improvements, if any, that they are responsible for providing.

11. A slowdown of the process of development of the land within Unit No. 2 could adversely affect land values and reduce the ability or desire of the property owners to pay the 2005 Special Assessments. There can be no assurance that land development operations within the District will not be adversely affected by competition, a future deterioration of the real estate market and economic conditions, or future local, state, and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, or the national or global economies.

12. The value of the land within Unit No. 2, the success of the Development, and the likelihood of timely payment of the 2005 Bonds could be affected by environmental factors with respect to the land in Unit No. 2. Should the land be contaminated by hazardous materials, this could materially and adversely affect the value of the land in Unit No. 2, which could materially and adversely affect the success of the Development and the likelihood of the timely payment of the 2005 Bonds. The Issuer has not performed, nor has the Issuer requested that there be performed on its behalf, any independent assessment of the environmental conditions within Unit No. 2, although environmental assessments have been completed for the Developers and these environmental assessments indicated no recognized environmental conditions.

13. No application for a rating on the 2005 Bonds has been made, nor is there any reason to believe that the District would have been successful in obtaining an investment grade rating for the 2005 Bonds had application been made.

LEGAL MATTERS

Certain legal matters related to the authorization, sale and delivery of the 2005 Bonds are subject to the approval of Squire, Sanders & Dempsey L.L.P., Miami, Florida, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, P.A., Tallahassee, Florida. Certain legal matters will be passed upon by Caldwell & Pacetti LLP, Palm Beach, Florida, District Counsel. Certain legal matters will be passed upon for the Trustee by its counsel, Holland & Knight LLP, Miami, Florida. Certain legal matters will be passed upon for Fourth Quarter by its counsel, Boone, Boone, Boone, Koda & Frook, P.A., Venice, Florida. Certain legal matters will be passed upon for DiVosta by its counsel, Mike Greene, Palm Beach Gardens, Florida. Certain legal matters will be passed upon for Sam Rodgers by its counsel, Boone, Boone, Boone, Koda & Frook, P.A., Venice, Florida.

Disclosure Required by Florida Blue Sky Regulations

Section 517.051, Florida Statutes, as amended, and the regulations promulgated thereunder require that the Issuer make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served on as a conduit issuer such as industrial development or private activity bonds issued on behalf of private businesses). The Issuer is not and has not ever been in default as to principal and interest on its bonds or other debt obligations.

Enforceability of Remedies

The remedies available to the owners of the 2005 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the 2005 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2005 Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

Litigation

According to the District Counsel, there is no litigation of any nature, pending or threatened, restraining or enjoining the issuance, sale, execution or delivery of the 2005 Bonds, or in any way contesting or affecting the validity of the 2005 Bonds or any proceedings of the Issuer taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2005 Bonds, or the existence or powers of the Issuer.

No Financial Statements

The Issuer was created effective as of June 17, 2004 and the activities of the Issuer to the date of this Limited Offering Memorandum have been limited principally to the non-revenue producing activities preliminary to the issuance of the 2005 Bonds. Financial statements of the Issuer are therefore not available and not included herein.

TAX MATTERS

Federal Tax Matters

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) interest on the 2005 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the 2005 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel will express no opinion as to any other tax consequences regarding the 2005 Bonds. The proposed form of Bond Counsel opinion is set forth herein as Appendix C.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Issuer to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the 2005 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations or that compliance.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Issuer may cause the interest on the 2005 Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of issuance of the 2005 Bonds. The Issuer has covenanted to take the actions required of it for the interest on the 2005 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

A portion of the interest on the 2005 Bonds earned by certain corporations may be subject to federal corporate alternative minimum tax. In addition, interest on the 2005 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations.

Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction, or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the Owner of the 2005 Bonds. Bond Counsel will express no opinion regarding those consequences.

Purchasers of the 2005 Bonds at other than their original issuance at the price indicated on the cover of this Limited Offering Memorandum should consult their own tax advisors regarding other tax consequences such as the consequences of market discount.

Florida Tax Matters

It is also the opinion of Bond Counsel that, under existing law, the 2005 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by "corporations", as defined by Chapter 220, Florida Statutes, as amended, including organizations, associations, legal entities and artificial persons described therein.

MISCELLANEOUS

Suitability for Investment

While the 2005 Bonds are not subject to registration under the Securities Act of 1933, as amended (the "Securities Act"), the Underwriter will initially offer the 2005 Bonds only to accredited investors within the meaning of the rules of the Florida Department of Banking and Finance and Chapter 189, Florida Statutes. This investor limitation on the initial offering does not denote restrictions on transfer in any secondary market for the 2005 Bonds. Prospective investors in the 2005 Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the 2005 Bonds and should have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment.

Each prospective investor will be given access to such additional information, including the benefit of a site visit of the District and the opportunity to ask questions of representatives of the Developer, as such investor deems necessary in order to make an informed decision with respect to the purchase of the 2005 Bonds. Prospective investors are encouraged to request such additional information, visit the District and ask such questions. Such requests should be directed to: William J. Reagan, Banc of America Securities LLC, 4501 Tamiami Trail North, Naples, Florida 34103, telephone (239) 659-2269, and to the District Manager, Special District Services, Inc., 11000 Prosperity Farms Road, Suite 114, Palm Beach Gardens, Florida 33410, telephone (561) 630-4922.

No Rating

No application for a rating on the 2005 Bonds has been made. Nor is there any reason to believe that the District would have been successful in obtaining an investment grade rating for the 2005 Bonds had application been made.

Continuing Disclosure

The Act requires that financial statements of the District be audited by an independent certified public accountant at least once a year. The current fiscal year of the District commences October 1 and the audited financial statements are generally available within 180 days after the end of each fiscal year. The Act further provides that the District's budget for the following fiscal year be adopted prior to October 1 of each year. Meetings of the District's Board of Supervisors are open to the public, and a proposed schedule of meetings for the year is published at the beginning of each year. Notice of meetings is published and the agenda for meetings are made available to the public prior to each meeting.

The District, the Developers, and Digital Assurance Certification, L.L.C., as Dissemination Agent, have covenanted in a Continuing Disclosure Agreement for the benefit of Bondholders in accordance with Rule 15c2-12 of the Securities and Exchange Commission to provide certain financial information and operating data relating to the District and the Developers by certain dates prescribed in the Continuing Disclosure Agreement (the "Annual Report") and to provide notices of the occurrence of certain enumerated material events. The Annual Report will be filed by the District or a dissemination agent on behalf the District with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR"). The notices of material events will be filed by the District or a dissemination agent on behalf of the District with the Municipal Securities Rulemaking Board (and with each NRMSIR). The specific nature of the information to be contained in the Annual Report and the notices of material events is set forth in "Appendix E – Form of Continuing Disclosure Agreement."

The District's undertaking to conform to the requirements of the Rule in no way creates new contractual or other rights for the original purchasers of the 2005 Bonds or any other purchaser or owner of the 2005 Bonds, or any broker, dealer, or other persons. The sole remedy in the event of any actual or alleged failure by the District to comply with the Rule shall be an action for the specific performance of the District's obligations and not for money damages. Any failure by the District to comply with any provision of such undertaking shall not constitute an event of default with respect to the 2005 Bonds.

In addition, the District is required to file certain information, including audited annual financial statements, with the Department of Community Affairs of Florida, and to maintain records open to the public for examination and copying under state public records laws. Also, copies of audited annual financial statements and certain other information are required to be filed with the Trustee. Public records of the District may be examined during normal business hours at the offices of Special District Services, 11000 Prosperity Farms Road, Suite 114, Palm Beach Gardens, Florida 33410, telephone (561) 630-4922, and the District will furnish copies of any public records of the District to any Owner or person claiming a beneficial ownership interest in the 2005 Bonds, upon written request of such Owner or person specifying the particular records to be copied and payment of the District's reasonable copying charges then in effect and mailing or other delivery costs.

Underwriting

The Underwriter will, pursuant to a Bond Purchase Agreement to be entered into with the District, agree, subject to the satisfaction of certain conditions, to arrange for the subscription and purchase of the 2005 Bonds from the District in a limited offering transaction on November 22, 2005 or such later date as the District and the Underwriter may agree (the "Closing Date") at an issue price of 100%, less underwriting discount of \$494,065.00. (See "**SECURITIES BEING OFFERED**"

OFFERED—Purpose—Sources and Uses of Funds. The Underwriter will be entitled to be released and discharged from its obligations under the Bond Purchase Agreement in certain circumstances prior to payment to the District.

The Underwriter intends to initially offer the 2005 Bonds only to accredited investors within the meaning of the rules of the Florida Department Financial Services and Chapter 189, Florida Statutes at the offering prices set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the 2005 Bonds to certain dealers (including dealers depositing the 2005 Bonds into investment trusts) at prices lower than the public offering price. The Financial Advisor, Spectrum Municipal Services, Inc., will not participate in the Underwriting, although it will be delivering a certificate at closing of the 2005 Bonds.

Experts

The references herein to Kimley-Horn and Associates, Inc. as the District Engineer, have been approved by said firm, and the District Engineer's Report, included in Appendix A to this Limited Offering Memorandum, should be read in its entirety for complete information with respect to the subjects discussed therein. Kimley-Horn and Associates, Inc., has also prepared the Assessment Methodology set forth in the Amended Special Assessment Methodology Report included herein as Appendix D. Spectrum Municipal Services, Inc., has served as the Financial Advisor.

Forward-Looking Statements

This Limited Offering Memorandum contains certain forward-looking statements (as such term is defined in the Securities Act of 1933, as amended) concerning the District. These statements are based upon beliefs of certain officers of the District and others as well as a number of assumptions and estimates which are inherently subject to significant uncertainties, many of which are beyond the control of the District. Future events may differ materially from those expressed or implied by such forward-looking statements. In addition, in those and other portions of this Limited Offering Memorandum, the words "anticipates," "believes," "estimates," "expects," "plans," "intends," "projects" and similar expressions, as they relate to the District, are intended to specifically identify forward-looking statements. Such statements reflect the current views of the Issuer with respect to future events and are subject to certain risks, uncertainties and assumptions. The District will undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, there can be no assurances that the events described or implied in the forward-looking statements contained in this Limited Offering Memorandum will in fact occur.

Accuracy and Completeness of Limited Offering Memorandum

Any statements made in this Limited Offering Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Limited Offering Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the 2005 Bonds.

The information and expression of opinions herein are subject to change without notice and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the District

from the date hereof. However, certain parties to the transaction will, at the closing of the 2005 Bonds, deliver certificates certifying from the date of the Limited Offering Memorandum to the date of closing of the 2005 Bonds that there has been no material adverse change in the information provided.

This Limited Offering Memorandum is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. The appendices hereof are integral parts of this Limited Offering Memorandum and must be read in their entirety together with all foregoing statements.

This Limited Offering Memorandum has been duly authorized, executed, and delivered by the Issuer.

IN WITNESS WHEREOF, we have hereunto set our hands this 9th day of November, 2005.

WEST VILLAGES IMPROVEMENT DISTRICT

By: _____
Chairman, Board of Supervisors

By: _____
Secretary, Board of Supervisors

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APPENDIX A

DISTRICT ENGINEER'S REPORT

(UNIT OF DEVELOPMENT NO. 2 PLAN OF IMPROVEMENTS)

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**UNIT OF DEVELOPMENT NO. 2
AMENDED PLAN OF IMPROVEMENTS**

**PREPARED FOR
WEST VILLAGES IMPROVEMENT DISTRICT**

September 27, 2005

**KIMLEY-HORN AND ASSOCIATES, INC.
DISTRICT ENGINEER**

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EXHIBIT "A"	UNIT 2 SKETCH AND LEGAL DESCRIPTION

West Villages Improvement District

Kimley-Horn and Associates, Inc.
District Engineer

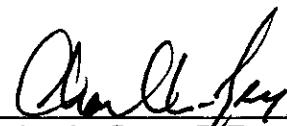
UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

This document is a copy and is being provided at the request of **West Villages Improvement District** for informational purposes only. The signed and sealed original of this document was filed with **West Villages Improvement District**, Thomas Ranch, 7000 S. Tamiami Trail, Venice, Florida.

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

ENGINEER'S CERTIFICATION

I HEREBY CERTIFY, as a Professional Engineer in the State of Florida, that the information in this **Amended Plan of Improvements for West Villages Improvement District Unit of Development No. 2** was assembled under my direct responsible charge. The certifying Engineer cannot be responsible for added or deleted information once distributed. This report is not intended or represented to be suitable for any reuse without specific verification or adoption by the Engineer. This verification is provided in accordance with the Florida Board of Professional Engineers' Rule on Certification under Chapter 61G15-18.011(4).



Charles L. Geer, P.E.
FL P.E. Number: 31435

9/27/05

Date

Kimley-Horn and Associates, Inc.
4431 Embarcadero Drive
West Palm Beach, FL 33407
Phone: **561-845-0665**
Fax: **561-863-8175**
CA Number **00000696**

dated and

[Reproductions are not valid unless signed,

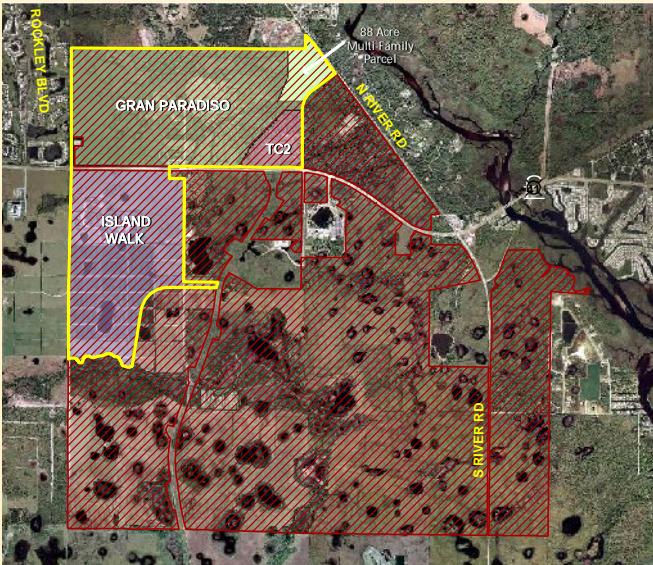
embossed with an Engineer's seal]

West Villages Improvement District

Kimley-Horn and Associates, Inc.
District Engineer

WVID Unit 2

0 0.5 1 2 Miles



Legend

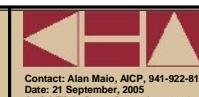
- COUNTY BOUNDARIES
- NORTH PORT CITY LIMITS
- WEST VILLAGES IMPROVEMENT DISTRICT
- UNIT 2 BOUNDARY
- ISLAND WALK LIMITS
- GRAN PARADISO LIMITS
- TOWN CENTER "2" LIMITS
- 88 ACRE MULTI-FAMILY PARCEL

WVID County Location Map

0 1.5 3 6 Miles



West Villages Improvement District - Unit 2 Boundary



Kimley-Horn
and Associates, Inc.

Contact: Alan Maio, AICP, 941-922-8187
Date: 21 September, 2005
Aerial Flight Date: December 2004

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

SECTION A. INTRODUCTIONS

I. General

The West Villages Improvement District ("WVID") was created by and operates under Chapter 2004-456, Laws of Florida (the "Act") and operates pursuant to the Act and applicable provisions of Chapter 298 and 170, Florida Statutes. WVID was created to construct and maintain public works and utilities including water, sewer, drainage, irrigation, water management, parks, recreational facilities, roadway or related activities, as more particularly described in the Chapter 2004-456, Laws of Florida.

The WVID is governed by a five-member Board of Supervisors, each member of which holds office for a 4-year term. The terms of the Board Members are staggered so that no more than two Supervisors are elected at the Annual Landowner's Meeting held in June of each year. At the Annual Landowner's Meeting, any Landowner owning an acre or fraction thereof of real property within the WVID 's jurisdictional boundary is entitled to vote, on an owned acreage basis, for each Supervisor position then subject to an election.

The WVID's Board of Supervisors meets regularly on the fourth Tuesday of each month.

II. Authorization

This Amended Plan of Improvements was authorized by the Board of Supervisors of the West Villages Improvement District and the Landowners have agreed to disclose the existence of this Amended Plan of Improvements to prospective buyers, pursuant to disclosure procedures that have been approved by the WVID.

III. Acknowledgements

The WVID District Engineer would like to acknowledge the efforts of the Landowners and the Landowners' engineers in working with the WVID to provide information used in this Plan.

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

IV. Purpose and Scope

The purpose of this Amended Plan of Improvements is to present the nature and extent of the improvements which may be implemented by the WVID for and on behalf of the Unit of Development No. 2, which improvements will thereafter be owned, operated and/or maintained by either the WVID or another legally empowered governmental entity.

The text of this Amended Plan of Improvements generally describes the existing land within Unit No. 2 and the proposed improvements and recommendations. The Plan is not intended to be used for exact representation or for construction purposes since detailed construction documents for all of the proposed improvements have been or will be prepared separately.

V. Lands in Unit of Development No. 2

West Villages Improvement District Resolution No. 2004-14 designated approximately 2,006 acres of the West Villages Improvement District as the West Villages Improvement District Unit of Development No. 2 ("Unit 2"). Approximately 88 acres of contiguous land was added to Unit 2 by the Board of Supervisors on April 19, 2005. Unit 2 currently consists of three major parcels of land with land usages up to the following:

NAME	SIZE (acres)	EXPECTED USAGE
a) IslandWalk	829.32 +-	1,869 Residential Units and Neighborhood Center
B) Gran Paradiso	1,068.09 +-	1,999 Residential Units and Neighborhood Center
c) TownCenter	197.45 +-	400 Residential Units and Commercial/Office

The IslandWalk parcel is expected to consist of up to 1,800 single family residential units plus up to 70 multi-family residential units in four Neighborhoods with the associated Neighborhood Centers consisting of passive open space areas, recreational facilities and up to 20,000 square feet of internal community service space. The Gran Paradiso parcel is expected to consist of up to 1,439 single family residential units and up to 560 multi-family units in seven Neighborhoods with the associated Neighborhood Centers consisting of passive open space areas and a total of approximately 8 acres of recreational and community club house facilities. The Town Center parcel is expected to consist of up to 1,350,000 square feet of commercial or retail uses, up to 150,000 square feet of office uses and up to 400 multi-family residential units. These parcels and the associated expected usage constitute the development planned within Unit 2 (the "Development"). None of these parcels is currently platted, but the expected usage has been used as the basis of this report. Unit 2 was designated to provide for the construction, financing, long-term administration, and management of certain public infrastructure required for the Development.

Page 3 shows the location of Unit of Development No. 2 in relation to Sarasota County. The Legal Description and Sketch (Exhibit "A") reflects the lands included in Unit of Development No. 2

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

SECTION B. EXISTING CONDITIONS

I. Topography

The area within Unit of Development No. 2 is relatively flat, mostly vacant or agricultural land with site elevations ranging from approximately 4.5 feet to 11 feet based on 1983 Southwest Florida Water Management District contour maps and U.S.C. & G.S. datum. The lower elevations occur in the wetlands along the east side of the site while the higher elevations are located near the west side of the site. The Unit is primarily underdeveloped pasture and rangelands, upland pine flatwoods, wetlands, and undeveloped woodlands.

II. Climatology

Unit of Development No. 2 is located in a subtropical climate zone. Winters are generally mild to dry while summers are usually warm and rainy. The annual temperature averages approximately seventy-three degrees Fahrenheit. Approximately sixty percent (60%) of the annual fifty-four inches of rainfall occurs between June and September.

III. Soils and Vegetation

Based on the 1991 Soil Survey of Sarasota County, Florida, prepared by the United States Department of Agriculture (USDA) Soil Conservation Service (SCS), the predominant surficial soil type within the Unit is identified as SCS Soil No. 31, Pineda Fine Sand. Pineda Fine Sand is a nearly level, poorly drained soil. Typically, the surface and subsurface layers are gray fine sands totaling approximately 22 inches thick. The subsoil consists of an upper layer of 14 inches of brown fine sand and a lower layer of 12 inches of mottled, light brownish gray fine sandy loam. The substratum to a depth of 80 inches or more is grayish brown fine sand.

The property within the Unit currently consists of 22 different vegetative communities comprised of both upland and wetland habitats. Several of the vegetation communities have been modified as a result of onsite agricultural activities including ditching and fire suppression. Areas that were historically extensive open forests or wiregrass prairies have since become heavily forested or have been cleared for cattle grazing and commercial nursery. Extensive ditching has also altered the hydrology of several of the wetland systems onsite, particularly where the ditches bisect wetlands or are adjacent to wetlands. These land altering activities have compromised, to a certain extent, the overall quality on several of the onsite vegetation communities. The predominate habitat types on the site are disturbed pine flatwoods, hardwood conifer mixed, wetlands, improved pastures, and mixed rangelands.

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

IV. Land Use and Zoning

Unit 2 is located within the City of North Port, Florida ("City"). Parcels within Unit 2 are currently in various stages of development review and approval with the City. The IslandWalk and Gran Paradiso parcels have been zoned to the Village zoning designation. It is expected that the Town Center parcel will also receive a Village zoning designation from the City compatible with the adopted comprehensive land use plan.

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

SECTION C. AMENDED PLAN OF IMPROVEMENTS

I. Incorporation by Reference

In compliance with Florida Statute 298.225(3), Section 189.415, Florida Statutes, as Facility Reports are prepared, they will be incorporated by reference and made part hereof. The Facility Reports will be available for inspection and copying at the WVID's administrative headquarters.

II. Public Infrastructure Improvements

Unit 2 was formed in order to finance and construct a portion of the public infrastructure improvements associated with the Development, including all or portions of the hereinafter described potable water transmission system, the wastewater transmission facilities, and arterial roadways and major intersections (the "Project").

The potable water transmission system will consist of a water main connecting from the City of North Port system outside of the boundaries of the District to Unit 2. In addition, there will be a new ground storage tank and re-pump station constructed along with other required appurtenances and interconnects. All potable water systems will be permitted through and in accordance with the City of North Port requirements.

The wastewater transmission facilities will consist of master pumping and storage facilities to the extent required by the City of North Port located in the District along with a force-main from the District to the City of North Port wastewater treatment plant along with other required or related facilities, appurtenances and interconnects. All wastewater systems will be permitted through and in accordance with the City of North Port requirements.

A modern arterial roadway expected to be known as West Villages Parkway will be constructed within the District along with appropriate connecting roadways and intersections. In addition, the Unit 2 improvements will involve partial expansion of the intersection of US 41 and North River Road, which is adjacent to the District. Roadway and intersection construction will include signage, striping, lighting, signals, sidewalks, medians, water management facilities, environmental mitigation, landscaping, irrigation and other ancillary appurtenances of a modern roadway system. Roadway construction will be in accordance with and permitted through the City of North Port.

III. Permitting

At the time of this report, the following permits have been obtained for construction of the Project:

- Water and Sewer Main
 - City of North Port
 - Florida Department of Transportation (FDOT)
 - Southwest Florida Water Management District (SWFWMD)

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

- Florida Department of Environmental Protection (FDEP)
- Florida Department of Health (FDOH)
- Water Pump Station
 - City of North Port
 - Southwest Florida Water Management District (SWFWMD)
 - Florida Department of Environmental Protection (FDEP)
 - Florida Department of Health (FDOH)

Water and sewer mains and the Water Pump Station are currently under construction to bring water and sewer service to the Unit. Partial Agreements for provision of water and sewer services are in place with the City of North Port, and negotiations are proceeding for additional capacity agreements.

It is our opinion that there are no technical reasons existing at this time which would prohibit the implementation of the plan or permitting of the Amended Plan of Improvements, subject to continued compliance with all agency criteria and conditions of the already approved plans and permits. All permits necessary to complete the Project have either been obtained as described above, or, in our opinion, are obtainable from the permitting agencies, subject to reasonable, normal and customary permit conditions.

IV. Estimated Cost of Improvements

The following Table 1 lists the components of the Amended Plan of Improvements for Unit of Development No. 2, together with their estimated costs of design, implementation and construction. The Table also includes an estimate for administrative, engineering and legal fees and contingencies associated with the improvements.

TABLE 1
ESTIMATED COST OF IMPROVEMENTS

	<u>Costs</u>
A. Water and WasteWater Transmission System	\$ 8,566,875.00
B. Arterial Roadways and Intersection Improvements	<u>\$ 14,154,183.00</u>
Subtotal of Improvements	<u>\$ 22,721,058.00</u>
Engineering, Legal and Administrative	\$ 5,036,418.00
Contingencies @15%	\$ 4,163,621.00
Total of Improvements	<u>\$ 31,921,097.00</u>

West Villages Improvement District

Kimley-Horn and Associates, Inc.
District Engineer

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

SECTION D. RIGHTS-OF-WAY/PROPERTY INTERESTS

The WVID will be required to acquire certain real property interests, including fee simple title, rights-of-way, easements and access as necessary for the implementation, installation, operation and maintenance of the Project. It is anticipated that some of said real property interests will be donated by the landowners in the Unit and some will be purchased by the WVID from the landowners within and outside the Unit. The above Estimated Costs of Improvements include allowances for such purchases.

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

SECTION E. MAINTENANCE RESPONSIBILITIES

Maintenance and operational responsibilities of the WVID will include the following:

1. Maintenance and operation of the water and wastewater transmission systems until such time as those systems are turned over to the City of North Port. It is expected that turnover will occur shortly after completion of construction of discrete portions of the improvements.
2. Maintenance and operation of the arterial roadway and intersections until such time as those roads are turned over to either the City of North Port, Sarasota County, or the Florida Department of Transportation. It is expected that turnover of County and State roads and intersections will occur shortly after completion of construction. Maintenance of other, non-County or State roads, will likely continue to be the responsibility of the WVID and will be determined on a case by case basis by the City.
3. Maintenance and operation of the landscaping and irrigation associated with the arterial roadway system. It is expected that this responsibility will remain with WVID.

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

SECTION F. METHOD OF FUNDING

The improvements authorized in the Amended Plan of Improvements are to be constructed on existing or acquired rights-of-way. Several alternative methods of funding the implementation of these improvements are available to WVID in accordance with past policy and applicable state statutes. These are as follows:

1. Donations by the Landowners of the proposed improvements provided such improvements are constructed in accordance with plans and specifications approved by the WVID Engineer and designed by WVID Project Engineers.
2. Donation of funding by the Landowners to WVID for construction of required improvements.
3. Construction of required improvements utilizing available non-ad valorem assessments, loan or bond proceeds, with the loans or bonds being repaid from annual assessments to the benefited lands within the Unit until the indebtedness is retired.

Combination of 1, 2, and 3 above, including the authority, if the WVID so determines, to reimburse the Landowners for any funds previously advanced by them to the WVID or for improvements constructed by them and turned over to the WVID , to the extent said improvements, works or services are authorized in this Plan.

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

SECTION G. RECOMMENDATIONS

Based on the information presented in this Plan, the following recommendations are made:

That the West Villages Improvement District Board of Supervisors approve the Amended Plan of Improvements.

That all lands, rights-of-way or easements required for the Plan be acquired by or furnished to the WVID , in fee simple title and/or by perpetual easement, as the case may be.

That usage of the provisions of Chapter 170, Florida Statutes and/or Chapter 2004-456, be authorized for the determination, assessment, apportionment, levy, collection and repayment of such non-ad valorem assessments, connection charges or fees as the Board of Supervisors deems appropriate.

That the improvements presented in this Plan be implemented and upon their completion thereafter be either owned by WVID or turned over to the appropriate unit of local government, which will maintain and operate same for the benefit of the lands within Unit of Development No. 2 .

UNIT OF DEVELOPMENT No. 2
Amended Plan of Improvements
September 27, 2005

EXHIBIT "A"

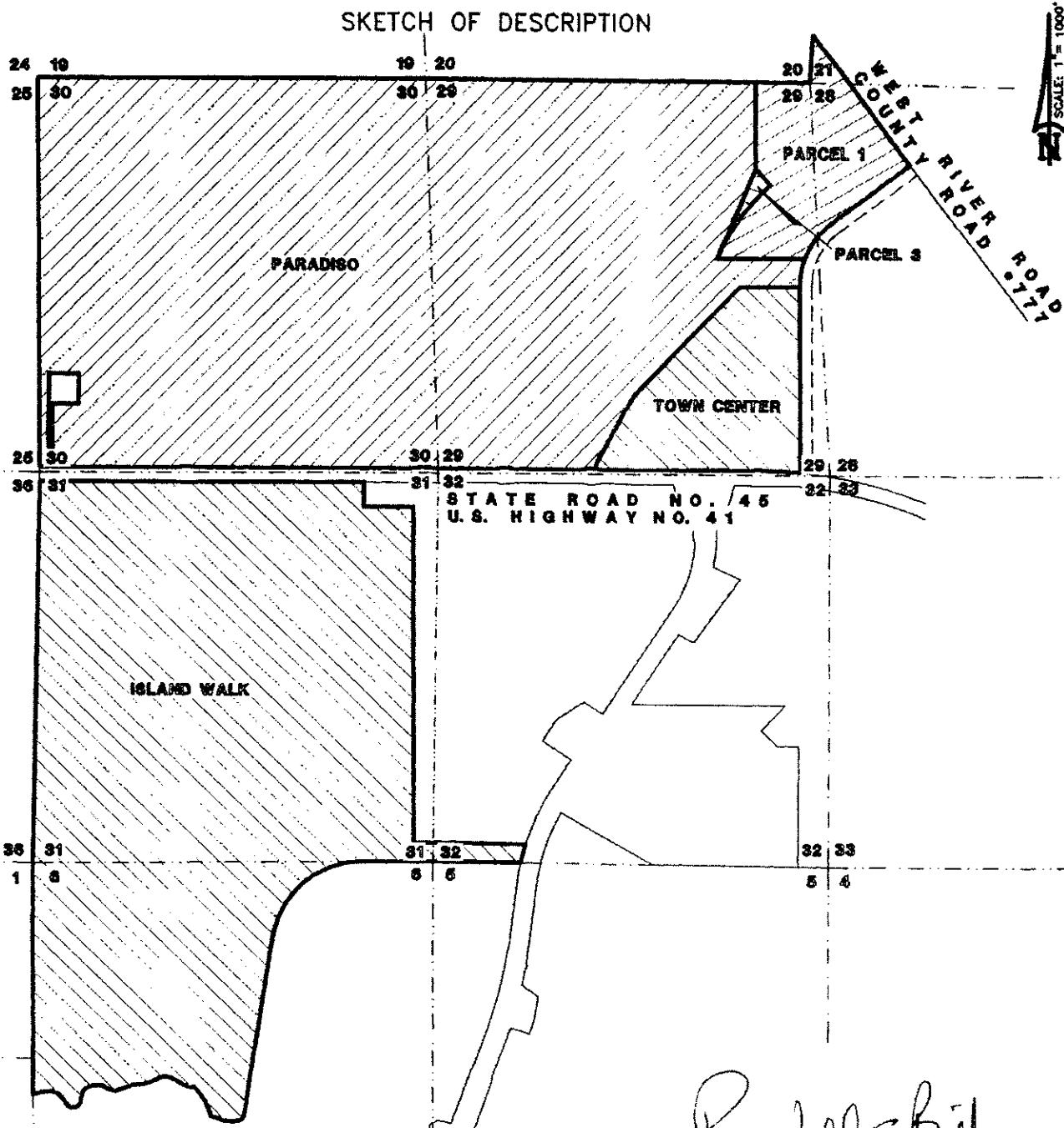
West Villages Improvement District

Kimley-Horn and Associates, Inc.
District Engineer

WEST VILLAGES IMPROVEMENT
DISTRICT UNIT 2

SHEET 1 OF 5

SKETCH OF DESCRIPTION



SEE SHEET 1 FOR SKETCH
SEE SHEET 2 - 4 FOR DESCRIPTION

CERTIFIED TO:

WEST VILLAGES IMPROVEMENT DISTRICT

DATE OF SKETCH: SEPTEMBER 21, 2005

JOB NUMBER: 04-11-11

Randall E. Britt, Professional Land Surveyor

Florida Certification Number 3979

Note: Not Valid Unless Imprinted With Embossed Land Surveyor's Seal



BRITT SURVEYING, INC.

LAND SURVEYORS AND MAPPERS
CERTIFICATE OF AUTHORIZATION NO. LB. 6638

606 Cypress Avenue Venice Florida 34285

Telephone: (941) 493-1395 Fax: (941) 484-5768

Email: be@brittsurveying.com

SKETCH OF DESCRIPTION

SHEET 2 OF 5

DESCRIPTION (PARADISO)

A part of Sections 29 and 30, Township 39 South, Range 20 East, Sarasota County, Florida, described as follows:

BEGIN at the Northwest corner of Section 30, Township 39 South, Range 20 East, Sarasota County, Florida; thence S.89°53'13"E., along the North line of the Northwest Quarter of said Section 30, a distance of 2,585.33 feet to the North Quarter Corner of said Section 30; thence continue S.89°53'13"E., along the North line of the Northeast Quarter of said Section 30, a distance of 2,585.33 feet to the Northwest corner of Section 29, Township 39 South, Range 20 East; thence S.89°37'07"E., along the North line of the Northwest Quarter of said Section 29, a distance of 2,588.17 feet to the North Quarter Corner of said Section 29; thence S.89°37'21"E., along the North line of the Northeast Quarter of said Section 29, a distance of 1,857.18 feet; thence leaving said North line of the Northeast Quarter of Section 29, a bearing of South, a distance of 1,128.57 feet; thence S.22°49'39"W., a distance of 1319.92 feet; thence N.89°48'27"E., a distance of 1171.67 feet to a point on a non-tangent curve to the left, having a radius of 1,079.00 feet, a central angle of 20°09'50", a chord bearing of S.10°08'19"W., and a chord length of 377.77 feet; thence southwesterly along the arc of said curve, an arc length of 379.73 feet; thence S.00°01'36"E., a distance of 16.56 feet; thence S.89°52'29"W., a distance of 802.97 feet; thence S.43°53'57"W., a distance of 1027.32 feet; thence S.43°11'09"W., a distance of 379.89 feet; thence S.44°11'28"W., a distance of 636.94 feet; thence S.32°40'52"W., a distance of 218.86 feet; thence S.28°34'57"W., a distance of 815.30 feet; thence S.13°10'59"W., a distance of 85.47 feet; to the North Right of Way line of U.S. Highway No. 41 (State Road No. 45); thence along said North Right of Way line of U.S. Highway No. 41, the following sixteen (16) courses: (1) N.80°32'30"W., a distance of 16.74 feet; (2) thence N.89°38'31"W., a distance of 75.08 feet; (3) thence S.81°16'04"W., a distance of 101.27 feet; (4) thence N.89°38'31"W., a distance of 899.50 feet; (5) thence N.80°33'06"W., a distance of 101.27 feet; (6) thence N.89°38'31"W., a distance of 74.93 feet; (7) thence S.81°07'09"W., a distance of 99.66 feet; (8) thence N.89°38'31"W., a distance of 826.17 feet; (9) thence N.80°33'06"W., a distance of 101.27 feet; (10) thence N.89°38'31"W., a distance of 74.98 feet; (11) thence S.81°17'32"W., a distance of 101.54 feet; (12) thence N.89°38'31"W., a distance of 2,873.19 feet; (13) thence N.80°32'00"W., a distance of 101.07 feet; (14) thence N.89°38'31"W., a distance of 80.07 feet; (15) thence S.81°15'37"W., a distance of 101.19 feet; (16) thence N.89°38'31"W., a distance of 1,664.53 feet, to the monumented boundary line of lands described in Official Records Book 1036, at Page 802 of the Public Records of Sarasota County, Florida; thence along said monumented boundary line of lands described in Official Records Book 1036, at Page 802, the following five (5) courses: (1) N.00°28'29"E., a distance of 850.78 feet; (2) thence S.89°42'21"E., a distance of 349.86 feet; (3) thence N.00°29'37"E., a distance of 400.03 feet; (4) thence N.89°43'04"W., a distance of 400.02 feet; (5) thence S.00°28'45"W., a distance of 1,250.67 feet to said North Right of Way line of U.S. Highway No. 41; thence along said North Right of Way line of U.S. Highway No. 41, N.89°38'31"W., a distance of 54.39 feet; thence continue along said North Right of Way line of U.S. Highway No. 41, N.80°31'12"W., a distance of 68.08 feet to the West line of the Southwest Quarter of said Section 30; thence N.00°02'57"W., along said West line of the Southwest Quarter of Section 30, a distance of 2550.65 feet to the West Quarter corner of said Section 30; thence N.00°06'22"W., along the West line of the Northwest Quarter of said Section 30, a distance of 2633.66 feet to the POINT OF BEGINNING.

Containing 1,068.0907 acres, more or less.

SEE SHEET 1 FOR SKETCH

SEE SHEET 2 - 4 FOR DESCRIPTION

CERTIFIED TO:

WEST VILLAGES IMPROVEMENT DISTRICT

DATE OF SKETCH: NOVEMBER 5, 2004

JOB NUMBER: 04-11-11



BRITT SURVEYING, INC.

LAND SURVEYORS AND MAPPERS
CERTIFICATE OF AUTHORIZATION NO. L.B. 6638
606 Cypress Avenue Venice Florida 34285
Telephone: (941) 493-1396 Fax: (941) 484-5766
Email: bsi@brittsurveying.com

SKETCH OF DESCRIPTION

SHEET 3 OF 5

DESCRIPTION (ISLAND WALK)

A part of Section 31 and 32, Township 39 South, Range 20 East, and Section 6, Township 40 South, Range 20 East, Sarasota County, Florida, described as follows:

BEGIN at the Southwest corner of Section 32, Township 39 South, Range 20 East, Sarasota County, Florida; thence S.89°05'35"E., along the South line of said Section 32, a distance of 1186.16 feet to a point on a curve to the right having a radius of 2999.79 feet and a central angle of 05°01'41", a chord bearing of N.15°32'37"E., and a chord length of 263.17 feet; thence northeasterly along the arc of said curve an arc length of 363.25 feet; thence N.89°05'35"W parallel with the South line of said section 32, a distance of 1251.87 feet to a point on the East line of Section 31; thence S.89°54'47W., a distance of 259.05 feet; thence N.00°14'53"E., a distance of 4,550.46 feet; thence N.89°38'31"W., a distance of 664.68 feet; thence N.01°05'02"E., along a line lying 990 feet westerly of and parallel with said East line of Section 31, a distance of 330.03 feet to the South Right of Way line of U.S. Highway No. 41 (State Road No. 45, as shown on Florida Department of Transportation Right of Way Map Section 17010-2508); thence along said South Right of Way line the following six (6) courses: (1) N.89°38'31"W., a distance of 2,213.79 feet; (2) thence S.84°38'10"W., a distance of 100.30 feet; (3) thence N.89°38'31"W., a distance of 80.07 feet; (4) thence N.83°55'35"W., a distance of 100.41 feet; (5) thence N.89°38'31"W., a distance of 1,768.90 feet; (6) thence S.84°38'16"W., a distance of 69.26 feet to the West line of said Section 31; thence S.01°19'34"W., along said West line of Section 31, a distance of 5,159.48 feet to the Southwest corner of said Section 31; thence S.00°08'52"W., along the West line of the Northwest Quarter of Section 6, Township 40 South, Range 20 East, Sarasota County, Florida, a distance of 2,653.77 feet to the West Quarter corner of said Section 6; thence S.00°08'44"W., along the West line of the Southwest Quarter of said Section 6, a distance of 489.51 feet to a point on a non-tangent curve to the right, having a radius of 633.03 feet, a central angle of 22°39'05", a chord bearing of N.80°07'08"E., and a chord length of 248.64 feet; thence easterly along the arc of said curve, an arc length of 250.26 feet to the point of compound curvature of a curve to the right having a radius of 174.77 feet, a central angle of 35°33'31", a chord bearing of S.70°46'34"E., and a chord length of 106.73 feet; thence easterly along the arc of said curve, an arc length of 108.46 feet to the point of compound curvature of a curve to the right having a radius of 280.04 feet, a central angle of 31°09'43", a chord bearing of S.37°24'57"E., and a chord length of 150.44 feet; thence southeasterly along the arc of said curve, an arc length of 152.31 feet to a point of reverse curvature of a curve to the left having a radius of 103.32 feet and a central angle of 157°38'36", a chord bearing of N.79°20'37"E., and a chord length of 202.72 feet; thence easterly along the arc of said curve, an arc length of 284.27 feet to a point of reverse curvature of a curve to the right having a radius of 206.41 feet and a central angle of 79°37'44", a chord bearing of N.40°20'11"E., and a chord length of 264.33 feet; thence northeasterly along the arc of said curve, an arc length of 286.87 feet to the point of compound curvature of a curve to the right having a radius of 255.42 feet, a central angle of 50°26'37", a chord bearing of S.74°37'39"E., and a chord length of 217.68 feet; thence easterly along the arc of said curve, an arc length of 224.88 feet; thence S.79°48'26"E., a distance of 101.21 feet; thence N.69°47'28"E., a distance of 238.17 feet to a point on a non-tangent curve to the left, having a radius of 565.61 feet, a central angle of 33°10'24", a chord bearing of N.76°20'49"E., and a chord length of 322.92 feet; thence easterly along the arc of said curve, an arc length of 327.48 feet to a point of reverse curvature of a curve to the right having a radius of 224.35 feet and a central angle of 59°25'43", a chord bearing of N.89°28'28"E., and a chord length of 222.41 feet; thence easterly along the arc of said curve, an arc length of 232.70 feet; thence S.59°49'31"E., a distance of 155.45 feet to a point on a non-tangent curve to the left, having a radius of 238.12 feet, a central angle of 37°10'44", a chord bearing of S.79°24'02"E., and a chord length of 151.82 feet; thence easterly along the arc of said curve, an arc length of 154.51 feet to a point on a non-tangent curve to the right, having a radius of 912.50 feet, a central angle of 28°31'33", a chord bearing of S.29°07'59"E., and a chord length of 449.63 feet; thence southeasterly along the arc of said curve, an arc length of 454.31 feet; thence S.71°12'24"E., a distance of 151.95 feet to the point of curvature of a curve to the left having a radius of 407.21 feet and a central angle of 31°34'41", a chord bearing of S.86°59'44"E., and a chord length of 221.60 feet; thence along the arc of said curve, an arc length of 224.43 feet to the point of compound curvature of a curve to the left having a radius of 100.00 feet, a central angle of 59°16'15", a chord bearing of N.47°34'48"E., and a chord length of 98.90 feet; thence northeasterly along the arc of said curve, an arc length of 103.45 feet; thence N.09°11'36"E., a distance of 2454.79 feet to the point of curvature of a curve to the right having a radius of 1,200.00 feet and a central angle of 80°42'30", a chord bearing of N.49°32'50"E., and a chord length of 1,554.02 feet; thence along the arc of said curve, an arc length of 1,690.35 feet; thence N.89°54'05"E., parallel with said South line of Section 31, a distance of 959.98 feet to the POINT OF BEGINNING.

Containing 829.3177 acres, more or less.

SEE SHEET 1 FOR SKETCH

SEE SHEET 2 - 4 FOR DESCRIPTION

CERTIFIED TO:

WEST VILLAGES IMPROVEMENT DISTRICT

DATE OF SKETCH: NOVEMBER 5, 2004

JOB NUMBER: 04-11-11



BRITT SURVEYING, INC.

LAND SURVEYORS AND MAPPERS

CERTIFICATE OF AUTHORIZATION NO. L.B. 6638

606 Cypress Avenue Venice Florida 34285

Telephone: (941) 493-1396 Fax: (941) 484-5766

Email: bai@brittsurveying.com

SKETCH OF DESCRIPTION

SHEET 4 OF 5

DESCRIPTION (TOWN CENTER)

COMMENCE at the Southeast Corner of Section 29, Township 39 South, Range 20 East; thence N.02°49'06"W. along the East line of said Section 29, a distance of 2568.59 feet; thence S.87°10'54"W., leaving said East line, a distance of 271.21 feet to the POINT OF BEGINNING; thence S.89°52'29"W., a distance of 802.97 feet; thence S.43°53'57"W., a distance of 1,027.32 feet; thence S.43°11'09"W., a distance of 379.89 feet; thence S.44°11'28"W., a distance of 636.94 feet; thence S.32°40'52"W., a distance of 218.86 feet; thence S.28°34'57"W., a distance of 815.30 feet; thence S.13°10'59"W., a distance of 85.47 feet; to a point on the North Right of Way line of State Road No. 45, (U.S. Highway No. 41/ Tamiami Trail); per Order of taking recorded in Official Records Book 986, at Page 905, Public Records of Sarasota County, Florida; thence easterly along said North Right of Way the following (6) six courses: (1) thence S.80°32'30"E., a distance of 84.42 feet; (2) thence S.89°38'31"E., a distance of 2,024.24 feet; (3) thence N.72°44'31"E., a distance of 52.35 feet; (4) thence S.89°30'05"E., a distance of 50.02 feet; (5) thence S.67°02'13"E., a distance of 40.90 feet to a point on a nontangent curve to the right, having a radius of 5,791.58 feet, a central angle of 04°59'03", a chord bearing of S.87°08'51"E., and a chord length of 503.65 feet; (6) thence easterly along the arc of said curve, an arc length of 503.80 feet; thence N.00°01'36"W., leaving said North Right of Way line, a distance of 2,511.52 feet to the POINT OF BEGINNING.

Containing 4,750,568 square feet or 109.0580 acres, more or less.

SEE SHEET 1 FOR SKETCH
SEE SHEET 2 - 4 FOR DESCRIPTION

CERTIFIED TO:

WEST VILLAGES IMPROVEMENT DISTRICT

DATE OF SKETCH: NOVEMBER 5, 2004

JOB NUMBER: 04-11-11



BRITT SURVEYING, INC.

LAND SURVEYORS AND MAPPERS
CERTIFICATE OF AUTHORIZATION NO. L.B. 6638
606 Cypress Avenue Venice Florida 34285
Telephone: (941) 483-1396 Fax: (941) 484-5766
Email: bsi@brittsurveying.com

SKETCH OF DESCRIPTION

SHEET 5 OF 5

DESCRIPTION (PARCEL 1)

BEGIN at the Southwest corner of Section 21, Township 39 South, Range 20 East; thence N.03°31'33"E., along the West line of said Section 21, a distance of 648.44 feet to a point on the Westerly Right of Way Line of County Road No.777, (West River Road) per Florida Department of Transportation Right of Way Map, Section 17502-2902, Road Plat Book 2, Page 44 of the Public Records of Sarasota County, Florida; thence along said Westerly Right of Way the following (4) four courses; (1) S.33°54'28"E., a distance of 130.46 feet; (2) thence S.36°46'13"E., a distance of 100.00 feet; (3) thence S.39°37'57"E., a distance of 200.25 feet; (4) thence S.36°46'13"E., a distance of 1,717.59 feet; thence S.53°10'42"W., leaving said Westerly Right of Way Line a distance of 1,291.96 feet to the point of curvature of a curve to the left having a radius of 1,079.00 feet and a central angle of 32°57'29", a chord bearing of S.36°41'58"W. and a chord length of 612.15 feet; thence along the arc of said curve, an arc length of 620.67 feet; thence S.89°48'27"W., a distance of 1,171.67 feet to a point on a non tangent curve to the right, having a radius of 2,610.00 feet, a central angle of 27°02'32", a chord bearing of N.35°19'28"E., and a chord length of 1,220.46 feet; thence northeasterly along the arc of said curve, an arc length of 1,231.86 feet; to the end of said curve; thence N.41°14'52"W., a distance of 293.64 feet; thence a bearing of NORTH, a distance of 1,128.57 feet to a point on the North Line of Section 29, Township 39 South, Range 20 East; thence S.89°37'21"E., along said North line of Section 29, a distance of 731.24 feet to the POINT OF BEGINNING.

Containing 3,734,936 square feet or 85.7423 acres, more or less.

DESCRIPTION (PARCEL 3)

Commence at the Southeast corner of Section 29, Township 39 South, Range 20 East; thence N.02°49'06"W., along the East line of said Section 29, a distance of 3966.82 feet; thence S.87°10'54"W., leaving said East line, a distance of 602.35 feet to the POINT OF BEGINNING; same being a point on a non tangent curve to the left having a radius of 2610.00 feet, a central angle of 27°02'32", a chord bearing of S.35°19'28"W., and a chord length of 1220.46 feet; thence southwesterly along the arc of said curve, an arc length of 1231.86 feet to the end of said curve; thence N.22°49'39"E., a distance of 1319.92 feet; thence S.41°14'52"E., a distance of 293.64 feet to the POINT OF BEGINNING.

Parcel contains 115265 square feet or 2.6462 acres more or less.

SEE SHEET 1 FOR SKETCH
SEE SHEET 2 - 4 FOR DESCRIPTION

CERTIFIED TO:

WEST VILLAGES IMPROVEMENT DISTRICT

DATE OF SKETCH: SEPTEMBER 21, 2005

JOB NUMBER: 04-11-11



BRITT SURVEYING, INC.

LAND SURVEYORS AND MAPPERS

CERTIFICATE OF AUTHORIZATION NO. L.B. 6638

606 Cypress Avenue Venice Florida 34285

Telephone: (941) 493-1396 Fax: (941) 484-5766

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APPENDIX B

FORM OF THE INDENTURE

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MASTER TRUST INDENTURE

BETWEEN

WEST VILLAGES IMPROVEMENT DISTRICT

AND

**WACHOVIA BANK, NATIONAL ASSOCIATION
AS TRUSTEE****DATED AS OF FEBRUARY 1, 2005****AUTHORIZING AND SECURING
NOT EXCEEDING****\$42,000,000****WEST VILLAGES IMPROVEMENT DISTRICT
(NORTH PORT, FLORIDA)
SPECIAL ASSESSMENT BONDS
(UNIT OF DEVELOPMENT NO. 2)**

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v

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This MASTER TRUST INDENTURE, dated as of February 1, 2005 (the "Master Trust Indenture") by and between WEST VILLAGES IMPROVEMENT DISTRICT (the "Issuer"), a local unit of special purpose government organized and existing under the laws of the State of Florida, and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America and having its designated corporate trust offices in Miami, Florida (said national banking association and any bank or trust company becoming successor trustee under the Indenture (hereinafter defined) being hereinafter referred to as the "Trustee");

WITNESSETH:

WHEREAS, the Issuer is a local unit of special purpose government created and incorporated by Chapter 2004-456, Laws of Florida, a special act of the Florida Legislature (the "Act"), as an independent special district and a public body corporate and politic; and

WHEREAS, the premises governed by the Issuer are described more fully in Section 17 of the Act (the "District") and consist of approximately 8,194 acres of land located entirely within the jurisdictional limits of the City of North Port, Florida (the "City"), which City is within Sarasota County, Florida (the "County"); and

WHEREAS, the Issuer has been created for the purpose of delivering certain community services and facilities under the Act; and

WHEREAS, on November 16, 2004, the Board of Supervisors (the "Board") of the Issuer duly adopted Resolution No. 2004-14 designating the real property described in Exhibit A hereto as a Unit of Development (as defined herein) pursuant to Section 11 of the Act, with said Unit of Development being called "Unit of Development No. 2" (hereinafter sometimes referred to as "Unit No. 2"); and

WHEREAS, the Issuer has decided to undertake for the benefit of the lands within Unit No. 2 the financing, funding, planning, acquisition, construction, reconstruction, equipping and installation, in phases, of infrastructure improvements permitted by the Act, including, without limitation, certain water and sewer, drainage, roadway and intersection improvements, all as more specifically described in the Supplemental Indenture (hereinafter defined) relating to a Series of Bonds; and

WHEREAS, the Issuer proposes to finance the cost of one or more phases of the foregoing improvements by the issuance of Bonds (hereinafter defined) from time to time pursuant to this Master Trust Indenture, as supplemented from time to time by one or more Supplemental Indentures; provided, however, that the maximum aggregate principal amount of Bonds (excluding refunding bonds) issued under this Master Indenture and any Supplemental Indentures shall not exceed \$42,000,000;

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH, that to provide for the issuance of Bonds under this Master Trust Indenture, as supplemented from time to time by one or more Supplemental Indentures, the security and payment of the principal, redemption or purchase price thereof (as the case may be), premium, if any, and interest thereon, any reimbursement due to a Credit Facility Issuer (hereinafter defined), if any, for any drawing

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EXHIBIT A - Legal Description of Unit of Development No. 2

EXHIBIT B - Form of Bond

EXHIBIT C - Form of Requisition

on its Credit Facility (hereinafter defined), as required under the terms of the corresponding Credit Facility Agreement (hereinafter defined), if any, the rights of the Owners of the Bonds of a Series and the performance and observance of all of the covenants contained herein and in said Bonds and in any Credit Facility Agreement, for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Bonds of a Series by the Owners thereof, from time to time, the issuance by any Credit Facility Issuer of its Credit Facility from time to time, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the Issuer hereby assigns, transfers, sets over and pledges to the Trustee and grants a lien on all of the right, title and interest of the Issuer in and to the Pledged Revenues (hereinafter defined) as security for the payment of the principal, redemption or purchase price of (as the case may be), premium, if any, and interest on Bonds of a Series issued hereunder and any reimbursement due to any Credit Facility Issuer for any drawing on its Credit Facility or issued with respect to any such Bonds, as required under the terms of the corresponding Credit Facility Agreement, all in the manner hereinafter provided, and to secure the performance of all the Issuer's obligations hereunder, and the Issuer and the Trustee further hereby agree with and covenant unto each other as follows:

ARTICLE I
DEFINITIONS

In this Master Trust Indenture and any indenture supplemental hereto (except as otherwise expressly provided or unless the context otherwise requires) terms used as defined in the recitals hereto shall have the same meaning throughout the Indenture, and in addition, the following terms shall have the meanings specified below:

"Account" shall mean any account established pursuant to this Master Trust Indenture or any Supplemental Indenture, and shall include any and all subaccounts established within an Account.

"Act" shall mean Chapter 2004-456, Laws of Florida, a special act of the Florida Legislature effective on June 17, 2004, as amended from time to time, and any successor special act or statute thereto.

"Additional Bonds" shall mean any Series of Bonds issued pursuant to the provisions of Sections 3.01 and 3.02 hereof and an applicable Supplemental Indenture.

"Annual Budget" shall mean the portion of the Issuer's budget for a Fiscal Year relating to Unit No. 2, adopted pursuant to the provisions of the Act and the laws of the State, as the same may be amended from time to time.

"Authenticating Agent", in respect of a particular Series of Bonds, shall mean the agent so described in, and appointed pursuant to, Section 2.03 hereof.

"Authorized Newspaper" shall mean a newspaper printed in English and customarily published at least once a day at least five days a week and generally circulated in New York, New York or the City of North Port, Florida, or such other cities as the Issuer from time to time may determine by written notice provided to the Trustee. When successive publications in an Authorized Newspaper are required, they may be made in the same or different Authorized Newspapers.

"Board" shall mean the board of supervisors of the Issuer or, if such Board has been abolished, the board, body, or commission succeeding to the principal functions thereof or to whom the powers given to the Board by the Act have been given by law.

"Bond Anticipation Notes" shall mean interim, short term notes issued by the District in advance of a Series of Bonds but after the issuance of such Series of Bonds have been authorized by the District, all in accordance with Section 10(4) of the Act and Section 2.12 of this Master Trust Indenture.

"Bond Counsel" shall mean Counsel of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and their political subdivisions.

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all as and to the extent applicable to the Bonds. Unless otherwise indicated, reference to a Section includes any applicable successor section or provision and such applicable Treasury Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

"Completion Date" shall have the meaning as defined in Section 5.04 hereof.

"Construction Fund" shall mean the Fund so designated which is established pursuant to Section 5.01 hereof.

"Consulting Engineer" shall mean the Independent engineer or engineering firm or corporation at the time employed by the Issuer under the provisions of Section 11.22 hereof to perform and carry out duties imposed on the Consulting Engineer by the Indenture, which engineer or engineering firm or corporation shall be duly certified as an engineer under the laws of the State. The Independent engineer or engineering firm or corporation at the time serving as the engineer to the District may also serve as Consulting Engineer under the Indenture.

"Cost" or **"Costs"**, in connection with any Project or any portion thereof or any Capital Addition, shall mean all expenses that are properly chargeable thereto under Generally Accepted Governmental Accounting Principles or that are incidental to the planning, financing, acquisition, construction, reconstruction, equipping and installation thereof, including, without limiting the generality of the foregoing:

(a) expenses of determining the feasibility or practicability of acquisition, construction, or reconstruction;

(b) cost of surveys, estimates, plans, and specifications;

(c) cost of improvements;

(d) engineering, architectural, fiscal, legal, accounting and other professional and advisory expenses and charges;

(e) cost of all labor, materials, machinery, and equipment (including, without limitation, (i) amounts payable to contractors, builders and materialmen and costs incident to the award of contracts and (ii) the cost of labor, facilities and services furnished by the Issuer and its employees, materials and supplies purchased by the Issuer);

(f) cost of all lands, properties, rights, easements, and franchises acquired, including, without limitation, any and all costs associated with acquiring lands, properties, rights, easements or franchises through eminent domain proceedings;

(g) financing charges;

(h) creation of initial reserves and debt service funds;

(i) working capital;

"Bondholder", **"Holder of Bonds"**, **"Holder"**, **"Owner"** or **"Registered Owner"** or any similar term shall mean any Person who shall be the registered owner of any Outstanding Bond or Bonds, as evidenced on the Bond Register of the Issuer kept by the Registrar.

"Bond Redemption Fund" shall mean the Fund so designated that is established pursuant to Section 6.06 hereof.

"Bond Register", in respect of a particular Series of Bonds, shall have the meaning specified in Section 2.04 hereof.

"Bonds" shall mean the initial Series of Bonds of the Issuer issued under each Supplemental Indenture to finance improvements under the corresponding Improvement Plans to specially benefit all or a portion of the lands within Unit No. 2 and any and all Series of Additional Bonds, if any, authenticated and delivered under the Indenture, and, except where the context clearly requires otherwise, shall include Bond Anticipation Notes issued in anticipation thereof.

"Business Day" shall mean any day other than (a) a Saturday or Sunday or legal holiday or a day on which the principal office of the Issuer, Trustee, any Credit Facility Issuer (to the extent applicable to the Series of Bonds in question), the Registrar or any Paying Agent (as defined in any Supplemental Indenture) is closed, or (b) a day on which the New York Stock Exchange, Inc. is closed.

"Capital Additions" shall mean all property or interests in property, real, personal and mixed, comprising any and all additions, improvements or extraordinary repairs to or replacements of all or any part of a Project after the date of issuance of Bonds for a Project or any portion thereof, the Cost of which is properly chargeable to a plant or property account under Generally Accepted Governmental Accounting Principles.

"Capitalized Interest Period" shall mean, with respect to each Series of Bonds, the period of time, if any, designated as such in the Supplemental Indenture corresponding to such Series of Bonds.

"Certified Public Accountant" shall mean a Person, who shall be Independent, appointed by the Board, actively engaged in the business of public accounting and duly certified as a Certified Public Accountant under the laws of the State.

"Certified Resolution" or **"Certified Resolution of the Issuer"** shall mean a copy of one or more resolutions certified by the Secretary or an Assistant Secretary of the Issuer, under its seal, to have been duly adopted by the Board and to be in full force and effect as of the date of such certification.

"City" shall mean the City of North Port, Florida.

"Code" shall mean the Internal Revenue Code of 1986, the Treasury Regulations (whether proposed, temporary or final) under that Code or the statutory predecessor of that Code, any amendments of, or successor provisions to, the foregoing, and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing,

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(j) interest charges incurred or estimated to be incurred on money borrowed prior to and during construction and acquisition and for such reasonable period of time after completion of construction or acquisition as the Board may determine;

(k) the cost of issuance of Bonds, including, without limitation, advertisements and printing;

(l) the cost of any election held pursuant to the Act and all other expenses of issuance of Bonds;

(m) the discount, if any, on the sale or exchange of Bonds;

(n) administrative expenses;

(o) taxes, assessments, expenses and similar governmental charges during construction or reconstruction of a Project;

(p) payments, contributions, dedications, and any other exactions required as a condition to receive any government approval or permit necessary to accomplish a Project;

(q) premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same;

(r) costs of permits and licenses obtained by the Issuer;

(s) such other expenses as may be necessary or incidental to the planning, acquisition, construction, reconstruction, equipping or installation of any Project or to the financing thereof, or to the development of any lands within Unit No. 2;

(t) payments, contributions, dedications and any other exactions required as a condition to receive any governmental approval or permit necessary to accomplish any district purpose; and

(u) any other "cost" or expense as provided in, by or under the Act and applicable laws of the State.

In connection with the refunding or redeeming of any Bonds, "Cost" includes, without limiting the generality of the foregoing, the items listed in (d), (k), (l), (m), and (n) above, and other expenses related to the redemption of the Bonds to be redeemed and the Redemption Price of such Bonds (and the accrued interest and premium, if any, payable on redemption to the extent not otherwise provided for). Whenever Costs are required to be itemized, such itemization shall, to the extent practicable, correspond with the items listed above. Whenever Costs are to be paid hereunder, such payment may be made by way of reimbursement to the Issuer or any other Person who has paid the same.

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"Counsel" shall mean an attorney-at-law or law firm (who may be counsel for the Issuer) authorized to practice in the State.

"County" shall mean Sarasota County, Florida.

"Credit Facility" shall mean any credit enhancement mechanism such as an irrevocable letter of credit, a surety bond, a policy of municipal bond insurance, a corporate or other guaranty, a purchase agreement, a credit agreement or deficiency agreement or other similar facility applicable to any Series of Bonds, as established pursuant to the applicable Supplemental Indenture, pursuant to which the entity providing such facility agrees to provide funds to make payment of the principal of and interest on such Series of Bonds. Notwithstanding anything to the contrary contained in the Indenture, any one or more Series of Bonds may be issued without a Credit Facility; the decision to provide a Credit Facility in respect of any Bonds or Series of Bonds shall be within the absolute discretion of the Issuer.

"Credit Facility Agreement" shall mean any agreement pursuant to which a Credit Facility Issuer issues a Credit Facility.

"Credit Facility Issuer" shall mean the issuer or guarantor of any Credit Facility.

"Debt Service Fund" shall mean the Fund so designated which is established pursuant to Section 6.04 hereof.

"Debt Service Requirements", with reference to a specified period, and with respect to the Bonds of any Series under consideration, shall mean:

- (a) interest payable on such Series of Bonds during such period, subject to reduction for amounts held as accrued interest or capitalized interest in the Funds and Accounts established for such Series of Bonds under the Indenture;
- (b) amounts required to be paid into any mandatory sinking fund account with respect to such Series of Bonds during such period; and
- (c) amounts required to pay the principal of such Series of Bonds maturing during such period and not to be redeemed prior to or at maturity through any sinking fund account.

"Debt Service Reserve Fund" shall mean the Fund so designated which is established pursuant to Section 6.05 hereof.

"Debt Service Reserve Insurance Policy" shall mean the insurance policy, surety bond or other evidence of insurance, if any, deposited in the credit of a Series Account of the Debt Service Reserve Fund in lieu of or in partial substitution for cash or securities on deposit therein, which policy, bond or the evidence of insurance constitutes an unconditional senior obligation of the Issuer thereof. The issuer thereof shall be a municipal bond insurer whose obligations ranking pari passu with its obligations under such policy, bond or other evidence of insurance are rated at the time of deposit of such policy, bond or other evidence of insurance to the credit of a

Series Account of the Debt Service Reserve Fund in any of the three highest rating categories of either Moody's or S&P.

"Debt Service Reserve Letter of Credit" shall mean the irrevocable, transferable letter or line of credit, if any, deposited for the credit of a Series Account of the Debt Service Reserve Fund in lieu of or in partial substitution for cash or securities on deposit therein, which letter or line of credit constitutes an unconditional senior obligation of the Issuer thereof. The issuer of such letter or line of credit shall be a banking association, bank or trust company or branch thereof whose senior debt obligations ranking pari passu with its obligations under such letter or line of credit are rated at the time of deposit of the letter or line of credit to the credit of a Series Account of the Debt Service Reserve Fund in any of the three highest rating categories of either Moody's or S&P.

"Debt Service Reserve Requirement" shall mean, with respect to a particular Series of Bonds, unless a different requirement shall be specified in a Supplemental Indenture relating to such Series of Bonds, as of the date of any calculation, an amount equal to the least of (i) the maximum annual Debt Service Requirements for the Outstanding Bonds of such Series of Bonds, (ii) 125% of the average annual Debt Service Requirements for the Outstanding Bonds of such Series of Bonds, or (iii) 10% of the principal amount of the Outstanding Bonds of such Series of Bonds (adjusted to reflect original issue discount or premium, if and to the extent required by the Code).

"Defeasance Securities" shall mean, to the extent permitted by law, (a) non-callable Government Obligations, and (b) securities described in paragraphs (b) and (c) of the definition of Investment Securities.

"Depository" shall mean, in respect of a particular Series of Bonds, the Person or Persons authorized by the Issuer in the corresponding Supplemental Indenture, inter alia, to hold and invest moneys in certain Funds and Accounts established by the Trustee in such Supplemental Indenture; provided that if no such Person is designated in the Supplemental Indenture, the Trustee shall be the Depository for the Funds and Accounts established in respect of such Series of Bonds.

"Developer" shall mean (i) with respect to the Island Walk development (or any successor development thereto) within Unit No. 2, DiVosta Homes, L.P., a Delaware limited partnership, together with any successor or successors as the master developer of the Island Walk development (or any successor development thereto), (ii) with respect to the Gran Paraiso development (or any successor development thereto) within Unit No. 2, Gran Paraiso I, LLC and Gran Paraiso II, LLC, each a Florida limited liability company, together with any successor or successors as the master developer of the Gran Paraiso development (or any successor development thereto), and (iii) with respect to the Town Center development (or any successor development thereto), Fourth Quarter Properties XXXII, LLC, a Georgia limited liability company, together with any successor or successors as the master developer of the Town Center development (or any successor development thereto).

"District" shall mean the premises from time to time contained within the jurisdictional boundaries of the Issuer, consisting of approximately 8,194 acres of land located entirely within

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the City, a portion of which consists of approximately 2,006 acres comprising Unit No. 2, as such Unit No. 2 is more specifically described in Exhibit A hereto.

"District Manager" shall mean the then District Manager or acting District Manager of the Issuer.

"Event of Default" shall mean any of the events described in Section 12.02 hereof.

"Fiscal Year" shall mean the period of twelve (12) months beginning October 1 of each calendar year and ending on September 30 of the following calendar year, and also shall mean the period from actual execution hereof to and including the next succeeding September 30, or such other consecutive twelve-month period as may hereafter be established by Florida law.

"Fund" shall mean any fund established pursuant to this Master Trust Indenture or any Supplemental Indenture.

"Generally Accepted Governmental Accounting Principles" shall mean those accounting principles applicable in the preparation of financial statements of governmental entities.

"Government Obligations" shall mean bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including any of the federal agencies and federally sponsored entities set forth in clause (c) of the definition of "Investment Securities" contained in this Indenture, to the extent guaranteed by the United States of America. In the event these securities are used for defeasance, they shall be non-callable and non-prepayable.

"Improvement Plan" shall mean the improvement plan for a Project describing the proposed land use and public improvements along with the estimated construction costs prepared by the District's Consulting Engineer and approved by the District, as the same may be amended from time to time.

"Indenture" shall mean, with respect to any Series of Bonds, this Master Trust Indenture as supplemented by the applicable Supplemental Indenture providing for such Series of Bonds.

"Independent" shall mean a Person who is not a member of the Issuer's Board, an officer or employee of the Issuer or a Developer or any related entity, or which is not a partnership, corporation or association having a partner, director, officer, member or substantial stockholder who is a member of the Issuer's Board or a member of the board of directors of a Developer or any affiliate thereof, or an officer or employee of the Issuer or a Developer or any related entity; provided, however, that the fact that such Person is retained regularly by or regularly transacts business with the Issuer or a Developer or any related entity shall not make such Person an employee within the meaning of this definition.

"Interest Account" shall mean the account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.04 hereof.

"Interest Payment Date" shall mean the date or dates on which interest on a Series of Bonds or a portion thereof is scheduled to be due and payable, as specified in the Certified

Resolution of the Issuer or Supplemental Indenture authorizing the issuance of such Series of Bonds.

"Interest Period" shall mean the period from and including any Interest Payment Date to and excluding the next succeeding Interest Payment Date; provided, however, that upon final payment of any Bond at maturity or upon redemption or mandatory purchase, the Interest Period shall extend to, but not include, the date of such final payment, which shall always be a Business Day.

"Investment Securities," unless otherwise specified in a Supplemental Indenture, shall mean and include any of the following securities, if and to the extent the same are at the time legal investments for funds of the Issuer:

- (a) Government Obligations;

(b) Obligations of any of the following federal agencies or federally sponsored entities which obligations represent the full faith and credit (guaranteed obligations) of the United States of America, in the event these securities are used for defeasance, they shall be non-callable and non-prepayable, (including but not limited to) the following:

1. Export-Import Bank;
2. Farm Credit System Financial Assistance Corporation;
3. Rural Economic Community Development Administration (formerly the Farmers Home Administration);
4. General Services Administration;
5. U.S. Maritime Administration;
6. Small Business Administration;
7. Government National Mortgage Association (GNMA);
8. U.S. Department of Housing & Urban Development ("HHA's");
9. Federal Housing Administration;
10. Federal Financing Bank;
11. Resolution Funding Corporation (RFTCORP) interest strips only;
12. Agency for International Development; and
13. Overseas Private Investment Corporation

(c) Direct obligations of any of the following federal agencies or federally sponsored entities which are not fully guaranteed by the full faith and credit of the United States of America, in the event these securities are used for defeasance, they shall be non-callable and non-prepayable:

1. Federal National Mortgage Association (FNMA);
2. Federal Home Loan Mortgage Corporation (FHLMC);
3. Resolution Funding Corporation (RFTCORP) principal strips;
4. Federal Home Loan Bank Systems (FHLB); and
5. Obligations of other Government Sponsored Agencies (approved by the Insurer).

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The following obligations may be used as Investment Securities for all purposes other than defeasance investments in refunding escrow accounts.

(d) Commercial paper which is rated at the time of purchase in the highest classification (without regard to qualifier), "A-1" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase.

(e) Investment agreements the provider of which is rated in one of the two highest rating categories, without regard to qualifiers, by two Rating Agencies under which the provider agrees to periodically deliver, on a delivery versus payment basis, such securities as are described in clauses (a)-(d) above.

(f) Investment agreements the provider of which is rated in one of the two highest rating categories, without regard to qualifiers, by two Rating Agencies and which are continuously and fully secured by such securities as are described in clauses (a)-(c) above, which securities shall have a market value at all times at least equal to 102% of the principal amount invested under the investment agreement (marked to market at least weekly).

(g) Shares of any open-end, SEC-registered money market mutual fund which fund invests its assets in any of the securities described in clauses (a), (b) and (c) hereof.

(h) Such other investments as are legal investments for funds of the Issuer under the laws of the State.

"Issuer" shall mean West Villages Improvement District.

"Master Indenture" shall mean this Master Trust Indenture dated as of February 1, 2005, by and between the Issuer and the Trustee, as supplemented and amended with respect to matters pertaining solely to this Master Trust Indenture or to the Bonds (as opposed to supplements or amendments relating to any Series of Bonds issued pursuant to any Supplemental Indenture).

"Moody's" shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and acceptable to the Trustee.

"Officer's Certificate" or "Officer's Certificate" shall mean a certificate, duly executed by a Responsible Officer and delivered to the Trustee, which certificate may be based in whole or in part on certificates, opinions, or letters provided to such Officer by other Persons, provided such Responsible Officer identifies the Person providing such certificate, opinion, or letter and states that such Responsible Officer's certificate is based thereon.

"Outstanding" shall mean, in connection with a Series of Bonds, as of the time in question, all Bonds of such Series authenticated and delivered under the Indenture, except:

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(a) all Bonds theretofore canceled or required to be canceled under Section 2.07 hereof;

(b) Bonds for the payment, redemption or purchase of which moneys and/or Defeasance Securities, the principal of and interest on which, when due, will provide sufficient moneys to fully pay such Bonds in accordance with Article XVI hereof, shall have been or shall concurrently be deposited with the Trustee; provided that, if such Bonds are being redeemed, the required notice of redemption shall have been given or provision shall have been made therefor, and that if such Bonds are being purchased, there shall be a firm commitment for the purchase and sale thereof; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to Article II hereof.

In determining whether the Holders of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which are known by the Trustee to be held on behalf of the Issuer shall be disregarded for the purpose of any such determination; provided, however, this provision does not affect the right of the Trustee to deal in Bonds as set forth in Section 13.09 hereof.

"Paying Agent" shall mean, in respect of a particular Series of Bonds, the Person or Persons authorized by the Issuer in the corresponding Supplemental Indenture, inter alia, to pay the principal or Redemption Price of and interest on such Bonds on behalf of the Issuer.

"Person" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, governmental body, political subdivision, municipality, municipal authority or any other group or organization of individuals.

"Pledged Revenues" shall mean, unless otherwise provided by Supplemental Indenture with respect to a specific Series of Bonds, with respect to a particular Series of Bonds Outstanding, (a) all revenues received by the Issuer from Special Assessments levied and collected with respect to such Series of Bonds, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Special Assessments or from the issuance and sale of tax certificates with respect to such Special Assessments and (b) all moneys on deposit in the Funds and Accounts established under the Indenture in respect of such Series of Bonds, including earnings thereon; provided, however, that Pledged Revenues shall not include, (i) with respect to a particular Series of Bonds, revenues received by the District from Special Assessments levied and collected with respect to one or more other Series of Bonds within Unit No. 2 or any other Unit of Development, including without limitation amounts received from any foreclosure proceeding for the enforcement of collection of such Special Assessments or from the issuance and sale of tax certificates with respect to such Special Assessments, (ii) any moneys transferred to a Series Account in the Rebate Fund, or investment earnings thereon, and (iii) "maintenance assessments" levied and collected by the Issuer under Section 7 of the Act or any other provision of the Act (it being expressly understood that the lien and pledge of the Indenture shall not apply to any of the moneys described in the foregoing clauses (i), (ii) and (iii) of this proviso).

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"Project" shall mean, with respect to any Series of Bonds, the planning, financing, acquisition, construction, equipping and installation of certain improvements permitted by the Act and to be undertaken by the Issuer necessitated by development of all or a portion of the lands within Unit No. 2 as may be amended by the Issuer from time to time, all as more specifically described in the Supplemental Indenture relating to such Series of Bonds.

"Property Appraiser" shall mean the property appraiser of the County.

"Property Appraiser and Tax Collector Agreement" shall mean the Property Appraiser and Tax Collector Agreement described in Section 11.04 hereof.

"Rebate Amount" shall have the meaning set forth in Section 11.33 of this Indenture.

"Rebate Fund" shall mean the Fund so designated which is established pursuant to Section 11.33 hereof.

"Record Date" shall mean, as the case may be, the applicable Regular or Special Record Date.

"Redemption Price" shall mean the principal amount of any Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"Refunding Bonds" shall mean Bonds secured by a parity lien (to the extent provided in the applicable Supplemental Indenture) on the Pledged Revenues with respect to one or more Series of Bonds issued pursuant to Section 3.03 hereof and as more specifically described in a Supplemental Indenture authorizing the refunding or advance refunding of all or any portion of such Series of Bonds Outstanding.

"Registrar", in respect of a particular Series of Bonds, shall have the meaning specified in Section 2.04 hereof.

"Regular Record Date", with respect to any Series of Bonds, shall have the meaning set forth in the Supplemental Indenture for such Bonds.

"Remarketing Proceeds" shall mean the amount received or to be received upon the remarketing of any Bond or Series of Bonds, or any part thereof, by a remarketing agent, including accrued interest.

"Responsible Officer" shall mean the District Manager (or his designee) or any officer of the Issuer or other person designated by Certified Resolution of the Issuer, a copy of which shall be on file with the Trustee, to act for any of the foregoing, either generally or with respect to the execution of any particular document or other specific matter.

"Revenue Fund" shall mean the Fund so designated that is established pursuant to Section 6.03 hereof.

"S&P" shall mean Standard & Poor's Ratings Services, a division of McGraw-Hill Corporation, a corporation organized and existing under the laws of the State of New York, its

successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and acceptable to the Trustee.

"Series" shall mean all of the Bonds authenticated and delivered at one time on original issuance and pursuant to any Certified Resolution of the Issuer authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof and the applicable Supplemental Indenture, regardless of variations in maturity, interest rate or other provisions; provided, however, two or more Series of Bonds may be issued simultaneously under the same Supplemental Indenture if designated as separate Series of Bonds by the Issuer upon original issuance. Two or more Series of Bonds may be issued simultaneously under separate Supplemental Indentures, but under this Master Trust Indenture.

"Series Bond Redemption Account" shall mean the Account so designated as a separate account within the Bond Redemption Fund with respect to a Series of Bonds pursuant to Section 6.06 hereof."

"Series Interest Account" shall mean the Account so designated, established as a separate account within the Debt Service Fund with respect to a Series of Bonds pursuant to Section 6.04 hereof.

"Series Principal Account" shall mean the Account so designated, established as a separate account within the Debt Service Fund with respect to a Series of Bonds pursuant to Section 6.04 hereof.

"Series Revenue Account" shall mean the Account so designated, established as a separate account within the Revenue Fund with respect to a Series of Bonds pursuant to Section 6.04 hereof.

"Series Sinking Fund Account" shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.04 hereof.

"Sinking Fund Account" shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.04 hereof.

"Special Assessments" shall mean (a) the net proceeds derived from the levy and collection of "special assessments", as provided for in Section 6(2) of the Act, against the lands located within Unit No. 2 of the District that are subject to assessment as a result of a particular Project or any portion thereof, and (b) the net proceeds derived from the levy and collection of "non-ad valorem assessments", as provided for in Section 6(1) of the Act, against the lands within Unit No. 2 of the District that are subject to assessment as a result of a particular Project or any portion thereof, and in the case of both "special assessments" and "non-ad valorem assessments", including the interest and penalties on such assessments, pursuant to all applicable provisions of the Act, Chapter 170, Florida Statutes, Chapter 298, Florida Statutes, and Chapter 197, Florida Statutes (and any successor statutes thereto), including, without limitation, any amount received from any foreclosure proceeding for the enforcement of collection of such

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assessments, less (to the extent applicable) the fees and costs of collection thereof payable to the Tax Collector and less certain administrative costs payable to the Property Appraiser pursuant to the Property Appraiser and Tax Collector Agreement. "Special Assessments" shall not include "maintenance assessments" levied and collected by the Issuer under Section 7 of the Act.

"Special Record Date" shall mean such date as shall be fixed for the payment of defaulted interest on a Series of Bonds in accordance with Section 2.01 hereof.

"State" shall mean the State of Florida.

"Supplemental Indenture" and "indenture supplemental hereto" shall mean any indenture amending or supplementing the Master Trust Indenture which may be entered into in accordance with the provisions of the Master Trust Indenture for the purpose of creating one or more Series of Bonds and establishing the terms thereof and the security therefrom, and any indenture amending or supplementing such Supplemental Indenture.

"Tax Collector" shall mean the tax collector of the County.

"Unit of Development" shall mean any lands within the District designated by a resolution duly adopted by the Board as a separate "unit" or "unit of development" pursuant to Section 11 of the Act.

"Unit No. 2" shall mean the lands within the District described in Exhibit A hereto and consisting of approximately 2,006 acres, which lands have been designated as Unit of Development No. 2 by Resolution No. 2004-14 duly adopted by the Board on November 16, 2004.

The words "hereof", "herein", "hereto", "hereby", and "hereunder" (except in the form of Bond), refer to the entire Indenture.

Every "request", "requisition", "order", "demand", "application", "notice", "statement", "certificate", or "consent" hereunder by the Issuer shall, unless the form or execution thereof is otherwise specifically provided, be in writing signed by the Chairman, or the Vice Chairman, or the Treasurer, or the Assistant Treasurer, or the Secretary, or the Assistant Secretary, or the Responsible Officer of the Issuer.

References herein to specific sections of the Act or the Florida Statutes shall be deemed to include any and all subsequent amendments to such section of the Act or the Florida Statutes, as applicable, and, if such section of the Act or the Florida Statutes were to be renumbered or recited and replaced with another statutory provision, such reference shall be deemed to include the section as renumbered or the successor statutory provision, as applicable.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa, and all words and terms used in this Master Trust Indenture and not defined herein shall, if defined in any Supplemental Indenture, have the meaning set forth therein.

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such Bond shall bear interest from such succeeding Interest Payment Date; provided further, however, that if at the time of authentication of any Bond of a Series interest thereon is in default, such Bond shall bear interest from the date to which interest has been paid. Interest shall be computed on the basis of a 360 day year of twelve 30 day months. The interest rate on any Bond shall not exceed the maximum legal rate per annum. Interest on the Bonds shall be payable by check mailed to the Holder thereof by the Trustee at the close of business on the Regular Record Date; thereafter; provided that, to the extent provided in the Supplemental Indenture authorizing the issuance of a specific Series of Bonds, interest on such Series of Bonds may be payable by wire transfer. In the event that interest is not punctually paid or duly provided for, such interest shall forthwith cease to be payable to the Holder shown on the registration books held by the Trustee at the close of business on the Regular Record Date therefor, and may be paid to the person in whose name Bonds are registered at the close of business on a Special Record Date to be fixed by the Trustee, on a special payment date designated by the Trustee, notice having been given by the Trustee to the Holders of record as of the fifth (5th) day prior to such mailing at their registered addresses not less than ten (10) days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which Bonds may be listed and upon such notice as may be required by such exchange, or as more fully provided for in the Supplemental Indenture authorizing the issuance of the Bonds. The above procedure for the payment of defaulted interest may be varied in a Supplemental Indenture authorizing the issuance of a particular Series of Bonds, which Supplemental Indenture also may provide for the payment of such interest at defaulted interest rates.

SECTION 2.02. Execution. The Bonds shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman of the Issuer, and the corporate seal of the Issuer shall appear thereon (which may be in facsimile) and shall be attested by the manual or facsimile signature of its Secretary or Assistant Secretary. Bonds executed as above provided may be issued and shall, upon request of the Issuer, be authenticated by the Trustee, notwithstanding that one or both of the officers of the Issuer whose signatures appear on such Bonds shall have ceased to hold office at the time of issuance or authentication or shall not have held office at the date of the Bonds.

SECTION 2.03. Authentication: Authenticating Agent. No Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, and such authentication shall be proof that the Bondholder is entitled to the benefit of the trust hereby created.

In the case of any Series of Bonds for which the Registrar is other than the Trustee for such Series of Bonds or the Issuer, the Trustee may appoint the Registrar as an Authenticating Agent, with the power to act on such Trustee's behalf, and such Authenticating Agent shall be subject to the direction of the Trustee in the authentication and delivery of Bonds in connection with transfers and exchanges hereunder; the authentication and delivery of Bonds by an Authenticating Agent pursuant to this Section shall, for all purposes of the Indenture, be deemed to be authentication and delivery by the Trustee.

ARTICLE II THE BONDS

SECTION 2.01. Amounts and Terms of Series of Bonds; Details of Bonds. Bonds may be issued under the Indenture in one or more Series in an aggregate principal amount not exceeding Forty Two Million Dollars (\$42,000,000) (exclusive of any Refunding Bonds), to finance a Project, or portions thereof, for the benefit of the lands within Unit No. 2. The Bonds shall be designated "West Village Improvement District (North Port, Florida) Special Assessment Bonds, Series _____ (Unit of Development No. 2)", shall be issued substantially in the form attached hereto as Exhibit B, with such modifications as shall be included in the Supplemental Indenture authorizing a particular Series of Bonds. All Bonds shall be issued only upon satisfaction of the additional conditions set forth in Article III hereof.

Subject to the foregoing restrictions and conditions, each Series of Bonds may be in such aggregate principal amounts and may contain such terms, not contrary to the Act or this Master Trust Indenture, as may be determined by the Issuer and expressed in such Bonds and the applicable Supplemental Indenture. All Bonds of a Series shall provide that principal or Redemption Price and interest in respect thereof shall be payable only out of Pledged Revenues pledged to such Series of Bonds in the Supplemental Indenture authorizing the issuance of such Series of Bonds, but the Issuer, at its option upon deposit with the Trustee of the moneys required for such payment, may make other moneys available for the purpose of paying the principal or Redemption Price of and interest on such Series of Bonds. The Issuer in issuing the Bonds of a Series may use "CUSIP" numbers (if then generally in use) and the Trustee shall use such "CUSIP" numbers in notices of redemption as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on such Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers printed on the Bonds. The Issuer may cause a copy of the text of the opinion of its Bond Counsel to be printed on any of the Bonds. All payments of principal or Redemption Price of and interest on the Bonds of a Series shall be made at the times and places and in the manner set forth in the applicable form of Bond and in the applicable Supplemental Indenture.

Bonds of a Series shall be issued in fully registered form. The Bonds of a Series shall be lettered and numbered in such manner and shall be in the denominations provided in the Supplemental Indenture authorizing their issuance.

The Bonds of a Series shall be payable, with respect to interest, principal and premium, if any, in any lawful coin or currency of the United States of America. The principal of Bonds shall be payable only to the Holder or his legal representative at the corporate trust office of the Trustee upon the presentation and surrender of the Bonds (except as otherwise provided in Section 2.05 hereof). The Bonds of each Series shall be dated as provided in a Supplemental Indenture relating to such Series of Bonds; the Bonds of each Series shall bear interest, which may be fixed or variable, from the Interest Payment Date next preceding the date on which they are authenticated unless authenticated on an Interest Payment Date in which event they shall bear interest from such Interest Payment Date, or unless authenticated before the first Interest Payment Date in which event they shall bear interest from their date; provided, however, that if a Bond is authenticated between a Record Date and the next succeeding Interest Payment Date,

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The Trustee shall be entitled to be reimbursed by the Issuer for payments made to any Authenticating Agent as reasonable compensation for its services.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be party, or any corporation succeeding to all or substantially all of the corporate trust business of any Authenticating Agent, shall be the successor of the Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any document or any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee, the Issuer and any Paying Agent. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent, the Issuer and any Paying Agent. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee shall promptly appoint a successor Authenticating Agent, shall give written notice of such appointment to the Issuer and the Paying Agent, shall mail a notice of such appointment to all Holders of Bonds of the applicable Series as the names and addresses of such Holders appear on the Bond Register and shall publish notice of such appointment at least once in an Authorized Newspaper in the place where such successor Authenticating Agent has its principal office.

SECTION 2.04. Designation, Denominations and Interest Rates of the Bonds; Registration and Registrar. Bonds issued under the Indenture shall be issued in such Series with such denominations and interest rates and other provisions as may from time to time be provided by Supplemental Indentures permitted by this Master Trust Indenture. Each Series shall be designated to differentiate the Bonds of such Series from the Bonds of any other Series.

Unless otherwise provided in a Supplemental Indenture, the Bonds of a Series all shall be registered upon original issuance and upon subsequent transfer or exchange as provided in this Master Trust Indenture. Any Supplemental Indenture may contain such additional provisions regarding the registration, transfer and exchange of Bonds of a Series as are not inconsistent with this Master Trust Indenture.

The Issuer shall designate, in respect of each Series of Bonds, a Person to act as "Registrar" for such Series, provided that the Registrar appointed for any Series of Bonds shall be either the Issuer, the Trustee for such Series of Bonds, or a Person that would meet the requirements for qualification as a Trustee imposed by Section 13.14 hereof.

Any Person, including the Issuer but excluding the Trustee, undertaking to act as Registrar in respect of a Series of Bonds shall first execute a written agreement (which may be the Supplemental Indenture itself), to perform the duties of a Registrar under this Master Trust Indenture and the applicable Supplemental Indenture, which agreement shall be filed with the Trustee.

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The Registrar in respect of each Series of Bonds shall act as registrar and transfer agent for such Series. The Issuer shall cause to be kept at an office of the Registrar for a Series of Bonds a register (herein sometimes referred to as the "Bond Register" or "Register") in which, subject to such reasonable regulations as the Issuer and Registrar may prescribe, the Issuer shall provide for the registration of the Bonds of such Series and for the registration of transfers and exchanges of such Bonds. The Issuer shall cause the Registrar to designate, by a written notification to the Trustee, a specific office location (which may be changed from time to time, upon similar notification) at which the Bond Register is kept.

The Registrar for a Series of Bonds shall, in any case where it is not also the Trustee, forthwith following each Record Date in respect of such Series and at any other time as reasonably requested by the Trustee for such Series, certify and furnish to such Trustee, and to any Paying Agent for such Series as such Trustee shall specify, the names, addresses, and holdings of Bondholders and any other relevant information reflected in the Bond Register, and the Trustee and any such Paying Agent shall for all purposes be entitled to rely upon the information so furnished to it and shall have no liability or responsibility in connection with the preparation thereof.

SECTION 2.05. Mutilated, Destroyed, Lost or Stolen Bonds. If any Bond shall become mutilated, the Issuer shall execute and the Trustee or Authenticating Agent, as the case may be, shall thereupon authenticate and deliver a new Bond of like tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee or Authenticating Agent, as the case may be, of such mutilated Bond for cancellation, and the Issuer and the Trustee or Authenticating Agent, as the case may be, shall require reasonable indemnity therefor. If any Bond shall be reported lost, stolen or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the Issuer and the Trustee or Authenticating Agent, as the case may be; and if such evidence shall be satisfactory to both and indemnity satisfactory to both shall be given, the Issuer shall execute, and thereupon the Trustee or Authenticating Agent, as the case may be, shall authenticate and deliver a new Bond of like tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the Issuer may, with the consent of the Trustee or Authenticating Agent, as the case may be, pay to the Registered Owner the principal amount of and accrued interest on such Bond upon the maturity thereof and compliance with the aforesaid conditions by such Registered Owner, without the issuance of a substitute Bond therefor.

Every substituted Bond issued pursuant to this Section 2.05 shall constitute an additional contractual obligation of the Issuer, whether or not the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

Transfers and exchanges shall be made without charge to the Bondholder, except that the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Unless otherwise provided in a Supplemental Indenture for a particular Series of Bonds, neither the Issuer nor the Registrar on behalf of the Issuer shall be required (i) to issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

SECTION 2.09. Persons Deemed Owners. The Issuer, the Trustee, any Paying Agent, the Registrar, or the Authenticating Agent shall deem and treat the person in whose name any Bond is registered as the absolute owner thereof (whether or not such Bond shall be overdues and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuer, the Trustee, any Paying Agent, the Registrar or the Authenticating Agent) for the purpose of receiving payment of or on account of the principal or Redemption Price of and interest on such Bond, and for all other purposes, and the Issuer, the Trustee, any Paying Agent, the Registrar and the Authenticating Agent shall not be affected by any notice to the contrary. All such payments so made to any such Registered Owner, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Bond.

SECTION 2.10. Limitation on Incurrence of Certain Indebtedness. The Issuer will not issue Bonds or incur indebtedness that involve a lien or liens on Pledged Revenues, except upon the conditions and in the manner provided or as otherwise permitted in the Indenture, provided that the Issuer may enter into agreements with issuers of Credit Facilities that involve a lien or liens on Pledged Revenues on a parity with that of the Series of Bonds or portion thereof that is supported by such Credit Facilities.

SECTION 2.11. Qualification for The Depository Trust Company. The provisions of this Article may be changed or varied with respect to any Series of Bonds for the purposes of (a) complying with the requirements of any automated depository and clearinghouse for securities transactions and (b) effectuating any book-entry only registration and payment system. During any and all times that any Series of Bonds is registered in the name of any securities depository pursuant to a book-entry only system of registration, such securities depository shall for all purposes under this Indenture be considered the Registered Owner of such Bonds and all references herein to the Registered Owners or Holders shall mean such securities depository. Neither the Issuer nor the Trustee shall have any obligation with respect to any depository participant or beneficial owner of the Bonds during such time as the Bonds are registered in the name of a securities depository pursuant to a book-entry only system of registration.

To the extent provided in the Supplemental Indenture or Certified Resolution relating to a Series of Bonds, the Trustee shall be authorized to enter into agreements with The Depository Trust Company, New York, New York ("DTC") and other depository trust companies, including, but not limited to, agreements necessary for wire transfers of interest and principal payments with respect to the Bonds or any Series of Bonds, utilization of electronic book entry data

SECTION 2.06. Temporary Bonds. Unless registered pursuant to the book-entry only system described in Section 2.11 hereof, pending preparation of definitive Bonds of any Series, or by agreement with the original purchasers of all Bonds of any Series, the Issuer may issue and, upon its request, the Trustee shall authenticate in lieu of definitive Bonds one or more temporary printed or typewritten Bonds of substantially the tenor recited above. Upon request of the Issuer, the Trustee shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds.

SECTION 2.07. Cancellation and Destruction of Surrendered Bonds. All Bonds surrendered for payment or redemption and all Bonds surrendered for exchange shall, at the time of such payment, redemption or exchange, be promptly transferred by the Registrar, Paying Agent or Authenticating Agent to, and canceled and destroyed by, the Trustee. The Trustee shall deliver to the Issuer a certificate of destruction in respect of all Bonds destroyed in accordance with this Section.

SECTION 2.08. Registration, Transfer and Exchange. As provided in Section 2.04 hereof, the Issuer shall cause a Bond Register in respect of each Series of Bonds to be kept at the designated office of the Registrar for such Series of Bonds.

The Issuer shall provide (through the designation of an appropriate Paying Agent) in respect of each Series of Bonds for the maintenance of an office or agency in each place where such Bonds are payable where Bonds of such Series may be presented or surrendered for transfer or exchange. Upon surrender for transfer of any Bond of the Series at any such office or at the designated office of the Registrar, the Issuer shall execute and the Trustee (or Registrar or Authenticating Agent as described in Section 2.03 hereof) shall authenticate and deliver, in the name of the designated transferee, one or more new Bonds of any authorized denominations of a like aggregate principal amount and of the same maturity.

At the option of the Bondholder, Bonds of any Series may be exchanged for other Bonds of such Series of any authorized denomination, of a like aggregate principal amount and of the same maturity, upon surrender of the Bonds to be exchanged at any such office or agency. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute and the Trustee (or Registrar or Authenticating Agent as described in Section 2.03 hereof) shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

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

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee, Paying Agent or the Registrar, duly executed by the Bondholder or his attorney duly authorized in writing.

received from DTC, and other depository trust companies in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC and other depository trust companies (or any of their designees identified to the Trustee) by overnight delivery, courier service, telegram, telex or other similar means of communication.

SECTION 2.12. Bond Anticipation Notes. Whenever the Issuer shall authorize the issuance of a Series of Bonds, the Issuer may by resolution or Supplemental Indenture authorize the issuance of Bond Anticipation Notes in anticipation of the sale of such authorized Series of Bonds in a principal amount not exceeding the principal amount of such Series and with a maturity date or dates as permitted by the Act and other applicable law. The aggregate principal amount of Bonds of such Series and all other Bonds previously authenticated and delivered to pay the Cost of the Project or Projects for which the proceeds of the Bond Anticipation Notes will be applied shall not exceed such Cost. The interest on such Bond Anticipation Notes may be payable out of the related Series Interest Account to the extent provided in the resolution of the Issuer or Supplemental Indenture authorizing such Bond Anticipation Notes. The principal of and interest on such Bond Anticipation Notes and renewals thereof shall be payable from any moneys of the Issuer made available therefor by the Issuer or from the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued. The proceeds of the sale of Bond Anticipation Notes shall be applied to the purposes for which the Bonds anticipated by such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Indenture for such purposes; provided, however, that the resolution or resolutions or Supplemental Indenture authorizing such Bond Anticipation Notes may provide for the payment of interest on such Bond Anticipation Notes from the proceeds of sale of such Bond Anticipation Notes and for the deposit in the related Series Interest Account. In the event that the Issuer adopts a resolution rather than a Supplemental Indenture to authorize the issuance of Bond Anticipation Notes, the Issuer will promptly furnish to the Trustee a copy of such resolution, certified by an Authorized Officer, together with such information with respect to such Bond Anticipation Notes as the Trustee may reasonably request, including, without limitation, information as to the Paying Agent or agents for such Bond Anticipation Notes. If authorized by resolution in lieu of Supplemental Indenture, the Trustee shall have no duties or obligations to the Holders of such Bond Anticipation Notes unless specifically so authorized by the resolution of the Issuer authorizing the issuance of such Bond Anticipation Notes and accepted in writing by the Trustee. The provisions of this Master Trust Indenture shall apply to Bond Anticipation Notes issued pursuant hereto, except where the context clearly requires otherwise or as otherwise provided in a Supplemental Indenture.

[END OF ARTICLE II]

ARTICLE III
ISSUE OF BONDS

SECTION 3.01. Issue of Bonds. Subject to the provisions of Section 2.01 hereof, the Issuer may issue one or more Series of Bonds hereunder and under Supplemental Indentures from time to time for any of the purposes listed below (and to pay the costs of the issuance of such Bonds and to pay the amounts required to be deposited with respect to such Bonds in the Funds and Accounts established under the Indenture):

(a) To pay or complete payment of the Cost of any Project, or any portion thereof and/or the Cost of Capital Additions or repairs that the Issuer determines cannot be paid out of the Funds and Accounts established under Article VI hereof or to reimburse expenditures of the Issuer or any other Person for any such Costs; and

(b) To pay the Cost of refunding (including advance refunding) of all or a portion of the Outstanding Bonds of any Series issued under the Indenture and subject to such refunding.

In any such event stated in the immediately preceding paragraphs (a) or (b), the Trustee shall, at the request of the Issuer, authenticate the Bonds and deliver or cause them to be authenticated and delivered, as specified in the request, but only upon receipt of:

(1) a Certified Resolution of the Issuer (a) approving a Supplemental Indenture under which the Bonds are to be issued and stating the purpose of the issue; (b) establishing the Series of Bonds to be issued and providing the terms and form of Bonds and directing the payments to be made into the Funds and Accounts in respect thereof as provided in Article VI hereof and the corresponding Supplemental Indenture; (c) authorizing the execution and delivery of the Bonds to be issued; and (d) if the purpose is to effectuate a refunding, authorizing the redemption, if any, of the Bonds to be refunded and the defeasance thereof, and the execution and delivery of an escrow agreement, if applicable, and other matters contained in Section 8.04 hereof;

(2) an Officer's Certificate of the Issuer stating (a) the intended use of the proceeds of the Series of Bonds; (b) any other amounts available for the purpose; (c) (i) if the purpose is other than refunding, that the proceeds of the Series of Bonds plus the other amounts, if any, stated to be available for the purpose will be sufficient to pay the Costs thereof, which shall be itemized in reasonable detail, or (ii) if the purpose is refunding, such matters as shall be required to be stated as a condition to the authentication of Refunding Bonds, as set forth in Section 3.03 hereof; and (d) the Debt Service Requirements on the Bonds to be Outstanding after the issuance for each Fiscal Year until the maturity of the last of such Series of Bonds;

(3) a written opinion or opinions of Counsel to the Issuer addressed to the Trustee that (a) the purpose of the Series of Bonds, as stated in the Certified Resolution, is one for which Bonds may be issued under this Section; (b) all conditions to be complied with by the Issuer prescribed herein as precedent to the issuance have been fulfilled; (c) the Bonds have been validly authorized and executed and when

authenticated and delivered pursuant to the request of the Issuer will be valid obligations of the Issuer entitled to the benefit of the Indenture created hereby and enforceable with their terms, subject to the effect of applicable bankruptcy, insolvency, reorganization or similar law affecting creditors' rights in general and general principles of equity; (d) the Supplemental Indenture has been duly executed and delivered and the Supplemental Indenture and the Bonds are legal, valid, binding obligations enforceable in accordance with their terms, subject to the effect of applicable bankruptcy, insolvency, reorganization or similar law affecting creditors' rights in general and general principles of equity; (e) any consents of any regulatory bodies required in connection with the issuance of the Bonds or in connection with the making of any Capital Additions included in the purpose of the issue have been obtained or can be reasonably expected to be obtained, which opinion may be based, in part, on the Consulting Engineer's report or certificate; and (f) if the acquisition of any real property or interest therein is included in the purpose of such issue, (i) the Issuer has or can reasonably be expected to acquire good and marketable title thereto free from all liens and encumbrances except such as will not materially interfere with the proposed use thereof or (ii) the Issuer has or can reasonably be expected to acquire a valid, subsisting and enforceable leasehold, easement, right-of-way or other interest in real property sufficient to effectuate the purpose of the issue (which opinion may be stated in reliance on the opinion of other Counsel satisfactory to the signer or on a title insurance policy issued by a reputable title company);

(4) other than with respect to Refunding Bonds, a Consulting Engineer's certificate stating, in the signer's opinion, that (a) the Project improvements are reasonable and practicable; and (b) (i) the construction items and the Costs thereof stated in the certificate of the issuer are reasonable, (ii) the acquisition, construction, reconstruction, equipping and installation of the improvements is consistent with the plans and specifications for the Project, (iii) the plans and specifications therefor as set forth in the report of the Consulting Engineer relating thereto in connection with the issuance of the Bonds have been approved by the signer of such certificate, (iv) the plans and specifications therefor have been approved by all regulatory bodies required to approve them (specifying such regulatory bodies) or such approval can reasonably be expected to be obtained, (v) the contracts in respect thereof entered or to be entered into by the Issuer cover substantially all portions of the construction thereof not being performed by employees of the Issuer, and (vi) all approvals and permits for acquisition, construction, reconstruction, installation and equipping of the Project or any portion thereof have been obtained or can reasonably be expected to be obtained from all applicable regulatory bodies;

(5) a copy of the Supplemental Indenture for such Series of Bonds;

(6) the proceeds of the sale of the Series of Bonds;

(7) any Credit Facility authorized by the Issuer in respect to such Series of Bonds;

(8) one or more Certified Resolutions of the Issuer relating to the levy of Special Assessments with respect to the Costs of the Project to be financed with one or

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more Series of Bonds, and evidencing that the Issuer has undertaken and, to the extent then required under applicable law, completed all necessary proceedings, including, without limitation, the holding of public hearings, the adoption of resolutions and the establishment of all necessary collection procedures, in order to levy and collect Special Assessments in an amount sufficient to pay the Debt Service Requirements on the Series of Bonds to be issued; provided, however, that the Certified Resolutions described in this paragraph (8) shall not be required in connection with the issuance of a Series of Bond Anticipation Notes, unless otherwise expressly required by the applicable Supplemental Indenture;

(9) a copy of an approving opinion of Bond Counsel;

(10) a certified copy of the resolution of the Board designating the particular Unit of Development for the benefit of which the Bonds are being issued; and

(11) such other documents, certifications and opinions as shall be required by the Supplemental Indenture.

At the option of the Issuer, any or all of the matters required to be stated in the Certified Resolution described in (1) above may instead be stated in a Supplemental Indenture, duly approved by a Certified Resolution of the Issuer.

SECTION 3.02. Additional Bonds. Subsequent to the issuance of the first Series of Bonds (excluding Bond Anticipation Notes) under this Master Trust Indenture and a Supplemental Indenture, the Issuer may, from time to time, issue Additional Bonds having a lien as provided in the Supplemental Indenture authorizing such Series of Bonds for the purposes and subject to the conditions set forth in Section 3.01 hereof, but only if, in addition to the requirements set forth in Section 3.01 hereof:

(a) in the case of Additional Bonds, other than Refunding Bonds, the Issuer shall have complied with any additional requirements with respect to the issuance of such Additional Bonds set forth in the Supplemental Indenture authorizing the issuance of such Additional Bonds; and

(b) in the case of Additional Bonds being issued to refund all or a portion of Bonds Outstanding under the Indenture, such Additional Bonds shall be issued in compliance with the terms and conditions of Section 3.03 hereof.

To the extent provided in the Supplemental Indenture authorizing the issuance of a Series of Additional Bonds, such Series of Additional Bonds may be made payable from and secured by less than all of the Pledged Revenues, and any one or more of the provisions of this Master Trust Indenture may be made inapplicable to such Series of Additional Bonds, all as more specifically provided in the corresponding Supplemental Indenture; provided, however, that any such provisions shall apply only to the particular Series of Additional Bonds authorized by such Supplemental Indenture and shall not affect in any manner whatsoever any other Outstanding Series of Bonds.

SECTION 3.03. Refunding Bonds. The Issuer may issue one or more Series of Refunding Bonds under and secured by the Indenture at any time or times, subject to the conditions hereinafter provided in this Section, for the purpose of providing funds for (i) refunding, including advance refunding (so long as the exclusion from gross income for federal income tax purposes of interest on the Bonds to be refunded is not adversely affected, to the extent that upon original issuance thereof the Bonds to be refunded were issued as Bonds the interest on which was excludable from gross income for purposes of federal income taxation) all or part of the Bonds then Outstanding of any one or more Series, or maturities within a Series, including the payment of any redemption premium thereon and interest that will accrue on such Outstanding Bonds to the selected redemption date or stated maturity dates, as the case may be, (ii) a deposit of funds or securities required to be deposited to the credit of the related Series Account of the Debt Service Reserve Fund upon the issuance of such Series of Refunding Bonds, if any, and (iii) paying any expenses in connection with such refunding, including, without limitation, the Costs of issuance of such Series of Refunding Bonds.

The Trustee shall, at the request of the Issuer, authenticate the Series of Refunding Bonds and provide for delivery of such Series of Refunding Bonds as specified in the request, but only upon receipt of the requirements of Section 3.01 hereof and:

(1) an Officer's Certificate of the Issuer stating (a) the intended use of the proceeds of the Series of Refunding Bonds; (b) any other amounts available for the purpose; (c) that the proceeds of the Series of Refunding Bonds plus the other amounts, if any, stated to be available for the purpose will be sufficient to refund the Bonds to be refunded in accordance with the refunding plan and in compliance with Article XVI of this Master Trust Indenture, including, without limitation, to pay the Costs of issuance of such Series of Refunding Bonds, and (d) that notice of redemption, if applicable, of the Bonds to be refunded has been duly given or that provision has been made therefor, as applicable; and (e)(i) the Debt Service Requirement for the current and each Fiscal Year (A) with respect to all Bonds Outstanding immediately prior to the authentication and delivery of Refunding Bonds and (B) with respect to all Bonds to be Outstanding immediately thereafter, and (ii) that the aggregate Debt Service Requirement for each such Fiscal Year is lower in (i)(B) than in (i)(A) of this subsection; and

(2) a written opinion of Bond Counsel to the effect that the issuance of such Series of Refunding Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds issued pursuant to the Indenture (to the extent that upon original issuance thereof such Bonds were issued as Bonds the interest on which is excludable from gross income for federal income tax purposes) and that the Bonds refunded have been paid or provision for payment has been made in accordance with Article XVI hereof; and

(3) a verification report issued by a nationally recognized firm with expertise in verifying escrow sufficiency.

To the extent provided in the Supplemental Indenture authorizing the issuance of a Series of Refunding Bonds, such Series of Refunding Bonds may be made payable from and secured by less than all of the Pledged Revenues, and any one or more of the provisions of this Master Trust

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Indenture may be made inapplicable to such Series of Refunding Bonds, all as more specifically provided in the corresponding Supplemental Indenture; provided, however, that any such provisions shall apply only to the particular Series of Refunding Bonds authorized by such Supplemental Indenture and shall not affect in any manner whatsoever any Outstanding Series of Bonds not payable from such Pledged Revenues.

SECTION 3.04. Disposition of Proceeds of Bonds. Upon the issuance and delivery of any Series of Bonds issued under Sections 3.01, 3.02 or 3.03 hereof, the proceeds shall be received by the Trustee in accordance with the terms hereof and of the applicable Supplemental Indenture. The Trustee shall deposit the same in the related Series Account of the Construction Fund established under Article V hereof for the Project or portion thereof, for which the Bonds of such Series are being issued (unless the purpose is refunding, in which case the proceeds of such Series of Refunding Bonds and any other amounts to be added thereto shall be deposited in a redemption or escrow fund especially established for that purpose as more specifically provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds), except that any portion representing capitalized interest or prepaid reserves shall be deposited in such appropriate interest account or accounts or reserve fund or funds, respectively, as may be established for the Bonds of such Series, all as more specifically provided by written direction to the Trustee by the Issuer.

[END OF ARTICLE III]

ARTICLE IV

ACQUISITION AND CONSTRUCTION OF PROJECTS

SECTION 4.01. Projects to Conform to Plans and Specifications; Changes. The Issuer will proceed to complete any Project or portion thereof for which any Series of Bonds is issued in accordance with the plans and specifications therefor, as such plans and specifications may be amended from time to time, and subject to the specific requirements of the Supplemental Indenture for such Series of Bonds.

SECTION 4.02. Compliance Requirements. The Issuer will comply in all material respects with all present and future state or federal laws, acts, rules, regulations, orders and requirements lawfully made and applicable in fact in any acquisition or construction undertaken with the proceeds of a Series of Bonds and shall obtain all necessary approvals under federal, state and local laws, acts, rules and regulations necessary for the completion and operation of any Project or portion thereof for which any Series of Bonds is being issued and shall complete any Project or portion thereof in conformity with such approvals, laws, rules and regulations.

[END OF ARTICLE IV]

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ARTICLE V CONSTRUCTION FUND

SECTION 5.01. Establishment of and Payments from Construction Fund. The Trustee shall establish a Construction Fund into which shall be deposited the proceeds from each Series of Bonds issued under the Indenture (unless otherwise specified herein or in the applicable Supplemental Indenture for a Series of Bonds) and from which Costs may be paid as set forth herein and in the applicable Supplemental Indenture. Unless otherwise specified in the applicable Supplemental Indenture, a separate Series Account shall be established in the Construction Fund with respect to each Series of Bonds issued hereunder and the proceeds of each Series of Bonds (other than Refunding Bonds) shall be deposited into the corresponding Series Account in the Construction Fund. The amounts in any account of the Construction Fund, until applied as hereinafter provided, shall be held for the security of the Series of Bonds hereunder in respect of which such Series Account was established. Separate subaccounts within any Series Account of the Construction Fund shall be maintained by the Trustee in respect of each Series of Bonds upon request of the Issuer whenever, in the opinion of the Issuer, it is appropriate to have a separate accounting in respect of the Costs of any designated portion of a Project. Payments shall be made from the appropriate Series Account of the Construction Fund to pay any unpaid Costs of Issuance of the Series of Bonds in question, including without limitation, legal, engineering, and consultants' fees and to pay amounts to be reimbursed to the Issuer for Costs advanced, and thereafter to pay Costs of planning, financing, acquisition, construction, reconstruction, equipping and installation of the applicable Project or portion thereof.

In addition to the deposit of amounts received by the Trustee on the date of issuance of each Series of Bonds, the Issuer shall pay or cause to be paid to the Trustee, for deposit into the corresponding Series Account of the Construction Fund, as promptly as practicable, the following amounts: (i) subject to Section 11.25 hereof, payments made to the Issuer from the sale, lease or other disposition of a Project or any portion thereof; and (ii) subject to Section 11.15 hereof, the balance of insurance proceeds with respect to the loss or destruction of a Project or any portion thereof.

For the purposes of this Section 5.01, Costs of a Project or portion thereof shall include the Cost of planning, acquisition, construction, reconstruction, equipping or installing and all other items of Cost incident to such planning, acquisition, construction, reconstruction, equipping or installing and the financing thereof, and shall include, without intending thereby to limit or restrict any proper definition of such Cost (as defined herein) under the provisions of the Act or the Indenture, the following:

(a) obligations incurred for labor and materials and to contractors, builders and materialmen in connection with such construction, for machinery and equipment, and for the restoration or relocation of property damaged or destroyed in connection with such construction;

(b) the Cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in or any settlement or compromise of any proceeding to acquire by condemnation, such property, lands, rights,

rights of way, franchises, easements and other interests in land constituting a part of, or as may be deemed necessary or convenient for the acquisition or construction of, a Project or portion thereof, options and partial payments thereon, the Cost of filling, draining or improving any lands so acquired, and the amount of any damages incident to or consequent upon the acquisition, construction, reconstruction, installing or equipping of a Project or portion thereof;

(c) the fees and expenses of the Trustee, the Registrar, any Paying Agent under the Indenture, including fees for services in connection with the acceptance of the trusts hereby created, any Credit Facility Issuer, legal expenses and fees (including appellate fees), fees and expenses of consultants, financing charges, Costs of preparing and issuing Bonds, taxes or other municipal or governmental charges lawfully levied or assessed upon a Project or portion thereof during construction, or any property acquired therefor, and premiums on insurance (if any) on bonds issued in connection with a Project or portion thereof, during construction;

(d) fees and expenses of engineers for making studies, surveys and estimates of Costs and of revenues and for preparing plans and supervising construction, as well as for the performance of all other duties of engineers set forth herein in relation to the construction of a Project or portion thereof or the issuance of Bonds therefor;

(e) expenses of administration properly chargeable to a Project or portion thereof and all other items of expense not elsewhere in this Section specified, incident to the acquisition, construction, reconstruction, equipping and installation of a Project or portion thereof and the placing of the same in operation and to the acquisition of real estate, franchises and rights of way therefor, including abstracts of title and title insurance; and

(f) any amounts heretofore or hereafter advanced by the Issuer or any other Person for any of the foregoing purposes, including, without limitation, costs of issuance advanced to the Issuer and the payment of principal of and interest on any notes that may have been issued in anticipation of proceeds of Bonds.

SECTION 5.02. Construction Fund Disbursements. The Trustee shall make payments from the Construction Fund (and any Series Accounts and subaccounts therein) upon receipt of a Form of Requisition as described in Exhibit C hereof. The Issuer may modify, change or alter the form of the Form of Requisition as described in Exhibit C hereof, in its sole discretion, so long as the material substantive information contained on the Form of Requisition is transmitted to the Trustee in one requisition document.

Costs of issuance of any Series of Bonds and amounts to be reimbursed by the Issuer to third parties for moneys advanced to the Issuer for payment of Costs of any portion of any Project shall be paid by the Trustee from the corresponding Series Account in the Construction Fund in accordance with the requisition procedures set forth in this Section, unless specifically otherwise provided in the applicable Supplemental Indenture.

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SECTION 5.03. Records and Reports During Construction Period. All requisitions and certificates received by the Trustee, as required by this Article V as conditions of payment from the Construction Fund shall be retained in the possession of the Trustee, subject at all times to the inspection of the Issuer and the Consulting Engineer, for a period ending no earlier than three (3) years from the date of completion of the portion of the Project to which said documents relate.

SECTION 5.04. Completion of Construction. Unless otherwise specified in the applicable Supplemental Indenture, the date of completion of a Project or any portion thereof, as applicable, in respect of which a Series of Bonds has been issued (the "Completion Date") shall be evidenced to the Trustee by a certificate signed by the Consulting Engineer stating that, except for amounts retained by the Trustee for Costs of the Project or any portion thereof not then due and payable:

(a) The Project or any portion thereof, as applicable, has been completed in substantial accordance with the specifications therefor and all labor, services, materials and supplies used in the Project or any portion thereof, as applicable, have been paid for and acknowledgments of such payments have been obtained from all contractors and suppliers, or in the alternative, the contractor has posted performance and payment bonds in an amount sufficient to cover any unpaid obligations; and

(b) All other facilities necessary in connection with the Project or any portion thereof, as applicable, have been constructed, acquired and installed in substantial accordance with the specifications therefor, and all Costs and expenses incurred in connection therewith have been paid.

In addition to the foregoing, in the event that the Issuer determines that a Project cannot be completed and the Consulting Engineer delivers a certificate to the Trustee to such effect (stating the reason for the inability to complete the Project), then the date of such certificate shall be deemed to be the Completion Date for such Project.

Each certificate described in the first paragraph of this Section shall state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or which may subsequently exist. Within ten (10) days following the Completion Date of a Project or a portion thereof, as applicable, and receipt of the completion certificate from the Consulting Engineer, the Trustee shall transfer any remaining balance from the funds in the Construction Fund (except moneys retained for expenses not yet due and payable) to the related Series Account of the Bond Redemption Fund for application to the redemption of Bonds of the Series to which such proceeds relate or for such other purpose as set forth in the applicable Supplemental Indenture.

Upon receipt of a certificate from the Consulting Engineer evidencing the Completion Date of a Project as described above, the Board of Supervisors of the Issuer at its next regularly scheduled meeting shall adopt a resolution accepting the completed Project.

[END OF ARTICLE V]

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ARTICLE VI

SPECIAL ASSESSMENTS; APPLICATION THEREOF TO FUNDS AND ACCOUNTS

SECTION 6.01. Special Assessments; Lien of Indenture on Pledged Revenues. The Issuer hereby covenants that it shall levy Special Assessments, and evidence and certify the same to the Tax Collector or shall cause the Property Appraiser to certify the same on the tax roll to the Tax Collector for collection by the Tax Collector and enforcement by the Tax Collector or the Issuer, pursuant to the Act, Chapter 170, Chapter 298 or Chapter 197, Florida Statutes, as amended, or any successor statutes, as applicable, to the extent and in the amount necessary to pay the Debt Service Requirements on Bonds issued and Outstanding hereunder. The Issuer may, in its sole discretion, bill and collect the Special Assessments itself, or it may (but shall not be required to) use the uniform method for the collection and enforcement of special assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, or any successor statutes thereto, as soon as practicable.

As soon as reasonably practicable after receipt thereof, the Issuer shall pay to the Trustee for deposit in the corresponding Series Account of the Revenue Fund established under Section 6.03 hereof all Special Assessments received by the Issuer from the levy thereon on the lands within Unit No. 2 subject to assessments for the payment of the related Series of Bonds; provided, however, that amounts received as prepayments of Special Assessments and any amounts received as payments under a "true-up" or other similar agreement (as provided in the corresponding Supplemental Indenture) shall be identified as such by the Issuer and deposited directly into the corresponding Series Bond Redemption Account of the Bond Redemption Fund established under Section 6.06 hereof.

There are hereby pledged for the payment of the principal or Redemption Price of and interest on all Bonds of each specific Series issued and Outstanding under the Indenture and all reimbursements due to any Credit Facility Issuer for any drawing with respect to such Series of Bonds on its Credit Facility, including, without limitation, interest thereon, as required under the terms of the applicable Credit Facility Agreement, the Pledged Revenues specifically pledged for such Series of Bonds under the corresponding Supplemental Indenture, it being expressly understood that unless otherwise specifically provided herein or in a Supplemental Indenture relating to a Series of Bonds with respect to the Pledged Revenues securing such Series of Bonds, the Pledged Revenues securing a Series of Bonds shall secure only such Series of Bonds and Bonds issued on a parity therewith and shall not secure any other Series of Bonds.

The pledge to the Trustee of the Pledged Revenues as security for the payment of the principal or Redemption Price of, and interest on, all Bonds of each Series issued and Outstanding under the Indenture and all reimbursements due to any Credit Facility Issuer for any drawing with respect to such Series of Bonds on its Credit Facility, including, without limitation, interest thereon, as required under the terms of the applicable Credit Facility Agreement, and the performance of any other obligation of the Issuer under the Indenture with respect to each such Series of Bonds, shall be valid and binding from the date hereof, and the covenants and agreements set forth herein to be performed by or on behalf of the Issuer shall be, except as otherwise expressly provided or permitted herein, for the equal and ratable benefit, protection and security of the Registered Owners of the Bonds of each such Series, and, to the extent herein

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provided, any such Credit Facility Issuer, regardless of their times of issue and maturity, and shall be of equal rank, without preference, priority, or distinction of any one Bond of a Series or any obligation owing under a Credit Facility relating to such Series over any other Bond of such Series or any other obligation owing under a Credit Facility relating to such Series. Unless otherwise expressly provided in the corresponding Supplemental Indenture, the Registered Owners of any particular Series of Bonds and the Credit Facility Issuer with respect to such Series of Bonds shall have the sole lien on moneys deposited in any Series Account established for such Series of Bonds pursuant to the Supplemental Indenture authorizing such Series of Bonds and shall not have a lien on moneys on deposit in any other Series Account established for any other Series of Bonds pursuant to a separate Supplemental Indenture. The Pledged Revenues shall immediately be subject to the lien and pledge of the Indenture without any physical delivery hereof or further act, provided, however, that the lien and pledge of the Indenture shall not apply to any moneys transferred by the Trustee to the Rebate Fund. The foregoing notwithstanding to the extent provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, such Series of Bonds may be made payable from and secured by less than all of the Pledged Revenues, and any one or more of the provisions of this Master Trust Indenture may be made inapplicable to such Series of Bonds, all as more specifically provided in the corresponding Supplemental Indenture; provided, however, that any such provisions shall apply only to the particular Series of Bonds authorized by such Supplemental Indenture and shall not affect in any manner whatsoever any Outstanding Series of Bonds.

SECTION 6.02. Funds and Accounts Relating to Bonds. The Funds and Accounts specified in this Article VI shall be established under the Master Trust Indenture and each Supplemental Indenture pursuant to which a Series of Bonds is issued for the benefit of the specific Series of Bonds issued pursuant to each Supplemental Indenture and any Series issued on a parity therewith and, unless expressly otherwise provided in said Supplemental Indenture, shall not apply to Bonds Outstanding hereunder issued under any other indenture supplemental hereto. Subject to the foregoing sentence, all moneys, including, without limitation, proceeds of a Series of Bonds, on deposit to the credit of the Funds and Accounts established hereunder and under a Supplemental Indenture (except for moneys transferred to the Rebate Fund) shall be pledged (and a first lien is hereby imposed thereon) to the payment of the principal, redemption or purchase price of (as the case may be) and interest on the Series of Bonds issued hereunder and under such Supplemental Indenture, and any Series issued on a parity therewith.

SECTION 6.03. Revenue Fund. The Trustee is hereby authorized and directed to establish a Revenue Fund and pursuant to a Supplemental Indenture a Series Account for each Series of Bonds issued hereunder, into which the Trustee shall immediately deposit any and all Special Assessments received from the levy thereon on the lands within Unit No. 2 or any portion thereof (other than Special Assessment prepayments) for the payment of the related Series of Bonds (unless such Special Assessments and/or other payments are specifically designated by the Issuer pursuant to a Supplemental Indenture for deposit into the Rebate Fund or any other Fund or Account established hereunder or under a Supplemental Indenture); and each Series Account therein shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. Unless the transfers set forth below are modified for a particular Series of Bonds in the corresponding Supplemental Indenture, on the second Business Day preceding each May 1 or November 1, as applicable (with the exception of a Series of Bonds that does not have May 1 and November 1

Interest Payment Dates, in which case, this provision shall be as modified by the Supplemental Indenture for said Series of Bonds), the Trustee shall transfer from amounts on deposit in a Series Account in the Revenue Fund to the corresponding Series Accounts and subaccounts in the Funds and Accounts designated below, the following amounts in the following order of priority:

FIRST, to the related Series Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on the related Series of Bonds then Outstanding on the immediately succeeding Interest Payment Date, less any amount already on deposit in the Series Interest Account not previously credited;

SECOND, to the related Series Principal Account of the Debt Service Fund, an amount equal to the principal amount of the related Series of Bonds maturing on the immediately succeeding Interest Payment Date, less any amount already on deposit in the Series Principal Account not previously credited;

THIRD, beginning on the date set forth in the related Supplemental Indenture, and each Interest Payment Date on which Bonds of such Series are subject to mandatory sinking fund redemption, as provided in the corresponding Supplemental Indenture, to the related Series Sinking Fund Account of the Debt Service Fund, an amount equal to the principal amount of such Series of Bonds subject to mandatory sinking fund redemption on such Interest Payment Date, less any amount already on deposit in the Series Sinking Fund Account not previously credited;

FOURTH, to the related Series Account of the Debt Service Reserve Fund, the amount, if any, that is necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement with respect to such Series of Bonds; provided that in calculating the amount on deposit in the related Series Account of the Debt Service Reserve Fund, the Trustee shall include the amount covered by any Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit for such Series on deposit therein;

FIFTH, to the Rebate Fund the Rebate Amount, if any, required to be deposited therein pursuant to Section 11.32 hereof; and

SIXTH, any funds remaining in the Revenue Fund after the transfers referred to above shall be retained therein to be applied in accordance with the provisions of clauses FIRST through FIFTH above as of the next Interest Payment Date.

Notwithstanding the foregoing, the Trustee shall, immediately upon receipt, deposit funds derived from prepayment of Special Assessments and other payments designated by the Issuer to be applied toward redemption with respect to such Series of Bonds to the credit of the related Series Bond Redemption Account of the Bond Redemption Fund in accordance with the provisions of Section 6.06 hereof and such Supplemental Indenture. The Issuer shall notify the Trustee in writing of the prepayments of Special Assessments and moneys to be applied toward the redemption of Bonds as described above and in the Supplemental Indenture. Absent such

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notice, the Trustee can assume that there are no such prepayments or moneys to be applied toward redemption in the moneys received by the Trustee.

SECTION 6.04. Debt Service Fund. The Trustee is hereby authorized and directed to establish a Debt Service Fund, which shall consist of amounts deposited therein by the Trustee and any other amounts the Issuer may pay to the Trustee for deposit therein with respect to the related Series of Bonds. The Debt Service Fund and each Series Account therein shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. The Trustee shall establish within the Debt Service Fund pursuant to a Supplemental Indenture, a Series Principal Account, a Series Interest Account and a Series Sinking Fund Account for each Series of Bonds, which accounts shall be separate and apart from all other Funds and Accounts established under the Indenture and from all other moneys of the Trustee.

The Trustee at all times shall make available to any Paying Agent the funds in a Series Principal Account and a Series Interest Account of the Debt Service Fund to pay the principal of the related Series of Bonds as they mature upon surrender thereof and the interest on such Series of Bonds as it becomes payable, respectively; provided, however, that while a Credit Facility is in effect with respect to any of the Bonds of such Series, any payment of principal or of interest on the Series of Bonds shall be made from sources and in the order of priority specified in the Supplemental Indenture or Certified Resolution of the Issuer providing for such Credit Facility. Except in the case of redemption of Bonds of a Series from prepayments of Special Assessments deposited in the corresponding Series Bond Redemption Account of the Bond Redemption Fund, when Bonds of a Series are redeemed, the amount, if any, in the related Series Interest Account of the Debt Service Fund representing interest thereon shall be applied to the payment of accrued interest in connection with such redemption.

The Trustee shall apply moneys in a Series Sinking Fund Account in the Debt Service Fund for purchase or redemption of the related Series of Bonds in amounts and maturities set forth in the applicable Supplemental Indenture. Whenever Bonds of a Series are to be purchased out of such Sinking Fund Account, if the Issuer shall notify the Trustee that the Issuer wishes to arrange for such purchase, the Trustee shall comply with the Issuer's arrangements provided they conform to the Indenture.

Except to the extent otherwise provided in the applicable Supplemental Indenture with respect to a specific Series of Bonds, purchases and redemptions out of a Series Sinking Fund Account shall be made as follows:

(a) The Trustee shall apply the amounts required to be transferred to the Series Sinking Fund Account (less any moneys applied to the purchase of Bonds of such Series pursuant to the next sentence hereof) on the principal payment date in each of the years set forth in the applicable Supplemental Indenture to the redemption of Bonds of such Series in the amounts, manner and maturities and on the dates set forth in the applicable Supplemental Indenture, at a Redemption Price of 100% of the principal amount thereof. At the written direction of the Issuer, the Trustee shall apply moneys from time to time available in the Series Sinking Fund Account to the purchase of Bonds of such Series that mature in the aforesaid years, at prices not higher than the principal

amount thereof, in lieu of redemption as aforesaid, provided that firm purchase commitments can be made before the notice of redemption would otherwise be required to be given. In the event of purchases at less than the principal amount thereof, the difference between the amount in the Series Sinking Fund Account representing the principal amount of the Bonds of such Series so purchased and the purchase price thereof (exclusive of accrued interest) shall be transferred to the related Series Interest Account of the Debt Service Fund.

(b) Accrued interest on purchased Bonds of a Series shall be paid from the related Series Interest Account of the Debt Service Fund.

(c) In lieu of paying the Debt Service Requirements necessary to allow any mandatory redemption of Bonds of a Series from the related Series Sinking Fund Account, the Issuer may present to the Trustee, at least forty-five (45) days before the next Interest Payment Date, Bonds of a Series purchased by the Issuer pursuant to subparagraph (a) above for credit against the Debt Service Requirements; provided, however, that no Bonds of such Series so purchased shall be credited towards the Debt Service Requirements in respect of the mandatory redemption of Bonds of such Series for which notice of redemption has been given pursuant to Section 8.02 hereof. Any Bond so purchased shall be presented to the Trustee for cancellation. In such event, the Debt Service Requirements with respect to the Bonds of a Series for the period in which the purchased Bonds are presented to the Trustee shall, for all purposes hereunder, be reduced as specified by the Issuer by an amount equal to the aggregate principal amount of any such Bonds so purchased (and the interest applicable thereto) and presented to the Trustee.

SECTION 6.05. Debt Service Reserve Fund. The Trustee is hereby authorized and directed to establish a Debt Service Reserve Fund and pursuant to a Supplemental Indenture a Series Account therein for each Series of Bonds issued hereunder. Except as provided below, the Debt Service Reserve Fund and each Series Account therein shall be held by the Trustee for the sole benefit of the Holders of the related Series of Bonds; provided, however, that notwithstanding anything to the contrary contained in this Master Trust Indenture, the Supplemental Indenture authorizing the issuance of a Series of Bonds may provide that the Debt Service Reserve Fund is not applicable and no account therein shall secure such Series of Bonds. The Debt Service Reserve Fund and each Series Account therein shall constitute an irrevocable trust fund to be applied solely as set forth herein and shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. Unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, on the date of issuance and delivery of a Series of Bonds an amount of Bond proceeds equal to the Debt Service Reserve Requirement in respect of such Series of Bonds, calculated as of the date of issuance and delivery of such Series of Bonds, shall be deposited in the related Series Account of the Debt Service Reserve Fund. As long as there exists no default under the Indenture and the amount in the Series Account of the Debt Service Reserve Fund is not reduced below the then applicable Debt Service Reserve Requirement with respect to such Series of Bonds, earnings on investments in the Series Account of the Debt Service Reserve Fund shall be transferred as follows: (i) during the pendency of any Capitalized Interest Period for such Series of Bonds, to the capitalized interest account established for such

Series of Bonds pursuant to the corresponding Supplemental Indenture; (ii) after the end of the Capitalized Interest Period, if any, for such Series of Bonds, but prior to the Completion Date of the Project financed with such Series of Bonds, to the Series Account established within the Construction Fund for such Series of Bonds; and (iii) thereafter, to the related Series Account of the Revenue Fund; provided, however, that if the Debt Service Reserve Requirement or any portion thereof has been funded in whole with moneys provided by a Developer, the earnings on investments in the corresponding Series Account of the Debt Service Reserve Fund shall not be applied as set forth in the foregoing clauses (i) through (iii), but instead shall be payable to the applicable Developer in the manner and at the times provided in the corresponding Supplemental Indenture. Otherwise, earnings on investments in each Series Account of the Debt Service Reserve Fund shall be retained therein until applied as set forth herein. In the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of Bonds due to a decrease in the then applicable Debt Service Reserve Requirement for such Series of Bonds, as a result of an optional prepayment by the owner of a lot or parcel of land of a Special Assessment against such lot or parcel, which Special Assessment is pledged for the payment and security of such Series of Bonds, the excess amount shall be transferred from the Series Account of the Debt Service Reserve Fund to the related Series Account of the Bond Redemption Fund as a credit against the principal amount of the prepayment otherwise required to be made by the owner of such lot or parcel; provided, however, that if the Debt Service Reserve Requirement or any portion thereof has been funded in whole with moneys provided by a Developer, any such excess amount shall be payable to the applicable Developer in the manner and at the times provided in the corresponding Supplemental Indenture. Unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds, in the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of Bonds due to a decrease in the then applicable Series Account of the Debt Service Reserve Requirement for any other reason, the excess amount shall be transferred from the Series Account of the Debt Service Reserve Fund to the related Series Account of the Revenue Fund; provided, however, that if the Debt Service Reserve Requirement or any portion thereof has been funded in whole with moneys provided by a Developer, any such excess amount shall be payable to the applicable Developer in the manner and at the times provided in the corresponding Supplemental Indenture.

Whenever for any reason on an Interest or Principal Payment Date or mandatory redemption date with respect to a related Series of Bonds secured by a Series Account of the Debt Service Reserve Fund the amount in the related Series Interest Account, the related Series Principal Account or the related Series Sinking Fund Account, as the case may be, is insufficient to pay all amounts payable on such Series of Bonds therefrom on such payment dates, the Trustee shall, without further instructions, transfer the amount of any such deficiency from the related Series Account of the Debt Service Reserve Fund into the related Series Interest Account, the related Series Principal Account and the related Series Sinking Fund Account, as the case may be, with priority to the related Series Interest Account and then, proportionately according to the respective deficiencies therein, to the related Series Principal Account and the related Series Sinking Fund Account, to be applied to pay the Series of Bonds secured by the Series Account of the Debt Service Reserve Fund. Notwithstanding the foregoing, if the Series Account of the Debt Service Reserve Fund has been funded by a Developer, amounts in such Series Account of the Debt Service Reserve Fund shall not be used, in lieu of Pledged Revenues, to pay the final maturity or sinking fund installment plus accrued interest for the corresponding

Series of Bonds if the Trustee has collected such Pledged Revenues in a sufficient amount to make such payment.

Subsequent to the initial deposit of the full amount of the Debt Service Reserve Requirement for a Series of Bonds in the related Series Account of the Debt Service Reserve Fund, the Issuer shall not be required to deposit any additional moneys in such Series Account of the Debt Service Reserve Fund, regardless of whether the amount on deposit to the credit of such Series Account of the Debt Service Reserve Fund falls below the Debt Service Reserve Requirement, except (i) to the extent moneys are available for such deposit pursuant to clause FORTY-four of Section 6.03 hereof or the provisions of the corresponding Supplemental Indenture, or (ii) to the extent interest earnings are required to be deposited to the credit of such Series Account of the Debt Service Reserve Fund as and to the extent provided in the first paragraph of this Section 6.05.

Notwithstanding the foregoing, in lieu of the required deposits into the related Series Account of the Debt Service Reserve Fund, the Issuer may cause (at the sole expense of a Developer, if the Series Account of the Debt Service Reserve Fund is to be funded by a Developer) to be deposited into the Series Account of the Debt Service Reserve Fund a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit either in lieu of any cash amount required to be deposited therein in connection with the issuance of any Series of Bonds or in substitution for the full amounts then on deposit therein or in an amount equal to the difference between the amount required to be deposited and the sum, if any, then on deposit in the Series Account of the Debt Service Reserve Fund, which Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit shall be payable (upon the giving of notice as required thereunder) on any Interest Payment Date or principal payment date on which a deficiency exists that cannot be remedied by moneys in any other Fund or Account held pursuant to the Indenture and available for such purpose. Unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds, if any such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit is substituted for moneys on deposit in the Series Account of the Debt Service Reserve Fund, or if at any time there are excess moneys in the Series Account of the Debt Service Reserve Fund, the excess moneys in the Series Account of the Debt Service Reserve Fund shall be transferred to and deposited in the related Series Account of the Revenue Fund. If a disbursement is made from a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit, the Issuer shall be obligated to either reinstate the maximum limits of such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit immediately following such disbursement or to deposit into the Series Account of the Debt Service Reserve Fund, as provided in the Indenture for restoration of withdrawals from the Series Account of the Debt Service Reserve Fund, funds in the amount of the disbursement made under such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit.

In the event that upon the occurrence of any deficiency in a Series Interest Account, a Series Principal Account or a Series Sinking Fund Account, the Series Account of the Debt Service Reserve Fund is then funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, the Trustee shall, on an Interest or Principal Payment Date or mandatory redemption date to which such deficiency relates, draw upon the Debt Service Reserve Letter of Credit or cause to be paid under the Debt Service Reserve Insurance Policy an amount sufficient to remedy such deficiency, in accordance with the terms and provisions of the

Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy as applicable, and any corresponding reimbursement or other agreement governing the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy; provided, however, that if at the time of such deficiency the Series Account of the Debt Service Reserve Fund is only partially funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, prior to drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as applicable, the Trustee shall first apply any cash and securities on deposit in the Series Account of the Debt Service Reserve Fund to remedy the deficiency in accordance with the second paragraph of this Section 6.05 and, if after such application a deficiency still exists, the Trustee shall make up the balance of the deficiency by drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as provided in this sentence. Amounts drawn on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy shall be applied as set forth in the second paragraph of this Section 6.05. Any amounts drawn under a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy shall be reimbursed to the issuer thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy.

SECTION 6.06. Bond Redemption Fund. The Trustee is hereby authorized and directed to establish a Bond Redemption Fund and pursuant to each Supplemental Indenture a Series Account for each Series of Bonds issued into which shall be deposited certain moneys, including, without limitation, amounts constituting prepayments of Special Assessments, as provided hereunder and under the corresponding Supplemental Indenture. The Bond Redemption Fund and each Series Account therein shall constitute an irrevocable trust fund to be applied solely as set forth in the Indenture and shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. All earnings on investments held in a Series Bond Redemption Account shall be retained therein and applied, together with other amounts therein, as set forth below.

Moneys in a Series Account of the Bond Redemption Fund (including all earnings on investments held in such Series Account of the Bond Redemption Fund) shall be accumulated therein to be used in the order of priority set forth in the applicable Supplemental Indenture.

Any such redemption shall be made in accordance with the provisions of Article VIII of this Master Indenture. The Issuer shall pay all expenses in connection with such redemption.

SECTION 6.07. Drawings on Credit Facility. With respect to any Series of Bonds in respect of which there has been issued a Credit Facility, the Trustee shall draw on the applicable Credit Facility, in accordance with the provisions for drawing under such Credit Facility, and within the requisite time period, all as set forth in the applicable Credit Facility Agreement or the applicable Supplemental Indenture.

SECTION 6.08. Procedure When Funds Are Sufficient to Pay All Series of Bonds. Subject to the restrictions set forth in the last sentence of the second paragraph of Section 6.05 hereof, if at any time the moneys held by the Trustee in the Funds and Accounts hereunder (other than the Rebate Fund and, if a Series Account in the Debt Service Reserve Fund has been funded by a Developer, other than such Series Account, unless the applicable Developer has consented

to the use of the moneys in such Series Account) and all Supplemental Indentures or any particular Supplemental Indenture and available therefor are sufficient to pay the principal or Redemption Price of, as the case may be, and interest on all Series of Bonds then Outstanding or all Bonds of a Series then Outstanding hereunder to maturity or prior redemption, together with any amounts due the Issuer and the Trustee, Paying Agent, Registrar, and the corresponding Credit Facility Issuer, if any, the Trustee, at the direction of the Issuer, shall apply the amounts in the Funds and Accounts (other than the Rebate Fund) to the payment of the aforesaid obligations and the Issuer shall not be required to pay over any further Pledged Revenues with respect to such Series of Bonds unless and until it shall appear that there is a deficiency in the Funds and Accounts held by the Trustee.

SECTION 6.09. Certain Moneys to Be Held for Series Bondholders Only. Each Series of Bonds issued pursuant to this Master Trust Indenture and a Supplemental Indenture shall be secured by the Pledged Revenues pledged for such Series of Bonds in the corresponding Supplemental Indenture, and, as set forth in Section 11.02 hereof, by the Series Accounts established under the pertinent Supplemental Indenture and otherwise may be secured by such additional Accounts and other security (including, but not limited to, Credit Facilities) established by the pertinent Supplemental Indenture. Moneys and investments in the various Series Accounts and any additional Funds and Accounts created under a Supplemental Indenture expressly and solely for the benefit of the Series of Bonds issued under such Supplemental Indenture shall be held in trust by the Trustee for the benefit of the Holders of, and Credit Facility Issuer with respect to, Bonds of that Series only.

SECTION 6.10. Unclaimed Moneys. In the event any Bond shall not be presented for payment when the principal of such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such Bond have been deposited with the Trustee for the benefit of the owner of the Bond and have remained unclaimed for three (3) years after the date payment thereof became due shall, upon request of the Issuer, if the Issuer is not at the time to the knowledge of the Trustee in default with respect to any covenant in the Indenture or the Bonds contained, be paid to the Issuer, and the Registered Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Trustee, before making payment to the Issuer, may, at the expense of the Issuer, cause a notice to be published in an Authorized Newspaper, stating that the money remaining unclaimed will be returned to the Issuer after a specified date.

[END OF ARTICLE VI]

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ARTICLE VII

SECURITY FOR AND INVESTMENT OR DEPOSIT OF FUNDS

SECTION 7.01. Deposits and Security Therefor. All moneys received by the Trustee under a Supplemental Indenture for deposit in any Fund or Account established under the Indenture or such Supplemental Indenture shall be considered trust funds, shall not be subject to lien or attachment, except for the lien created by the Indenture, and shall, except as hereinafter or as in a Supplemental Indenture provided, be deposited in the corporate trust department of the Trustee, until or unless invested or deposited as provided in Section 7.02 hereof. All deposits of moneys received by the Trustee under the Indenture in the corporate trust department of the Trustee (whether original deposits under this Section 7.01 or deposits or redeposits in time account under Section 7.02) shall, to the extent not insured, and to the extent permitted by law, be fully secured as to both principal and interest earned, by Investment Securities. If at any time the corporate trust department of the bank acting as Trustee is unwilling to accept such deposits or unable to secure them as provided above, or if so directed in writing by the Issuer, which may be in the form of a standing direction, the Trustee may deposit such moneys with any Depository that is authorized to receive them and the deposits of which are insured by the Federal Deposit Insurance Corporation (including the FDIC'S Savings Association Insurance Fund). All deposits in any Depository in excess of the amount covered by insurance (whether under this Section 7.01 or Section 7.02 as aforesaid) shall, to the extent permitted by law, be fully secured as to both principal and interest earned, in the same manner as required herein for deposits with the Trustee. Such security shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000.

SECTION 7.02. Investment or Deposit of Funds. Except to the extent otherwise provided in the applicable Supplemental Indenture with respect to a specific Series of Bonds, the Trustee shall, as directed by the Issuer from time to time in writing, invest moneys held in any Series Account in the Construction Fund, in any Series Account in the Debt Service Fund, the Debt Service Reserve Fund or the Bond Redemption Fund only in Investment Securities. All deposits in time accounts shall be subject to withdrawal without penalty and all investments shall mature or be subject to redemption by the Holder without penalty, not later than the date when the amounts will foreseeably be needed for purposes of the applicable Supplemental Indenture. All securities securing investments under this Section shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee, with a Depository, as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000. The interest and income received upon such investments and any interest paid by the Trustee or any Depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made; provided, however, that if the amount in any Fund or Account equals or exceeds the amount required to be on deposit therein, any interest and other income so received shall be deposited in the related Series Account of the Revenue Fund (it being understood that investment earnings on amounts in the Construction Fund shall be retained in the related Series Account of the Construction Fund, investment earnings on amounts in the Series Interest Account of the Debt Service Fund during the relevant Capitalized Interest Period shall be retained in the related Series Interest Account and investment earnings on amounts in the

Debt Service Reserve Fund after the end of a Capitalized Interest Period, but prior to the Completion Date, shall be transferred to the related Series Account of the Construction Fund), unless otherwise provided with respect to a particular Series of Bonds in the Supplemental Indenture corresponding to such Series of Bonds. Upon request of the Issuer, or on its own initiative whenever payment is to be made out of any Fund or Account, the Trustee shall sell such securities as may be requested to make the payment and restore the proceeds to the Fund or Account in which the securities were held. The Trustee shall not be accountable for any depreciation in the value of any such security or for any loss resulting from the sale thereof, except as provided hereinafter. If net proceeds from the sale of securities held in any Fund or Account shall be less than the amount invested and, as a result, the amount on deposit in such Fund or Account is less than the amount required to be on deposit in such Fund or Account, the amount of such deficit shall be transferred to such Fund or Account from the related Series Account of the Revenue Fund in the order and at the times specified in Section 6.03 hereof.

Unless otherwise specified in the applicable Supplemental Indenture with respect to a specific Series of Bonds, all moneys in the Funds and Accounts established under the Indenture shall be invested in Investment Securities at the direction of the Issuer; provided, however, that moneys in the Debt Service Fund and the Bond Redemption Fund shall be invested only in the types of obligations described in the two first sentences of this Section 7.02. Absent specific instructions as aforesaid, all moneys in the Funds and Accounts established under the Indenture shall be invested in Investment Securities according to a standing direction of the Issuer and, if there are no directions from the Issuer, shall be held uninvested. The Trustee shall not be liable or responsible for any loss or entitled to any gain resulting from any investment or sale upon the investment instructions of the Issuer or otherwise.

SECTION 7.03. Valuation of Funds. The Trustee shall value the assets in each of the Funds and Accounts established hereunder as of September 30 of each Fiscal Year, as soon as practicable after each such valuation date (but no later than fifteen (15) days after each such valuation date) and shall provide the Issuer a report of the status of each Fund and Account as of the valuation date. In computing the assets of any Fund or Account, investments and accrued interest thereon shall be deemed a part thereof, subject to Section 7.02 hereof. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder, obligations in which money in each Account in such Fund or Account shall have been invested shall be valued at the market value or the amortized cost thereof, whichever is lower, or at the Redemption Price thereof, to the extent that any such obligation is then redeemable at the option of the Holder.

[END OF ARTICLE VII]

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ARTICLE VIII
REDEMPTION AND PURCHASE OF BONDS

SECTION 8.01. Redemption and Purchase Dates and Prices. The Bonds of each Series may be made subject to optional, mandatory and extraordinary redemption and purchase, either in whole or in part, by the Issuer, prior to maturity in the amounts, at the times and in the manner provided in this Article VIII and the applicable Supplemental Indenture.

SECTION 8.02. Notice of Redemption and of Purchase. Except where otherwise required by a Supplemental Indenture, when required to redeem or purchase Bonds of a Series under any provision of the Indenture or directed to do so by the Issuer, the Trustee shall cause notice of the redemption, either in whole or in part, to be mailed by first class U.S. mail at least thirty (30) but not more than sixty (60) days prior to the redemption or purchase date to all Registered Owners of Bonds to be redeemed or purchased (as such Registered Owners appear on the Bond Register on the fifth (5th) day prior to such mailing), at their registered addresses, and also to any Credit Facility Issuer, any Paying Agent, Moody's, and S&P, their respective successors, if any, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Bonds for which notice was duly mailed in accordance with this Section 8.02. Such notice shall be given in the name of the Issuer, shall be dated, shall set forth the Series of Bonds Outstanding which shall be called for redemption or purchase and shall include, without limitation, the following additional information:

- (a) the redemption or purchase date;
- (b) the redemption or purchase price;
- (c) CUSIP numbers, to the extent applicable, and any other distinctive numbers and letters;
- (d) if less than all Outstanding Bonds of a Series are to be redeemed or purchased, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed or purchased;
- (e) that on the redemption purchase date the redemption or purchase price will become due and payable upon surrender of each such Bond or portion thereof called for redemption or purchase, and that interest thereon shall cease to accrue from and after said date; and
- (f) the place where such Bonds are to be surrendered for payment of the redemption or purchase price, which place of payment shall be a corporate trust office of the Trustee.

If at the time of mailing of notice of an optional redemption or purchase, the Issuer shall not have deposited with the Trustee or Paying Agent moneys sufficient to redeem or purchase all the Bonds called for redemption or purchase, such notice shall state that it is subject to the deposit of the redemption or purchase moneys with the Trustee or Paying Agent, as the case may

be, not later than the opening of business on the redemption or purchase date, and such notice shall be of no effect unless such moneys are so deposited.

For all redemptions other than mandatory sinking fund redemptions, if the amount of funds deposited with the Trustee for such redemption, or otherwise available, is insufficient to pay the Redemption Price and accrued interest on the Bonds so called for redemption on the redemption date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such funds are sufficient, selecting the Bonds to be redeemed by lot from among all such Bonds called for redemption on such date, and among different maturities of Bonds in the same manner as the initial selection of Bonds to be redeemed, and from and after such redemption date, interest on the Bonds or portions thereof so paid shall cease to accrue and become payable; but interest on any Bonds or portions thereof not so paid shall continue to accrue until paid at the same rate as it would have had such Bonds not been called for redemption.

In addition to the foregoing notice, unless otherwise provided in the applicable Supplemental Indenture pursuant to which the Series of Bonds in question are issued, further notice of redemption shall be given by the Trustee as set forth below, but no defect in said further notice of redemption nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the date of issue of the Bonds as originally issued; (ii) the rate of interest borne by each Bond being redeemed; (iii) the maturity date of each Bond being redeemed; and (iv) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each such further notice of redemption shall be sent at least thirty five (35) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being, in addition to DTC, Midwest Securities Trust Company of Chicago, Illinois, Pacific Securities Depository Trust Company of San Francisco, California and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as Financial Information, Inc.'s Daily Called Bond Service, Interactive Data Corporation's Bond Service, Kesten Information Service's Called Bond Service, Moody's Municipal and Government News Report, and Standard and Poor's Called Bond Record).

(3) Upon the payment of the Redemption Price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

The notices required to be given by this Section 8.02 shall state that no representation is made as to correctness or accuracy of the CUSIP numbers listed in such notice or printed on the Bonds.

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SECTION 8.03. Payment of Redemption Price. If any required (a) unconditional notice of redemption (other than the notice provisions contained in the penultimate paragraph of Section 8.02 hereof) has been duly mailed or duly waived by the Registered Owners of all Bonds called for redemption or (b) conditional notice of redemption (other than the notice provisions contained in the penultimate paragraph of Section 8.02 hereof) has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent, then in either case, the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

Payment of the Redemption Price, together with accrued interest, shall be made by the Trustee or Paying Agent to or upon the order of the Registered Owners of the Bonds called for redemption upon surrender of such Bonds. The Redemption Price of the Bonds to be redeemed, the expenses of giving notice and any other expenses of redemption, shall be paid out of the Fund from which redemption is to be made or by the Issuer, or as specified in the pertinent Supplemental Indenture.

SECTION 8.04. Bond Redemption Fund for Refunding Issues. Whenever the Issuer issues Bonds hereunder for refunding purposes, the Issuer may, by the Certified Resolution of the Issuer or Supplemental Indenture authorizing the Refunding Bonds, direct the Trustee to establish a separate fund and to deposit therein the proceeds of the Refunding Bonds. The Certified Resolution or Supplemental Indenture shall specify the investment and application of amounts so deposited including, without limitation, the transfer thereof to any other agent or trustee of the Issuer and the time and conditions for such transfer.

[END OF ARTICLE VIII]

ARTICLE IX
REMARKETING OF TENDERED BONDS

SECTION 9.01. Remarketing of Tendered Bonds. In the case of any Bonds in respect of which a Liquidity Facility has been issued, provisions, if any, for the tender, remarketing and repurchase of such Bonds shall be included as required in the pertinent Supplemental Indenture.

[END OF ARTICLE IX]

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ARTICLE X
CREDIT FACILITIES

SECTION 10.01. Credit Facilities.

Provisions, if any, with respect to Credit Facilities applicable to particular Series of Bonds shall be included as applicable in any pertinent Supplemental Indenture.

[END OF ARTICLE X]

ARTICLE XI
COVENANTS OF THE ISSUER

SECTION 11.01. Power to Issue Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Bonds, to adopt and execute the Indenture and to pledge the Pledged Revenues for the benefit of each Series of Bonds and any Credit Facility issuer with respect thereto. The Pledged Revenues pledged to a Series of Bonds are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of such Series of Bonds and any Credit Facility Issuer with respect thereto. Each Series of Bonds and the provisions of the Indenture are and will be valid and legally enforceable obligations of the Issuer in accordance with their respective terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by the Indenture and all the rights of the Bondholders and any Credit Facility Issuer under the Indenture against all claims and demands of all other Persons whomsoever.

SECTION 11.02. Payment of Principal and Interest on Bonds. The payment of the principal or Redemption Price of and interest on each Series of Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on and pledge of the Pledged Revenues with respect thereto, except the extent otherwise provided in the applicable Supplemental Indenture for a subordinate Series of Bonds; and Pledged Revenues in an amount sufficient to pay the principal or Redemption Price of and interest on each Series of Bonds authorized by the Indenture are hereby irrevocably pledged to the payment of the principal or Redemption Price of and interest on such Series of Bonds authorized under the Indenture, as the same become due and payable. The Issuer shall promptly pay the interest on and the principal or Redemption Price of every Bond issued hereunder according to the terms thereof, but shall be required to make such payment only out of the Pledged Revenues pledged therefor.

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

NOTHING IN THE BONDS AUTHORIZED UNDER THE INDENTURE OR IN THE INDENTURE SHALL BE CONSTRUED AS OBLIGATING A DEVELOPER, OR ANY PERSON AFFILIATED WITH, CONTROLLING OR RELATED TO, A DEVELOPER TO PAY THE BONDS OR THE REDEMPTION PRICE THEREOF OR THE INTEREST

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THEREON, EXCEPT TO THE EXTENT THAT THEY ARE OBLIGATED TO PAY SPECIAL ASSESSMENTS CONSTITUTING PLEDGED REVENUES UNDER THE INDENTURE.

With respect to each Series of Bonds, the Issuer shall appoint a Paying Agent in each city or political subdivision specified as a place of payment of the Bonds at an office at which Bonds of the Series may be presented or surrendered for payment, or for registration, transfer or exchange. The Issuer shall give prompt written notice to the Trustee of the designation of each such Paying Agent and of its designated office location for purposes of such agency, and of any change in the Paying Agent or of its designated office location. Any Paying Agent other than the Trustee imposed shall be a Person which would meet the requirements for qualifications as a Trustee imposed by Section 13.14 hereof.

The Issuer shall require any Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument (which may be the appropriate Supplemental Indenture itself) in which such Paying Agent shall agree with the Trustee that such Paying Agent will (i) hold all sums held by it for the payment of the principal or Redemption Price of and interest on a Series of Bonds, as applicable, in trust for the benefit of the Holders of such Series of Bonds until such sums shall be paid to such Holders or otherwise disposed of as provided in the Indenture; (ii) give the Trustee notice of any default by any Credit Facility Issuer (or any other obligor upon the Series of Bonds) in the making of any payment of principal or Redemption Price of or interest on the Series of Bonds; and (iii) unless otherwise required by the Supplemental Indenture, at any time during the continuance of such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

SECTION 11.03. Special Assessments; Re-Assessments; Certain Other Monies.

(a) The Issuer shall levy Special Assessments pursuant to the Act, Chapter 170, Chapter 298 or Chapter 197, Florida Statutes, or any successor statutes, as applicable, and Section 11.04 hereof, to the extent and in an amount sufficient to pay Debt Service Requirements on all Series of Bonds Outstanding and, if the Special Assessments are to be collected pursuant to the uniform tax roll collection method referred to in Section 11.04 hereof, the Issuer shall evidence and certify the Special Assessments to the Tax Collector or shall cause the Property Appraiser to certify the same on the tax roll to the Tax Collector for collection and enforcement by the Tax Collector, pursuant to Chapter 197, Florida Statutes, or any successor statute.

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

(c) The Issuer covenants to cause any Special Assessments collected or otherwise received by it to be deposited with the Trustee as soon as reasonably practicable after receipt thereof for deposit into the Revenue Fund (except that amounts received as prepayments of Special Assessments shall be designated by the Issuer as such upon delivery to the Trustee and shall be deposited directly into the related Series Bond Redemption Fund).

SECTION 11.04. Method of Collection. Special Assessments shall be collected by the Issuer in accordance with the provisions of the Act and Chapter 170 or Chapter 197, Florida Statutes, or any successor statutes thereto, as applicable, in accordance with the terms of this Section. The Issuer may, in its sole discretion, bill and collect the Special Assessments itself, or, if it may (but shall not be required to) use the uniform tax roll collection method for the collection and enforcement of Special Assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, or any successor statutes thereto, as soon as reasonably practicable after the lands within Unit No. 2 that are subject to levy of such Special Assessments have been platted or is otherwise subdivided. The Issuer covenants to cause any Special Assessments collected or otherwise received by it to be deposited with the Trustee as soon as reasonably practicable after receipt thereof for deposit into the Revenue Fund (provided that amounts received as prepayments of Special Assessments and amounts received under any "true-up" agreement are to be deposited directly into the corresponding Series Account in the Bond Redemption Fund). If the uniform method of collection is used, the Issuer shall use its best efforts to enter into one or more written agreements with the Property Appraiser and the Tax Collector, either individually or jointly (together, the "Property Appraiser and Tax Collector Agreement") in order to effectuate the provisions of this Section. To the extent that the Issuer is not able to collect Special Assessments pursuant to the "uniform tax roll collection" method under Chapter 197, Florida Statutes, the Issuer may elect to collect and enforce Special Assessments pursuant to any available method under the Act, Chapters 170 and 173, Florida Statutes, or Chapter 197, Florida Statutes, or any successor statutes thereto. The election to collect and enforce Special Assessments in any year pursuant to any one method shall not, to the extent permitted by law, preclude the Issuer from electing to collect and enforce Special Assessments pursuant to any other method permitted by law in any subsequent year. The Issuer may elect to collect and enforce Special Assessments relating to one Project pursuant to one method and to collect and enforce Special Assessments relating to another Project pursuant to any other method permitted by law.

SECTION 11.05. Delinquent Special Assessments. If the owner of any lot or parcel of land assessed for a Project shall be delinquent in the payment of any Special Assessment, then such Special Assessment shall be enforced pursuant to the provisions of Chapter 197, Florida Statutes, or any successor statute thereto, including but not limited to the sale of tax certificates and tax deed as regards such delinquent Special Assessment. In the event the provisions of Chapter 197, Florida Statutes, and any provisions of the Act with respect to such sale are inapplicable by operation of law or because the Issuer has elected to bill and collect the Special Assessments itself, then upon the delinquency of any Special Assessment the Issuer shall, to the extent permitted by law, utilize any other method of enforcement as provided by Section 11.04 hereof, including, without limitation, declaring the entire unpaid balance of such Special Assessment to be in default and, at its own expense, cause such delinquent property to be foreclosed, pursuant to the provisions of Section 170.10, Florida Statutes, in the same manner and in the same method now or hereafter provided by law for the foreclosure of mortgages on

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real estate, or pursuant to the provisions of Chapter 173, Florida Statutes, and 170.10, Florida Statutes, or otherwise as provided by law.

SECTION 11.06. Sale of Tax Certificates and Issuance of Tax Deeds; Foreclosure of Special Assessment Liens. If the Special Assessments levied and collected under the Act or the uniform method described in Section 11.04 are delinquent, then the applicable procedures for issuance and sale of tax certificates and tax deeds for nonpayment shall be followed in accordance with Chapter 197, Florida Statutes and related statutes. Alternatively, if the uniform method of levy and collection is not utilized by the Issuer, and if any property shall be offered for sale for the nonpayment of any Special Assessment, and no person or persons shall purchase the same for an amount at least equal to the full amount due on the Special Assessment (principal, interest, penalties and costs, plus attorneys fees, if any), plus other taxes and assessments then due and payable, the property may then be purchased by the Issuer for an amount equal to the balance due on the Special Assessment (principal, interest, penalties and costs, plus attorneys fees, if any), plus other taxes and assessments then due and payable, and the Issuer shall thereupon receive in its corporate name the title to the property for the benefit of the Registered Owners of the Series of Bonds to which such Special Assessment relates. The Issuer, either through its own actions or actions caused to be done through the Trustee, shall have the power and shall use its best efforts to lease or sell such property and deposit all of the net proceeds of any such lease or sale into the Series Bond Redemption Account for the applicable Series of Bonds. Not less than ten (10) days prior to the filing of any foreclosure action or any sale of tax deed as herein provided, the Issuer shall cause written notice thereof to be mailed to the Registered Owners of the Series of Bonds to which such Special Assessment relates. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the Issuer, it shall give written notice thereof to such Registered Owners. The Issuer, either through its own actions or actions caused to be done through the Trustee, agrees that it shall be required to take the measures provided by law for sale of property acquired by it as trustee for the Registered Owners within thirty (30) days after the receipt of the request therefor signed by the Registered Owners of twenty-five percent (25%) of the aggregate principal amount of all Outstanding Bonds of the Series payable from the defaulted Special Assessments assessed on such property.

SECTION 11.07. Books and Records with Respect to Special Assessments. In addition to the books and records required to be kept by the Issuer pursuant to the provisions of Section 11.18 hereof, the Issuer shall keep books and records for the collection of the Special Assessments for each Series of Bonds on all or any portion of the lands within Unit No. 2, which books, records and accounts shall be kept separate and apart from all other books, records and accounts of the Issuer.

SECTION 11.08. Removal of Special Assessment Liens.

(a) Regardless of whether the Special Assessments levied in respect of a Project are levied as "special assessments" under Section 6(2) of the Act or as "non-ad valorem assessments" under Section 6(1) of the Act, upon completion of the Project (as provided in Section 5.04 hereof) in respect of which such Special Assessments are levied, the Board of Supervisors of the Issuer shall adopt a resolution accepting such Project. At any time from the date of levy of Special Assessments on a parcel of land within Unit No. 2 through the date that is

thirty (30) days after the particular Project to which the Special Assessments relate has been completed and the Board of Supervisors of the Issuer has adopted a resolution accepting such Project, any owner of property subject to the Special Assessments may, at its option, require the Issuer to release and extinguish the lien upon its property by virtue of the levy of the Special Assessments that relate to a particular Series of Bonds by paying to the Issuer the entire amount of such Special Assessment on such property, plus accrued interest to the next succeeding Interest Payment Date for such Series of Bonds (or the second succeeding Interest Payment Date if such prepayment is made within forty (40) calendar days before an Interest Payment Date).

(b) At any time subsequent to thirty (30) days after a particular Project has been completed and the Board of Supervisors of the Issuer has adopted a resolution accepting such Project as provided in (a) above, any owner of property subject to the Special Assessments may, at its option, require the Issuer to release and extinguish the lien upon its property by virtue of the levy of the Special Assessments that relate to a particular Series of Bonds by paying to the Issuer the entire amount of the Special Assessment (as adjusted to reflect any excess amount in the corresponding Series Account of the Debt Service Reserve Fund that is to be transferred to the corresponding Series Account in the Bond Redemption Fund, to the extent provided in the corresponding Supplemental Indenture), plus accrued interest to the next succeeding Interest Payment Date for such Series of Bonds (or the second succeeding Interest Payment Date if such prepayment is made within forty (40) calendar days before an Interest Payment Date), attributable to the property subject to Special Assessments with respect to more than one Series of Bonds, the owner of such parcel may, at such owner's option, require the Issuer to release and extinguish any one lien upon such owner's property by virtue of the levy of the Special Assessments with respect to a particular Series of Bonds, without the release and extinguishment of any other of the Special Assessment liens thereon, by paying to the Issuer the entire amount of the Special Assessment with respect to a particular Series of Bonds, plus accrued interest to the next succeeding Interest Payment Date (or the second succeeding Interest Payment Date if such prepayment is made within forty (40) calendar days before an Interest Payment Date), attributable to the property subject to Special Assessment owned by such owner.

(c) Upon receipt of a prepayment as described in (a) or (b) above, the Issuer shall pay the amount so received to the Trustee and notify the Trustee of the source of said moneys, and the Issuer shall take such action as is necessary to record in the official records of the Issuer and of the County, an acknowledgment that the Special Assessment has been paid (in whole or in part) and that such Special Assessment lien is thereby released and extinguished (or reduced, as the case may be). Upon receipt of any such moneys from the Issuer the Trustee shall deposit the same into the corresponding Series Account of the Bond Redemption Fund to be applied to the redemption of Bonds of the appropriate Series in accordance with the provisions of the applicable Supplemental Indenture.

SECTION 11.09. Completion of Projects. The Issuer shall forthwith proceed to complete the construction or acquisition, as applicable, of each Project financed through the issuance of Bonds hereunder in accordance with plans and specifications that shall have been approved by the Consulting Engineer and shall, in all material respects, be in conformity with law and all requirements of all regulatory bodies having jurisdiction thereover, and shall complete each Project with all due diligence.

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SECTION 11.10. User Fees and Maintenance Assessments. The Issuer covenants that it will impose and collect user fees (hereinafter referred to as "User Fees") from the Users of any portion of a Project financed by a Series of Bonds and/or levy and collect maintenance assessments (hereinafter referred to as "Maintenance Assessments") upon lands with Unit No. 2 benefited from any portion of a Project financed by a Series of Bonds and designated in the Supplemental Indenture under which such Series is issued to be subject to such User Fees and/or Maintenance Assessments. The Issuer further covenants that it will continue to impose and collect such User Fees and/or levy and collect such Maintenance Assessments in such amounts as are sufficient to enable the Issuer to pay the costs of operation and maintenance of any such portion of such a Project. The Issuer shall establish a schedule of User Fees (which may provide for a differential in the User Fees charged to residents and non-residents of the District) and a schedule of Maintenance Assessments that shall produce sufficient moneys to maintain such portion or portions of such a Project in good repair and sound operating condition. The revenues received by the Issuer through the imposition of User Fees and the levy of Maintenance Assessments shall not be part of the Pledged Revenues hereunder.

SECTION 11.11. Lands on Which Projects are Constructed. The Issuer covenants that no part of a Project will be constructed on, over or under lands other than (i) lands good and marketable title to which is owned or can be acquired by the Issuer or other appropriate entity in fee simple, (ii) lands on, over or under which the Issuer or other appropriate entity shall have acquired or can acquire perpetual easements for the purposes of a Project, or (iii) lands, including public streets and highways, the right to the use and occupancy of which for such purposes shall be vested in the Issuer or other appropriate entity by law or by valid franchises, licenses, easements, dedications or rights of way or other legally effective permissions or approval.

SECTION 11.12. Operation, Use and Maintenance of Projects. (a) The Issuer may establish and enforce reasonable rules and regulations governing the use of each Project owned by the Issuer, and the operation thereof, such rules and regulations to be adopted in accordance with the Act, and the Issuer shall operate, use and maintain each Project owned by the Issuer in accordance with the Act and all other applicable federal and State laws, rules and regulations; the Issuer shall maintain and operate, or cause to be maintained and operated, each Project owned by the Issuer in an efficient and economical manner, shall at all times maintain, or cause to be maintained, the same in good repair and in sound operating condition and shall make, or cause to be made, all necessary repairs, renewals and replacements. The Issuer shall use its best efforts to ensure that any portion of a Project not owned by the Issuer is maintained in good repair and in sound operating condition, and that all necessary repairs, renewals and replacements are made thereto.

(b) The Consulting Engineer shall make an inspection of the portions of any Project owned by the Issuer at least once in each Fiscal Year and, on or before the first day of July in each Fiscal Year, submit to the Board a report setting forth (i) its findings as to whether such portions of the Projects owned by the Issuer have been maintained in good repair, working order and condition, and (ii) its recommendations as to the proper maintenance, repair and operation of the Projects owned by the Issuer during the ensuing Fiscal Year and an estimate of the amount of money necessary for such purposes. Promptly after the receipt of such reports by the Issuer, copies thereof shall be filed with the Trustee and mailed by the Issuer to all Bondholders who shall have filed their names and addresses with the Secretary of the Board for such purpose. If

the information required to be submitted pursuant to this subsection (b) is included in the Annual Budget adopted by the Issuer and submitted to the Trustee, a separate report shall not be required.

SECTION 11.13. Observance of and Compliance with Valid Requirements. The Issuer shall pay, if it is lawfully responsible for the payment thereof, all municipal or governmental charges lawfully levied or assessed upon a Project or any part thereof or upon any revenues when the same shall become due, and the Issuer shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to such Project. The Issuer shall not, except as otherwise permitted in Section 11.25 hereof, create or suffer to be created any lien or charge upon any Project or upon the Pledged Revenues, except the lien and charge of a Series of Bonds, or liens and charges securing a Credit Facility Issuer with respect to a Series of Bonds, provided in any Supplemental Indenture, and from such Pledged Revenues or other available funds, the Issuer shall pay or cause to be discharged all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon a Project or the Pledged Revenues; provided, however, that nothing in this Section contained shall require the Issuer to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith.

SECTION 11.14. Payment of Operating or Maintenance Costs by State or Others. The Issuer may permit the United States of America, the State, the County, the City or any of their agencies, departments or political subdivisions to pay all or any part of the cost of maintaining, repairing and operating any Project out of funds other than Pledged Revenues.

SECTION 11.15. Public Liability and Property Damage Insurance; Maintenance of Insurance; Use of Insurance and Condemnation Proceeds.

(a) Except as otherwise provided in subsection (d) of this Section, the Issuer will carry or cause to be carried, in respect of any Project owned by the Issuer, comprehensive general liability insurance (covering bodily injury and property damage) issued by one or more insurance companies authorized and qualified to do business under the laws of the State, in such amounts as is customary for similar operations, or as is more specifically set forth hereinbelow and in the applicable Supplemental Indenture.

(b) During the period of construction of any Project or any portion thereof, the Issuer will cause the appropriate liability and builders' risk insurance to be maintained until the Project or portion thereof, as applicable, is completed and accepted by the Issuer.

At all times, the Issuer shall maintain a practical insurance program, with reasonable coverage limits, terms, conditions, provisions and costs that the District Manager determines will afford adequate protection against loss caused by damage to or destruction of any Project owned by the Issuer. The Issuer shall also, at all times, maintain a practical comprehensive general liability insurance program with respect to any Project owned by the Issuer with such reasonable terms, conditions, provisions and costs as the District Manager determines, with the approval of the Consulting Engineer, will afford adequate protection against bodily injury and property damage. Such comprehensive general liability insurance coverages shall be maintained in such amounts as approved by the Issuer.

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All insurance policies of the Issuer relating to any Project shall be carried with companies authorized to do business in the State, with a Best rating of no less than "A" as to management and Class "V" as to financial strength; provided, however, that if, in the opinion of the District Manager, adequate insurance protection under reasonable terms, conditions, provisions and cost cannot be purchased from an insurance company with the above-designated ratings, then the District Manager, on behalf of the Issuer, may secure such insurance protection as the Issuer determines to be in its best interests and otherwise consistent with the Indenture; provided further, however, that the Issuer may act as a self-insurer in accordance with the requirements of subsection (d) hereto. All policies providing the insurance coverages required by this Section shall designate the Issuer and the Trustee as the loss-payee and shall be made payable to the Issuer and the Trustee.

(c) All proceeds received from property damage or destruction insurance and all proceeds received from the condemnation of any Project or any part thereof are hereby pledged by the Issuer as security for the related Series of Bonds and shall be deposited at the option of the Issuer, but subject to the limitations hereinafter described, either (i) into the related Series Account (which shall be re-opened, if previously closed) of the Construction Fund and used to remedy the loss, damage or taking for which such proceeds are received, either by repairing the damaged property or replacing the destroyed or taken property, as soon as practicable after the receipt of such proceeds, or (ii) into the related Series Account of the Bond Redemption Fund for the purpose of purchasing or redeeming Bonds of such Series according to the provisions set forth in the applicable Supplemental Indenture relating to such Series of Bonds. The Issuer shall not be entitled to deposit insurance proceeds or condemnation awards into the related Series Account of the Construction Fund pursuant to clause (i) of this paragraph (and such proceeds and awards shall be deposited directly into the Series Bond Redemption Account pursuant to clause (ii) of this paragraph) unless there shall have been filed with the Issuer within a reasonable time after the damage, destruction or condemnation (A) a certificate from the Consulting Engineer that the proceeds of the insurance or condemnation awards deposited into the related Series Account of the Construction Fund, together with other funds in the related Series Account of the Construction Fund available for such purposes, will be sufficient to repair, rebuild, replace or restore such property to substantially the same condition as it was in prior to its damage, destruction or condemnation (taking into consideration any changes, alterations and modifications that the Issuer may desire), (B) an opinion from the Consulting Engineer that such Project can be repaired, rebuilt, replaced or restored within two (2) years following the damage, destruction or condemnation thereof and (C) an opinion of the Consulting Engineer that, in each of the three (3) Fiscal Years following completion of such repair, rebuilding, replacement or restoration, the Issuer will be in compliance with its obligations hereunder. If the certificate described in clause (A) of this paragraph is not rendered because such proceeds or awards, together with funds on deposit in the related Series Account of the Construction Fund, are insufficient for such purposes, the Issuer may deposit any other legally available funds (including proceeds from Additional Bonds) in the Construction Fund in an amount required to enable the Consulting Engineer to render its certificate. If the insurance proceeds or condemnation awards deposited in the related Series Account of the Construction Fund are more than sufficient to repair the damaged property or to replace the destroyed or taken property, the balance thereof remaining shall be deposited to the credit of the corresponding Series Account of the Bond Redemption Fund.

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reasonable times to the inspection of the Holders and their agents and representatives duly authorized in writing. The Issuer covenants that it will take such action as may be necessary to demand, collect and sue for any insurance money which may become due and payable under any policy of insurance required under the Indenture, whether such policy is payable to the Issuer or to the Trustee. The Trustee is hereby authorized in its own name to demand, collect, sue and receive any insurance money which may become due and payable under any policies payable to it.

Any appraisal or adjustment of any loss or damage under any policy of insurance required under the Indenture, whether such policy is payable to the Issuer or to the Trustee, and any settlement or payment of indemnity under any such policy which may be agreed upon by the Issuer and any insurer shall be evidenced by a certificate, signed by the District Manager and filed with the Trustee. The Trustee shall in no way be liable or responsible for the collection of insurance money in case of any loss or damage.

SECTION 11.17. Use of Revenues for Authorized Purposes Only. None of the Pledged Revenues shall be used for any purpose other than as provided in this Master Trust Indenture and the corresponding Supplemental Indenture and no contract or contracts shall be entered into or any action taken by the Trustee that will be inconsistent with the provisions of this Master Trust Indenture and the corresponding Supplemental Indenture.

SECTION 11.18. Books, Records and Annual Reports. The Issuer shall keep proper books of record and account in accordance with Generally Accepted Governmental Accounting Principles in which complete and correct entries shall be made of its transactions relating to each Project, and that, together with all other books and records of the Issuer, including, without limitation, insurance policies, relating to each Project, shall at all times be subject during regular business hours to the inspection of the Trustee.

The Issuer shall annually, in the time period provided by Florida law and as specified in the continuing disclosure agreement of a specific Series of Bonds, file with the Trustee, any rating agency that shall have then in effect a rating on any of the Bonds, any Bondholder that shall have, in writing, requested a copy thereof, and otherwise as provided by law or in any Supplemental Indenture, a copy of an annual report for such year, prepared in accordance with Generally Accepted Governmental Accounting Principles by a Certified Public Accountant, relating to its operations and including, without limitation, statements in reasonable detail of financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year relating to all Projects, and a summary, with respect to each Fund and Account established under the Indenture, of the receipts therein and disbursements therefrom during such Fiscal Year, and the amounts held therein at the end of such Fiscal Year.

The report, statements and other documents required to be furnished by the Issuer to the Trustee pursuant to any provisions of the Indenture shall be available for the inspection of Bondholders at the office of the Trustee.

SECTION 11.19. Observance of Accounting Standards. The Issuer covenants that all the accounts and records of the Issuer relating to all Projects will be kept according to

(d) The Issuer shall be entitled to provide all or a portion of the insurance coverage required by subsections (a) and (b) of this Section through Qualified Self Insurance, provided that the requirements hereinafter set forth in this subsection (d) are satisfied; and, provided further, that prior to undertaking any such Qualified Self Insurance for a specific Project, the Issuer shall have obtained from the Registered Owners of at least 51% of the Bonds outstanding for such Project, written consent to such Qualified Self Insurance. "Qualified Self Insurance" means insurance maintained through a program of self insurance or insurance maintained with a company or association in which the Issuer has a material interest or of which the Issuer has control, either singly or with others; provided, however, that no such insurance may be provided directly or indirectly through arrangements with a Developer.

Prior to participation in any plan of Qualified Self Insurance not currently in effect, the Issuer shall deliver to the Trustee (i) a copy of the proposed plan, and (ii) from the District Manager, an evaluation of the proposed plan together with an opinion to the effect that (A) the proposed Qualified Self Insurance plan will provide the coverage required by subsections (a) and (b) of this Section, and (B) the proposed Qualified Self Insurance plan provides for the creation of actuarially sound reserves.

Each plan of Qualified Self Insurance shall be in written form, shall provide that upon the termination of such plan reserves will be established or insurance acquired in amounts adequate to cover any potential retained liability in respect of the period of self insurance, and shall be reviewed annually by the District Manager or registered actuary who shall deliver to the Issuer a report on the adequacy of the reserves established thereunder in light of claims made. If the District Manager or registered actuary determines that such reserves are inadequate in light of the claims made, he shall make recommendations as to the amount of reserves that should be established and maintained, and the Issuer shall comply with such recommendations unless it can establish to the satisfaction of the Trustee that such recommendations are unreasonable in light of the nature of the claims or the history of recovery against the Issuer for similar claims. A copy of each Qualified Self Insurance plan and of each annual report thereon shall be delivered to the Trustee.

(e) Copies of all recommendations and approvals made by the Consulting Engineer under the provisions of this Section shall be filed with the District Manager and the Trustee.

Notwithstanding anything to the contrary herein, to the extent that any of the information required by this Section 11.15 is included in the Annual Budget adopted by the Issuer, it shall not have to be separately stated in another report.

Within the first six (6) months of each Fiscal Year the District Manager shall file with the Trustee a complete report of the status of the insurance coverages relating to all Projects, such report to include, without being limited thereto, a schedule of all insurance policies required by the Indenture that are then in effect, stating with respect to each policy the name of the insurer, the amount, number and expiration date, and the hazards and the risks covered thereby. Any such report of the District Manager may be relied upon by the Trustee as conclusive.

SECTION 11.16. Collection of Insurance Proceeds. Copies of all insurance policies referred to in Section 11.15 of this Article shall be available at the offices of the Issuer at all

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Generally Accepted Governmental Accounting Principles consistently applied and consistent with the provisions of the Indenture.

SECTION 11.20. Employment of Certified Public Accountant. The Issuer shall employ or cause to be employed as required a Certified Public Accountant to perform auditing functions and duties required by the Act and the Indenture.

SECTION 11.21. Establishment of Fiscal Year Annual Budget. The Issuer has established a Fiscal Year beginning October 1 of each year and ending September 30 of the following year. The reports and budget of the Issuer shall relate to such Fiscal Year unless and until, in accordance with applicable law, a different Fiscal Year is established.

On or before the first day of each Fiscal Year the Issuer shall adopt a final Annual Budget with respect to services and facilities provided by the Issuer for such Fiscal Year for the payment of anticipated operating and maintenance expenses and shall supply a copy of such budget promptly upon the approval thereof to the Trustee and to any Bondholders who shall have so requested in writing and shall have filed their names and addresses with the Secretary of the Board for such purpose. If for any reason the Issuer shall not have adopted its Annual Budget on or before the first day of any Fiscal Year, the Annual Budget for the preceding Fiscal Year shall, until the adoption of the new Annual Budget, be deemed in force for the ensuing Fiscal Year. The Issuer may at any time adopt an amended or supplemental Annual Budget for the remainder of the current Fiscal Year, and when such amended or supplemental Annual Budget is approved it shall be treated as the official Annual Budget under the Indenture. Copies of such amended or supplemental Annual Budget shall be filed with the Trustee and mailed to any Bondholders who shall have so requested in writing and shall have filed their names and addresses with the Secretary of the Board for such purpose.

SECTION 11.22. Employment of Consulting Engineer; Consulting Engineer's Report. The Issuer shall, for the purpose of performing and carrying out the duties imposed on the Consulting Engineer by the Indenture, employ one or more independent engineers or engineering firms or corporations having a favorable reputation for skill and experience in such work.

SECTION 11.23. Audit Reports. The Issuer covenants that, within the time required by Florida law after the end of each Fiscal Year, it will cause an audit to be made by a Certified Public Accountant covering all receipts and monies then on deposit with or in the name of the Trustee or the Issuer and any security held therefor, in each case relating to Unit No. 2, any investments thereof and all disbursements made pursuant to the provisions of Article V hereof. Copies of such audit reports shall be filed with the Trustee, the District Manager and the Secretary of the Board, and mailed by said Secretary to the Consulting Engineer and to all Bondholders who shall have filed their names and addresses with him for such purpose and paid a reasonable fee for reproduction and mailing costs. If the material required to be in such audit also appears in the annual report of the Issuer provided for in Section 11.18 hereof in a manner that can be readily identified, then the filing of a copy of such annual audit shall satisfy the requirement of this Section.

SECTION 11.24. Information to Be Filed with Trustee. The Issuer shall cause to be kept on file with the Trustee at all times copies of the schedules of Special Assessments levied

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on any and all lands within Unit No. 2 in respect of Projects. The Issuer shall keep accurate records and books of account with respect to any and all Projects, and shall have a complete audit of such records and accounts made annually by a Certified Public Accountant, as provided in Section 11.23 hereof. A signed copy of said audit shall be furnished to the Trustee as soon as practicable after such audit shall become available.

SECTION 11.25. Covenant Against Sale or Encumbrance; Exceptions. The Issuer covenants that, (a) except for those improvements comprising a Project or portion thereof that are to be conveyed by the Issuer to the City, County or another governmental entity as provided in a Certified Resolution of the Issuer and (b) except as in this Section or in a Supplemental Indenture otherwise permitted, it will not sell, lease or otherwise dispose of or encumber any Project or any part thereof. The Issuer may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other movable property acquired by it from the proceeds of Bonds or from Pledged Revenues, if the Board shall determine that such items are no longer needed or are no longer useful in connection with the construction, maintenance and operation of the Project, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or, prior to the Completion Date for such Project, shall be deposited to the credit of the appropriate Series Account of the Construction Fund, or, after the Completion Date for such Project, shall be deposited to the credit of the related Series Account of the Revenue Fund. The foregoing notwithstanding, the Issuer may transfer all or any portion of a Project in exchange for property that according to a written certification of the Consulting Engineers has (i) equal or greater value to the Issuer and (ii) bestows equal or greater benefit on the lands within Unit No. 2 benefited by the Project; provided, however, that prior to any such transfer or exchange the Issuer shall have received a written opinion of Bond Counsel to the effect that the proposed transfer or exchange does not adversely affect the exclusion from gross income of interest on the corresponding Series of Bonds for federal income tax purposes.

Upon any sale of property relating to any Project, the aggregate of which in any thirty (30) day period exceeds Fifty Thousand Dollars (\$50,000) under the provisions of this Section, the Issuer shall provide written notice to the Trustee of the property so sold and the amount and disposition of the proceeds thereof.

The Issuer may lease or grant easements, franchises or concessions for the use of any part of any Project not incompatible with the maintenance and operation thereof, if the Consulting Engineer shall approve such lease, easement, franchise or concession in writing and the Consulting Engineer or Issuer shall certify that it shall not negatively affect the ability of the Issuer to fully pay Debt Service Requirements, and the net proceeds of any such lease, easement, franchise or concession (after the making of provision for payment from said proceeds of all costs incurred in financing, constructing, operating, maintaining or repairing such leases, easements, franchises or concessions) shall be deposited as received to the credit of the related Series Account of the Revenue Fund.

SECTION 11.26. Fidelity Bonds. If the District deems appropriate, every officer, agent or employee of the Issuer having custody or control of any of the Pledged Revenues or Bond proceeds may be bonded by a responsible corporate surety. The premiums on such surety bonds shall be paid by the Issuer as an expense of operation and maintenance of the applicable Project.

other use of the proceeds of any Series of Bonds issued hereunder that would cause such Bonds to be "private activity bonds" as that term is defined in Section 141 of the Code, "arbitrage bonds" as that term is defined in Section 148 of the Code or "hedge bonds" as that term is defined in Section 149(g)(3) of the Code, and that it will comply with all the requirements of such Code sections and related regulations throughout the term of such Bonds. The Issuer also covenants that it will not take or fail to take any action that would adversely affect the exclusion from gross income of interest on any Series of Bonds to the extent that such Bonds were initially issued as Bonds the interest on which is to be excludable from gross income of the Holders thereof for federal income tax purposes. The Issuer hereby further covenants and agrees to comply with the procedures and covenants contained in Section 11.33 hereof for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. The Issuer shall not direct the making of any investment inconsistent with the foregoing covenants.

SECTION 11.33. Compliance with Section 148(f) of the Code; Rebate Fund. The Trustee is hereby authorized and directed to establish a Rebate Fund into which the Trustee shall deposit amounts as provided herein. The Trustee shall establish a related Series Account in the Rebate Fund in the corresponding Supplemental Indenture for each Series of Bonds. The Rebate Fund and each related Series Account therein shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund and each related Series Account therein shall be free and clear of any lien hereunder.

Within forty (40) days after the end of the fifth Bond Year and every fifth Bond Year thereafter for each Series of Bonds and within forty (40) days after the payment in full of all outstanding Bonds, the Issuer shall calculate, or shall furnish information to and shall engage (at its expense) an independent firm designated by the Issuer and approved by the Trustee, to calculate, the Rebate Amount as of the end of that Bond Year or the date of such payment. The Issuer shall notify the Trustee in writing of the amount and the Trustee shall notify the Issuer in writing of the amount then on deposit in the related Series Account of the Rebate Fund. If the amount then on deposit in the related Series Account of the Rebate Fund is in excess of the Rebate Amount (computed by taking into account the future value of the Rebate Amount or Amounts, if any, previously paid to the United States pursuant to this Section 11.33), the Trustee shall forthwith transfer the excess amount to the Revenue Fund. If the amount then on deposit in the related Series Account of the Rebate Fund is less than the Rebate Amount (computed by taking into account the future value of the Rebate Amount or Amounts, if any, previously paid to the United States pursuant to this Section 11.33), the Issuer shall, within ten (10) days after the date of the aforesaid calculation, pay to the Trustee for deposit in the related Series Account of the Rebate Fund an amount sufficient to cause the related Series Account of the Rebate Fund to contain an amount equal to the Rebate Amount. The obligation of the Issuer to make or cause to be made such computations and payments required by the Code shall remain in effect and be binding upon the Issuer notwithstanding the release and discharge of this Indenture. Within sixty (60) days after the end of the fifth Bond Year and every fifth Bond Year thereafter, the Trustee, acting at the direction of the Issuer, shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the related Series Account of the Rebate Fund an amount equal to 90% (or such greater percentage not in excess of 100% as the Issuer may direct the Trustee to pay) of the Rebate Amount as of the end of such fifth Bond Year

SECTION 11.27. No Lien of Lien on Pledged Revenues. The Issuer shall not do or omit to do, or suffer to be done or omit to be done, any matter or thing whatsoever whereby the lien of a Series of Bonds on its Pledged Revenues, or the priority thereof, would be lost or impaired; provided, however, that this Section shall not prohibit the Trustee from transferring moneys to (i) the Rebate Fund held by the Trustee pursuant to Section 11.33 hereof, or (ii) the issuer of any Credit Facility relating to such Series of Bonds to reimburse it for draws thereunder in accordance with the terms of the applicable Credit Facility Agreement.

SECTION 11.28. Compliance With Other Contracts and Agreements. The Issuer shall comply with and abide by all of the terms and conditions of any and all contracts and agreements that the Issuer enters into in connection with any Project and the issuance of any Series of Bonds.

SECTION 11.29. Issuance of Additional Obligations. The Issuer shall not issue any obligations other than Bonds (including Bond Anticipation Notes) issued under the provisions of Articles II and III hereof, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, payable from Pledged Revenues and having priority to or being on a parity with the lien of a Series of Bonds and the interest thereon upon the Pledged Revenues; provided, however, that the Issuer may enter into a Credit Facility Agreement with a Credit Facility Issuer for a particular Series of Bonds that involves liens on the Pledged Revenues on a parity with that of the Series of Bonds supported by the corresponding Credit Facility. Any other obligations issued by the Issuer, in addition to Bonds issued under the provisions of Articles II or III hereof or obligations under Credit Facility Agreements as set forth above, payable from particular Pledged Revenues, shall contain an express statement that such obligations are junior and subordinate in all respects to the Bonds of a Series as to lien on, source and security for payment from such Pledged Revenues; provided, however, that no such other obligations shall be issued by the Issuer without the prior written consent of any issuer of a Credit Facility secured by such Pledged Revenues then in effect.

SECTION 11.30. Extension of Time for Payment of Interest Prohibited. The Issuer shall not directly or indirectly extend or assume an extension of time for payment of any claim for interest on any of the Bonds and shall not directly or indirectly be a party to or approve any arrangement thereto by purchasing or funding or in any manner keeping alive any such claim for interest; no claim for interest that in any way, at or after maturity, shall have been transferred or pledged apart from the Bonds to which it relates or that shall in any manner have been kept alive after maturity by extension or by purchase thereof by or on behalf of the Issuer, shall be entitled, in case of a default hereunder, to any benefit or security under the Indenture except after the prior payment in full of the principal of all Bonds and claims for interest appertaining thereto not so transferred, pledged, kept alive or extended.

SECTION 11.31. Further Assurances. The Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Indenture.

SECTION 11.32. Investments to Comply with Internal Revenue Code. The Issuer covenants to the Holders of Bonds that it will not make or direct the making of any investment or

(taking into account the future value of the Rebate Amount or Amounts, if any, previously paid to the United States pursuant to this Section). Within sixty (60) days after the payment in full of any outstanding Series of Bonds, the Trustee, at the direction of the Issuer, shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the related Series Account of the Rebate Fund an amount equal to 100% of the Rebate Amount as of the date of such payment in full of all outstanding Bonds (taking into account the future value of the Rebate Amount or Amounts, if any, previously paid to the United States pursuant to this Section) and any moneys remaining in the related Series Account of the Rebate Fund following such payment shall be transferred to the Revenue Fund.

The Trustee shall keep and make available to the Issuer complete and adequate records concerning the investments of the Gross Proceeds of the Series of Bonds held by the Trustee and the investments of earnings from those investments in order to enable the Issuer or an independent firm to make the aforesaid computations as are required under Section 148(f) of the Code. The Issuer shall obtain and keep such records and the computations made pursuant to this Section 11.33 in accordance with and as are required under Section 148(f) of the Code and shall retain such records and computations for not less than six (6) years after such Series of Bonds is retired. The Trustee shall be entitled to rely on the calculations made pursuant to this Section 11.33 and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in reliance upon those calculations.

Notwithstanding anything herein to the contrary, the Issuer may calculate, or cause to be calculated, the Rebate Amount in accordance with Section 148(f) of the Code as to any Series of Bonds in a different manner than required herein and may make such payments of the Rebate Amount at different times; provided that the Issuer and the Trustee shall have received an opinion of nationally recognized Bond Counsel that using such method of calculation and making payments at such times will not adversely affect the exclusion of interest on the Series of Bonds from gross income for federal income tax purposes.

Nothing in this subsection shall require payment into the Rebate Fund or payment to the United States of any greater amount or lesser amount than is required to be paid to the United States under Section 148(f) of the Code. All computations required by this Section 11.33 shall be made in accordance with Section 148(f) of the Code and the applicable Treasury regulations thereunder.

For purposes of this Section 11.33, the following terms shall have the following meanings:

"Rebate Amount" means, with respect to each Series of Bonds, as of each Computation Date, an amount determined in accordance with Section 148(f) of the Code, the applicable Treasury regulations thereunder, and the Rebate Instructions equal to the sum of (i) plus (ii) where:

- (i) is the excess of
- (ii) the aggregate amount earned from the Issuance Date on all Nonpurpose Investments in which Gross Proceeds of such Series of Bonds are invested (other

than investments attributable to an excess described in this clause (i), taking into account any gain or loss on the disposition of Nonpurpose Investments, over

- (b) the amount that would have been earned if the amount of the Gross Proceeds of such Series of Bonds invested in such Nonpurpose Investments (other than investments attributable to an excess described in this clause (i)) had been invested at a rate equal to the Yield on such Series of Bonds; and
- (ii) any income attributable to the excess described in clause (i), taking into account any gain or loss on the disposition of investments.

The sum of (i) plus (ii) shall be determined in accordance with Section 148(f) of the Code, the applicable Treasury regulations thereunder, and the Rebate Instructions. Unless otherwise provided in the corresponding Supplemental Indenture, the Rebate Amount shall not include, with respect to any Series of Bonds, any amount earned on amounts in the related Series Accounts of the Debt Service Fund.

"Gross Proceeds" means Proceeds and Replacement Proceeds of an issue.

"Investment Proceeds" means, with respect to each Series of Bonds, any amounts actually or constructively received from investing Proceeds of that issue in Investment Property.

"Investment Property" means investment property within the meaning of Sections 148(b)(2) and 148(b)(3) of the Code, including any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code), any obligation, any annuity contract and any other investment-type property (including certain residential rental property for family units as described in Section 148(b)(2)(E) of the Code). Investment Property includes a Tax-Exempt Obligation that is a "specified private activity bond" as defined in Section 57(a)(5)(C) of the Code but does not include other Tax-Exempt Obligations.

"Issuance Date" means the date of physical delivery of, and payment of the purchase price for, each Series of Bonds.

"Nonpurpose Investments" means with respect to each Series of Bonds any Investment Property that is acquired with Gross Proceeds of such Bonds. "Nonpurpose Investments" does not include any investment that is not regarded as "investment property" or a "nonpurpose investment" for the particular purposes of Section 148 of the Code (such as certain investments in U.S. Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a "nonpurpose investment" within the applicable meaning of Section 148 of the Code.

"Proceeds" means, with respect to each Series of Bonds, all Sale Proceeds and Investment Proceeds of such Series of Bonds but does not include Replacement Proceeds of such Series of Bonds.

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

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ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES

SECTION 12.01. Events of Default and Remedies. Except to the extent otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, events of default and remedies with respect to each Series of Bonds shall be as set forth in this Master Trust Indenture; provided however, except to the extent otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, events of default under a Supplemental Indenture will not constitute an event of default under any other Supplemental Indenture.

SECTION 12.02. Events of Default Defined. Each of the following shall be an "Event of Default" under the Indenture with respect to a Series of Bonds:

- (a) if payment of any installment of interest on any Bond of such Series is not made when it becomes due and payable;
- (b) if payment of the principal or Redemption Price of any Bond is not made when it becomes due and payable at maturity or upon call or presentation for redemption or as a result of purchase required in connection with a mandatory tender; or
- (c) if the Issuer, for any reason, is rendered incapable of fulfilling its obligations under the Indenture or under the Act; or
- (d) if the Issuer proposes or makes an assignment for the benefit of creditors or enters into a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequester or other judicial representative, similar or dissimilar, is appointed for the Issuer or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the Issuer and if such is not vacated, dismissed or stayed on appeal within ninety (90) days; or
- (e) if the Issuer defaults in the due and punctual performance of any other covenant in the Indenture or in any Bond of such Series issued pursuant to the Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 51% in aggregate principal amount of the Bonds Outstanding of such Series; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the Issuer shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; or
- (f) written notice shall have been received by the Trustee from a Credit Facility Issuer securing such Series of Bonds that an event of default has occurred under

"Rebate Instructions" means the instructions for complying with the rebate requirements of Section 148(f) of the Code that are provided by bond counsel with respect to each Series of Bonds.

"Replacement Proceeds" means amounts, with respect to each Series of Bonds, (including any investment income but excluding any Proceeds of the Bonds) replaced by Proceeds of the Bonds within the meaning of Section 148(a)(2) of the Code. Replacement Proceeds include amounts, other than Proceeds, held in, or treated as held in, a sinking fund, pledged fund or reserve or replacement fund for such Bonds.

"Yield" has the meaning assigned to it for purposes of Section 148 of the Code, and means with respect to each Series of Bonds, that discount rate (stated as an annual percentage) that, when used in computing the present worth of all applicable unconditionally payable payments of debt service and all payments for a Qualified Guarantee for that Series of Bonds, paid and to be paid with respect to an obligation, produces an amount equal to (a) the Issue Price with respect to the Series of Bonds that are a fixed yield issue within the meaning of Treasury Regulations §1.148-1(b) or (b) the purchase price for yield purposes in the case of Investment Property, all subject to the applicable methods of computation provided for under Section 148 of the Code, including variations from the foregoing. The Yield on Investment Property in which Proceeds or Replacement Proceeds of each Series of Bonds are invested is computed on a basis consistent with the computation of Yield on such Series of Bonds, including the same compounding interval (of not more than one year selected by the Issuer).

SECTION 11.34. Corporate Existence and Maintenance of Properties. For so long as any Bonds are Outstanding hereunder, unless otherwise provided by the Act, the Issuer shall maintain its corporate existence as a local unit of special purpose government under the Act and the designation of Unit No. 2 as a separate Unit of Development under the Act, and shall provide for or otherwise require any Project and all parts thereof owned by the Issuer to be (a) continuously operated, repaired, improved and maintained as shall be necessary to provide adequate service to the lands benefited thereby; and (b) in material compliance with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements and directions of any competent public authority.

[END OF ARTICLE XI]

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the agreement underlying said facility, or there shall have been a failure by said Issuer to make said facility available or to reinstate the interest component of said facility in accordance with the terms of said facility, to the extent said notice or failure is established as an event of default under the terms of the Supplemental Indenture authorizing the issuance of said Series of Bonds.

SECTION 12.03. No Acceleration. No Series of Bonds issued under this Indenture shall be subject to acceleration.

SECTION 12.04. Legal Proceedings by Trustee.

If any Event of Default with respect to a Series of Bonds has occurred and is continuing, the Trustee, in its discretion may, and upon the written request of the Holders of not less than 51% in aggregate principal amount of the Outstanding Bonds of such Series and receipt of indemnity to its satisfaction shall, in its own name:

- (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Bonds of such Series, including, without limitation, the right to require the Issuer to carry out any agreements with, or for the benefit of, the Holders of the Bonds of such Series and to perform its or their duties under the Act;
- (b) bring suit upon the Bonds of such Series;
- (c) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds of such Series;
- (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Series of Bonds; and
- (e) by other proceeding in law or equity, exercise all rights and remedies provided for by any other document or instrument securing the Bonds of such Series.

SECTION 12.05. Discontinuance of Proceeding by Trustee. If any proceeding taken by the Trustee on account of any Event of Default is discontinued or is determined adversely to the Trustee, the Issuer, the Trustee, the Paying Agent, the Remarketing Agent, any tender agent respecting any Series of Bonds and the Bondholders of such Series shall be restored to their former positions and rights hereunder as though no such proceeding had been taken. Notwithstanding anything to the contrary contained in this Indenture, no proceeding taken by the Trustee on account of an Event of Default in respect of which a drawing has been made under a Credit Facility shall be discontinued unless the Credit Facility then in effect has been reinstated to the required maximum amount thereof.

SECTION 12.06. Bondholders May Direct Proceedings. The Holders of a majority in aggregate principal amount of the Outstanding Bonds of a Series then subject to remedial proceedings under this Article XII shall have the right to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, provided that such directions shall not be otherwise than in accordance with law or the provisions of the Indenture.

SECTION 12.07. Limitations on Actions by Bondholders. No Bondholder shall have any right to pursue any remedy hereunder unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Holders of at least 51% in aggregate principal amount of the Bonds of the Series then subject to remedial proceedings under this Article XII shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, and (d) the Trustee shall have failed to comply with such request within a reasonable time.

SECTION 12.08. Trustee May Enforce Rights Without Possession of Bonds. All rights under the Indenture and the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Holders of the Bonds of the Series then subject to remedial proceedings.

SECTION 12.09. Remedies Not Exclusive. Except as limited under Section 17.01 hereof, no remedy contained in the Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 12.10. Delays and Omissions Not to Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default, and every remedy given by this Article XII may be exercised from time to time and as often as may be deemed expedient.

SECTION 12.11. Application of Money in Event of Default. Any moneys received by the Trustee or the Paying Agent, as the case may be, in connection with any proceedings brought under this Article XII with respect to a Series of Bonds shall be applied in the following order of priority:

(a) to the payment of the unpaid fees and costs of the Trustee and Paying Agent (except from moneys paid under a Credit Facility) incurred in connection with actions taken under this Article XII relating to such Series of Bonds, including reasonable counsel fees and any disbursements of the Trustee and the Paying Agent.

(b) unless the principal of all the Bonds of such Series shall have become due and payable:

FIRST: to payment of all installments of interest then due on the Bonds of such Series in the order of maturity of such installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any preference or priority of one installment of interest over any other installment; and

SECOND: to payment to the persons entitled thereto of the unpaid principal or Redemption Price of any of the Bonds of such Series which shall have become due in the order of their due dates, with interest on such Bonds from

the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the principal or Redemption Price coming due on such Bonds on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any preference or priority of one such Bond over another or of any installment of interest over another.

(c) if the principal of all Bonds of such Series shall have become due and payable, to the payment of principal or Redemption Price (as the case may be) and interest then owing on such Bonds and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or Redemption Price and interest ratably, without preference or priority of one Bond over another or of any installment of interest over any other installment of interest.

The foregoing provisions apply to the payment of interest on and principal or Redemption Price of all Series of Bonds other than a Series of Bonds that have been issued on a subordinate basis pursuant to the applicable Supplemental Indenture. After all payments of interest on and principal or Redemption Price of all Series of Bonds having a senior lien on their respective Pledged Revenues have been made, the surplus, if any, shall be applied to the payment of the interest on and principal or Redemption Price of a Series of Bonds issued on a subordinate basis in the same manner and order of priority as described in this Section 12.11.

Any surplus remaining after the payments described above shall be paid to the Issuer or to the Person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

For purposes of the application of moneys described above, to the extent payments of principal of and interest on a Series of Bonds shall have been made under a Credit Facility relating thereto, the Credit Facility Issuer shall be entitled to moneys in the related Series Accounts in the Debt Service Fund in accordance with the agreement pursuant to which such Credit Facility has been issued and the Certified Resolution of the Issuer authorizing the issuance of the Series of Bonds to which such Credit Facility relates.

SECTION 12.12. Trustee's Right to Receiver; Compliance with Act. The Trustee shall be entitled as of right to the appointment of a receiver as to a Series of Bonds in default and the Trustee, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act and other applicable law of the State.

SECTION 12.13. Trustee and Bondholders Entitled to all Remedies under Act. It is the purpose of this Article to provide such remedies to the Trustee and Bondholders as may be lawfully granted under the provisions of the Act and other applicable laws of the State; if any remedy herein granted shall be held unlawful, the Trustee and the Bondholders shall nevertheless be entitled to every other remedy provided by the Act and other applicable laws of the State. It is further intended that, insofar as lawfully possible, the provisions of this Article XII shall apply to and be binding upon any receiver appointed in accordance with Section 12.12 hereof.

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SECTION 12.14. Credit Facility Issuer's Rights Upon Events of Default. Anything in this Indenture to the contrary notwithstanding, if any Event of Default with respect to a particular Series of Bonds, has occurred and is continuing while a Credit Facility securing all or a portion of such Series of Bonds Outstanding is in effect, the Credit Facility Issuer shall have the right, in lieu of the Registered Owners of the Series of Bonds secured by said Credit Facility, by an instrument in writing, executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture, or exercising any trust or power conferred on the Trustee by this Indenture. Said direction shall be controlling to the extent the direction of Registered Owners of the Series of Bonds secured by said Credit Facility would have been controlling under this Article. If the Credit Facility Issuer shall be in default in the performance of its obligations under the Credit Facility, said Credit Facility Issuer, shall have no rights under this Section.

[END OF ARTICLE XII]

ARTICLE XIII

THE TRUSTEE; THE PAYING AGENT AND REGISTRAR

SECTION 13.01. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article XIII, to all of which the parties hereto and the Bondholders agree. The Trustee shall act as Trustee for all Series of Bonds issued pursuant to this Master Trust Indenture and all Supplemental Indentures. The Trustee shall, within ninety (90) days after the close of each Fiscal Year so long as any Bonds are Outstanding, file with the Issuer a summary with respect to each Fund and Account of the deposits thereto and disbursements therefrom during such Fiscal Year and the amounts held therein at the end of such Fiscal Year, or at the option of the Trustee, such summary can be made on a monthly basis.

SECTION 13.02. No Responsibility for Recitals. The recitals, statements and representations in the Indenture or in the Bonds, save only the Trustee's Certificate, if any, upon the Bonds, have been made by the Issuer and not by the Trustee and the Trustee shall be under no responsibility for the correctness thereof.

SECTION 13.03. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence. The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of Counsel concerning all questions hereunder. The Trustee shall not be answerable for the exercise of any discretion or power under the Indenture nor for anything whatever in connection with the trust hereunder, except only its own negligence or willful misconduct or breach of its obligations hereunder.

SECTION 13.04. Compensation and Indemnity. The Issuer shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, and shall indemnify the Trustee against and hold the Trustee harmless from any liabilities which it may incur in the proper exercise and performance of its powers and duties hereunder, except with respect to its own negligence or breach of its obligations hereunder or its willful misconduct. If the Issuer defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys coming into its hands and payable to the Issuer, other than funds from any Credit Facility. The provisions of this Section 13.04 shall survive termination of this Indenture and, as to the Trustee, shall continue to apply to it notwithstanding its removal or resignation.

SECTION 13.05. No Duty to Renew Insurance. The Trustee shall be under no duty to effect or to renew any insurance policy nor shall it incur any liability for the failure of the Issuer to require or effect or renew insurance or to report or file claims of loss thereunder.

SECTION 13.06. Notice of Default; Right to Investigate. The Trustee shall give written notice by first-class mail to registered Holders of Bonds of a Series of all defaults with respect to such Series known to the Trustee, unless such defaults have been remedied (the term "defaults" for purposes of this Section and Section 13.07 being defined to include the events specified as "Events of Default" in Article XII hereof, but not including any notice or periods of grace provided for therein); provided that, except in the case of a default in payment of principal

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or interest or Redemption Price, the Trustee may withhold such notice so long as it in good faith determines that such withholding is in the interest of the Bondholders. The Trustee shall not be deemed to have notice of any default other than a payment default under the Indenture or a notification by a Credit Facility Issuer of a default under its Credit Facility, unless notified in writing of such default by the Holders of at least 51% in aggregate principal amount of the Outstanding Bonds of the Series in default. The Trustee may, however, at any time require of the Issuer full information as to the performance of any covenant hereunder, and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the Issuer, an investigation into the affairs of the Issuer.

SECTION 13.07. Obligation to Act on Defaults. The Trustee shall be under no obligation to take any action in respect of any default or otherwise, except the obligation to give notice of default as required under any Supplemental Indenture, in the case of a default with respect to the payments of principal or interest or Redemption Price at the same shall become due and payable at redemption or upon maturity and its obligations or those of a Paying Agent to draw on any Credit Facility as set forth in a Supplemental Indenture, unless it is requested in writing to do so by the Holders of at least 51% in aggregate principal amount of the Outstanding Bonds of the Series which are or would be, upon the taking of such action, subject to remedial proceedings under Article XII hereof if in its opinion such action may tend to involve expense or liability; provided, however, that in no event shall the Trustee be obligated to take any action hereunder unless the Trustee is also furnished with indemnity satisfactory to the Trustee.

SECTION 13.08. Reliance by Trustee. The Trustee may act on any requisition, resolution, notice, telegram, facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document or telephone message (provided such message shall be preserved in writing by the Trustee) which it in good faith believes to be genuine and to have been passed, signed or given by the persons purporting to be authorized (which in the case of the Issuer shall be a Responsible Officer) or to have been prepared and furnished pursuant to any of the provisions of the Indenture; the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

SECTION 13.09. Trustee May Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Issuer; provided, however, that if the Trustee determines that any such relation is in conflict with its duties under the Indenture, it shall eliminate the conflict or resign as Trustee.

SECTION 13.10. Construction of Ambiguous Provisions. The Trustee may construe any ambiguous or inconsistent provisions of the Indenture, and except as otherwise provided in Article XV hereof, any construction by the Trustee shall be binding upon the Bondholders. The Trustee shall give prompt notice (within ten (10) business days) to the Issuer of any intention to make such construction.

SECTION 13.11. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the Secretary of the Issuer

not less than sixty (60) days before the date when such resignation is to take effect; provided, however, that (i) if any Outstanding Bonds are not registered Bonds, notice of such resignation is published at least once a week for three (3) consecutive calendar weeks in at least one Authorized Newspaper and at least once in The Bond Buyer, or its successor, if any, the first publication to appear not less than three (3) weeks prior to the date when the resignation is to take effect; and that (ii) if any Outstanding Bonds are registered Bonds, notice of such resignation shall be sent by first-class mail to each Bondholder as its name and address appears on the Bond Register and to any Paying Agent, Registrar, Authenticating Agent and Credit Facility Issuer at least sixty (60) days before the resignation is to take effect. Such resignation shall take effect on the day specified in the Trustee's notice of resignation unless a successor Trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor; provided, however, that notwithstanding the foregoing, such resignation shall not take effect until a successor Trustee has been appointed. If a successor Trustee has not been appointed within ninety (90) days after the Trustee has given its notice of resignation, the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed. Notice of such resignation shall also be given to any rating agency that shall then have in effect a rating on any of the Bonds.

SECTION 13.12. Removal of Trustee. The Trustee may be removed at any time by either (a) the Issuer (by written notice of such removal delivered to the Trustee), with or without cause, if no default exists under the Indenture or (b) an instrument or concurrent instruments in writing, executed by the Registered Owners of at least fifty one percent (51%) in aggregate principal amount of the Bonds then Outstanding and filed with the Issuer. A photographic copy of any instrument or instruments filed with the Issuer under the provisions of this paragraph, duly certified by a Responsible Officer, shall be delivered promptly by the Issuer to the Trustee and to any Paying Agent, Registrar, Authenticating Agent and Credit Facility Issuer. The Trustee's rights under Section 3.04 hereof shall survive any resignation by or removal of the Trustee hereunder.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Issuer or the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding.

SECTION 13.13. Appointment of Successor Trustee. If the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Issuer shall appoint a successor and (i) if any Outstanding Bonds are not registered bonds, shall publish notice of such appointment in an Authorized Newspaper, if any, and (ii) if any Outstanding Bonds are registered Bonds, shall mail notice of such appointment by first-class mail to each Bondholder as its name and address appear on the Bond Register, and to the Paying Agent, Registrar, Authenticating Agent, Credit Facility Issuer, if any and any rating agency that shall then have in effect a rating on any of the Bonds. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Master Trust Indenture prior to the date specified in the notice of resignation or removal as the

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date when such resignation or removal was to take effect, the Holders of a majority in aggregate principal amount of all Bonds then Outstanding may appoint a successor Trustee.

SECTION 13.14. Qualification of Successor. A successor Trustee shall be a national bank with trust powers or a bank or trust company with trust powers, having a combined net capital and surplus of at least \$50,000,000.

SECTION 13.15. Instruments of Succession. Any successor Trustee shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder and thereupon, such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder, after payment of all amounts lawfully due and owed to it, shall pay over to the successor Trustee all moneys held by it hereunder and, upon request of the successor Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument or instruments prepared by the Issuer transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the predecessor Trustee, except that the Trustee ceasing to act shall not be required to assign any right to payment it has under Section 13.04 hereof.

SECTION 13.16. Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or any corporation to which the Trustee shall sell or otherwise transfer all or substantially all of its corporate trust business, shall be the successor Trustee under the Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding; provided, however, that any such successor corporation continuing to act as Trustee hereunder shall meet the requirements of Section 13.14 hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article XIII.

SECTION 13.17. Extension of Rights and Duties of Trustee to Paying Agent and Registrar. The provisions of Sections 13.02, 13.03, 13.04, 13.08, 13.09 and 13.10 hereof are made applicable to the Paying Agent and the Registrar, as appropriate, and any Person serving as Paying Agent and/or Registrar, hereby enters into and agrees to comply with the covenants and agreements of this Master Trust Indenture applicable to the Paying Agent and Registrar, respectively. It is hereby expressly understood that the Issuer may appoint one or more Persons as Paying Agent or Paying Agents for one or more Series of Bonds.

SECTION 13.18. Resignation of Paying Agent or Registrar. The Paying Agent or Registrar may resign and be discharged of the duties created by the Indenture by executing an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the Issuer, the Trustee, and any rating agency that shall then have in effect a rating on any of the Bonds, not less than forty five (45) days before the date specified in such instrument when such resignation shall take effect, and by giving written notice of such resignation not less than three (3) weeks prior to such resignation date to the Bondholders, mailed to their addresses as such appear in the Bond Register. Such resignation shall take effect on the date specified in such instrument and notice, but only if a successor

Paying Agent or Registrar shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Registrar. If the successor Paying Agent or Registrar shall not have been appointed within a period of ninety (90) days following the giving of notice, then the Paying Agent or Registrar shall be authorized to petition any court of competent jurisdiction to appoint a successor Paying Agent or Registrar as provided in Section 13.22 hereof.

SECTION 13.19. Removal of Paying Agent or Registrar. The Paying Agent or Registrar may be removed at any time prior to any Event of Default by the Issuer by filing with the Paying Agent or Registrar to be removed, and with the Trustee, an instrument or instruments in writing executed by the Issuer appointing a successor, or an instrument or instruments in writing designating, and accompanied by an instrument or appointment by the Issuer of, such successor. Such removal shall be effective thirty (30) days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Paying Agent or Registrar appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder.

SECTION 13.20. Appointment of Successor Paying Agent or Registrar. In case at any time the Paying Agent or Registrar shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and ipso facto exist in the office of the Paying Agent or Registrar, as the case may be, and a successor shall be appointed by the Issuer, and in case at any time the Paying Agent or Registrar shall resign, then a successor shall be appointed by the Issuer. After any such appointment, notice of such appointment shall be given by the Issuer to the predecessor Paying Agent or Registrar, the successor Paying Agent or Registrar, the Trustee, any rating agency that shall then have in effect a rating on any of the Bonds, and all Bondholders. Any new Paying Agent or Registrar so appointed shall immediately, and without further act, supersede the predecessor Paying Agent or Registrar.

SECTION 13.21. Qualifications of Successor Paying Agent or Registrar. Every successor Paying Agent or Registrar (a) shall be a commercial bank or trust company (i) duly organized under the laws of the United States or any state or territory thereof, (ii) authorized by law to perform all the duties imposed upon it by the Indenture and (iii) capable of meeting its obligations hereunder, and (b) shall have a combined net capital and surplus of at least \$50,000,000.

SECTION 13.22. Judicial Appointment of Successor Paying Agent or Registrar. In case at any time the Paying Agent or Registrar shall resign and no appointment of a successor Paying Agent or Registrar shall be made pursuant to the foregoing provisions of this Master Trust Indenture prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the retiring Paying Agent or Registrar may forthwith apply to a court of competent jurisdiction for the appointment of a successor Paying Agent or Registrar. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Paying Agent or Registrar. Notice of such appointment shall be given by the Successor Registrar or Paying Agent to the Issuer, the Trustee, any rating agency that shall then

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have in effect a rating on any of the Bonds, and all Bondholders. In the absence of such an appointment, the Trustee shall become the Registrar or Paying Agent, and shall so notify the Issuer, any rating agency that shall have issued a rating on the Bonds and all Bondholders.

SECTION 13.23. Acceptance of Duties by Successor Paying Agent or Registrar.

Any successor Paying Agent or Registrar appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder, and thereupon such successor Paying Agent or Registrar, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent or Registrar herein. Upon request of such Paying Agent or Registrar, such predecessor Paying Agent or Registrar and the Issuer shall execute and deliver an instrument transferring to such successor Paying Agent or Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Registrar and such predecessor Paying Agent or Registrar shall pay over and deliver to the successor Paying Agent or Registrar all moneys and other assets at the time held by it hereunder.

SECTION 13.24. Successor by Merger or Consolidation.

Any corporation into which any Paying Agent or Registrar hereunder may be merged or converted or with which it may be consolidated, or any corporation to which any Paying Agent or Registrar hereunder shall sell or otherwise transfer all or substantially all of its corporate trust business, shall be the successor Paying Agent or Registrar under the Indenture without the execution or filing of any paper or any further act on the part of the parties thereto, anything in the Indenture to the contrary notwithstanding.

[END OF ARTICLE XIII]

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**ARTICLE XV
AMENDMENTS AND SUPPLEMENTS**

SECTION 15.01. Amendments and Supplements Without Bondholder Consent.

This Master Trust Indenture and any then existing Supplemental Indenture may be amended or supplemented, from time to time, without the consent of the Bondholders, by a Supplemental Indenture authorized by a Certified Resolution of the Issuer filed with the Trustee, for one or more of the following purposes:

(a) to set forth any or all of the matters in connection with the issuance of a Series of Bonds as required or contemplated by this Master Trust Indenture;

(b) to add additional covenants of the Issuer or to surrender any right or power herein conferred upon the Issuer;

(c) for any purpose not inconsistent with the terms of this Master Trust Indenture or the Supplemental Indenture in question, as the case may be, or to cure any ambiguity or to cure, correct or supplement any defective provision (whether because of any inconsistency with any other provision hereof or otherwise) of this Master Trust Indenture or the Supplemental Indenture in question, as the case may be, in such manner as shall not impair the security hereof or thereof or adversely affect the rights and remedies of the Bondholders;

(d) to provide for the execution of any and all contracts and other documents as may be required in order to effectuate the conveyance of any Project to the United States of America, the State, the County or the City or any department, agency or branch thereof, or any other unit of government of the State, the County or the City; provided, however, that the Issuer shall have caused to be delivered to the Trustee an opinion of Bond Counsel stating that such conveyance shall not impair the security hereof or of the Supplemental Indenture relating to such portion of a Project or adversely affect the rights and remedies of the Bondholders or the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(e) to provide for a book entry only system of registration for the Bonds or any Series thereof;

(f) to make any change necessary to procure the issuance, renewal or extension of any Credit Facility or rating on any Bonds;

(g) to make such changes as may be necessary in order to reflect amendments to the Act and/or Chapters 170, 197 and 298, Florida Statutes, so long as, in the opinion of Counsel to the Issuer, such changes either: (i) do not have an adverse effect on Holders of each Series of Bonds to which such changes relate; or (ii) if such changes do have an adverse effect, that they nevertheless are required to be made as a result of such amendments; and

(h) to add or delete property from within the boundaries of Unit No. 2 as described in **Exhibit A**, in accordance with the Act; provided that no property which is the subject of a Special Assessment securing one or more Series of Bonds issued under this Indenture or any supplement hereto shall be deleted without the consent of the Bondholders affected thereby unless such Special Assessment has been paid in full.

SECTION 15.02. Amendments With Bondholder and Credit Facility Issuer's Consent. This Master Trust Indenture and any indenture supplemental hereto also may be amended from time to time as set forth below, except with respect to (a) the interest or principal payable upon any Bonds, (b) the date of maturity or redemption provisions of any Bonds, (c) this Article XV, (d) the security provisions hereunder or under any indenture supplemental hereto, and (e) release to a Developer (with respect to such Series of Bonds for which such Developer has funded the Series Account in the Debt Service Reserve Fund) in any manner or amount not otherwise specifically authorized under Sections 6.05 and 7.02 hereof or under the provisions of the Supplemental Indenture corresponding to the applicable Series of Bonds, all or a portion of the moneys on deposit in the Series Account of the Debt Service Reserve Fund free and clear of the lien of this Indenture, by a Supplemental Indenture approved by the Registered Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding of all Series affected by such amendments; provided, however, that no amendment shall be made which adversely affects one or more but less than all Series of Bonds without the consent of the Registered Owners of at least a majority in aggregate principal amount of the then Outstanding Bonds of each Series so affected, and no amendment shall be made which affects the rights of some but less than all of the Outstanding Bonds of each Series so affected. Amendments with respect to items (a), (b), (c), (d) and (e) of this Section 15.02 shall be effected only with the consent of Registered Owners of all Outstanding Bonds of each Series affected by such amendments. To the extent that there is then a Credit Facility in effect as to a Series of Bonds to be affected by an amendment under this Section, and there is then no existing default by the Credit Facility Issuer under its Credit Facility, any such amendment shall be effective only with the prior written consent of the Credit Facility Issuer with respect to the Bonds affected, whose consent shall not be unreasonably withheld.

SECTION 15.03. Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The Trustee is authorized to join in the execution and delivery of any Supplemental Indenture or amendment permitted by this Article XV and in so doing is entitled to request and may rely on a written opinion of Bond Counsel that such Supplemental Indenture or amendment is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding agreement have been done.

[END OF ARTICLE XV]

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ARTICLE XVI

DEFEASANCE

SECTION 16.01. Defeasance. When interest on, and principal or Redemption Price (as the case may be) of, any Series of Bonds or portion thereof to be defeased and all amounts payable under any Credit Facility Agreement in respect of any Credit Facility relating to said Series of Bonds or portion thereof to be defeased have been paid, or there shall have been deposited with the Trustee or such other escrow agent designated in a Certified Resolution of the Issuer (the "Escrow Agent") moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys remaining uninvested, will provide sufficient monies to fully pay (i) such Series of Bonds or portion thereof to be defeased, (ii) amounts payable under any Credit Facility Agreement in respect of any Credit Facility relating to such Series of Bonds or portion thereof to be defeased and (iii) any other sums payable hereunder and under the pertinent Supplemental Indenture by the Issuer, the right, title and interest of the Trustee with respect to such Series of Bonds or portion thereof to be defeased shall thereupon cease, the lien of the Indenture on the Pledged Revenues and the Funds and Accounts established under this Master Trust Indenture or the pertinent Supplemental Indenture with respect to such Series of Bonds or portion thereof to be defeased shall be defeased and discharged, and the Trustee, on demand of the Issuer, shall release the Indenture as to all Series of Bonds or portion thereof to be so defeased and shall execute such documents to evidence such release as may be reasonably required by the Issuer and shall turn over to the Issuer or to such Person, body or authority as may be entitled to receive the same all balances remaining in any Funds and Accounts under any Supplemental Indenture pertaining to any Series of Bonds wholly defeased.

SECTION 16.02. Deposit of Funds for Payment of Bonds. If the Issuer deposits with the Escrow Agent moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys remaining uninvested, will provide sufficient moneys to pay the principal or Redemption Price of any Bonds becoming due, either at maturity or by redemption or otherwise, together with all interest accruing thereon to the date of maturity or such prior redemption, and reimburses or causes to be reimbursed or pays or causes to be paid the other amounts required to be reimbursed or paid under Section 16.01 hereof, interest on such Bonds shall cease to accrue on such date of maturity or prior redemption and all liability of the Issuer with respect to such Bonds shall likewise cease, except as hereinafter provided; provided, however, that (a) if any Bonds are to be redeemed prior to the maturity thereof, notice of the redemption thereof shall have been duly given in accordance with the provisions of Section 8.02 hereof and the additional provisions (if any) of the applicable Supplemental Indenture, or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice, and (b) in the event that any Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days following a deposit of moneys with the Escrow Agent, in accordance with this Section, the Issuer shall have given the Escrow Agent, in form satisfactory to the Escrow Agent, irrevocable instructions to mail to the Registered Owners of such Bonds at their addresses as they appear on the Bond Register, and to publish once in any Authorized Newspaper, a notice stating that a deposit in accordance with this Section has been made with the Escrow Agent and that the Bonds to which such notice relates are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys

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[END OF ARTICLE XVI]

are to be available for the payment of the principal or Redemption Price (as the case may be) of, and interest on, said Bonds. Thereafter such Bonds shall be deemed not to be Outstanding hereunder or under the applicable Supplemental Indenture and the Registered Owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds, and the Escrow Agent shall hold such funds in trust for such Registered Owners.

Money so deposited with the Escrow Agent which remains unclaimed three (3) years after the date payment thereof becomes due shall, upon request of the Issuer, if the Issuer is not at the time to the knowledge of the Escrow Agent in default with respect to any covenant in the Indenture or the Bonds contained, be paid to the Issuer; and the Registered Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Escrow Agent, before making payment to the Issuer, may, at the expense of the Issuer, cause a notice to be published in an Authorized Newspaper, stating that the money remaining unclaimed will be returned to the Issuer after a specified date.

Notwithstanding the foregoing, if a Developer has funded the Series Account of the Debt Service Reserve Fund for a Series of Bonds, moneys on deposit in such Series Account of the Debt Service Reserve Fund shall not be used to defease such Series of Bonds within the meaning of this Article XVI without the express written consent of such Developer.

SECTION 16.03. Tax Covenants. Notwithstanding anything to the contrary contained herein, the provisions and covenants of Sections 11.32 and 11.33 hereof shall survive payment or defeasance of the Bonds.

ARTICLE XVII

MISCELLANEOUS PROVISIONS

SECTION 17.01. Limitations on Recourse. No personal recourse shall be had for any claim based on the Indenture or the Bonds against any member of the Board of the Issuer, or any officer, employee, consultant or agent, past, present or future, of the Issuer or of any successor body as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

No personal recourse shall be had for any claim based on the Indenture or the Bonds against any member of the board of directors (or other governing body or controlling entity) of any Developer, or officer, employee, consultant or agent, past, present or future, thereof, or any member of the board of directors of any entity affiliated with, related to or controlling any Developer, or officer, employee or agent, past, present or future, thereof.

Bonds of a Series are payable solely from the Pledged Revenues relating thereto, the money received under any Credit Facility relating thereto and any other moneys held by the Trustee under the Indenture for such purpose. There shall be no other recourse under the Bonds, the Indenture or otherwise, against the Issuer or any other property now or hereafter owned by it.

SECTION 17.02. Payment Dates. In any case where an Interest Payment Date or maturity date of the Bonds or the date fixed for the redemption of any Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

SECTION 17.03. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto, the Holders of the Bonds and any Credit Facility Issuer as specified in a Supplemental Indenture.

SECTION 17.04. Illegal Provisions Disregarded. If any term of the Indenture or Bonds or the application thereof for any reason or circumstances shall to any extent be held invalid or unenforceable, the remaining provisions or the application of such terms or provisions to Persons and situations other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision hereof and thereof shall not be valid and enforced to the fullest extent permitted by law.

SECTION 17.05. Substitute Notice. If for any reason it shall be impossible to make publication of any notice required hereby in a newspaper or newspapers, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

SECTION 17.06. Notices. Any notice, demand, direction, request or other instrument authorized or required by the Indenture to be given to or filed with the Issuer, the Trustee or a Credit Facility Issuer, shall be deemed to have been sufficiently given or filed for all purposes of

the Indenture if and when personally delivered and receipted for, or sent by registered United States mail, return receipt requested, addressed as follows:

(a) As to the Issuer:

West Villages Improvement District
11000 Prosperity Farms Road, Suite 114
Palm Beach Gardens, Florida 33410
Attention: Peter Pimentel
District Manager

(b) As to the Trustee:

Wachovia Bank, National Association
200 South Biscayne Blvd., 14th Floor
Miami, Florida 33131
Attention: Corporate Trust Department

(c) As to the Credit Facility Issuer:

To the address specified in the pertinent Supplemental Indenture.

Any of the foregoing may, by notice sent to each of the others, designate a different or additional address to which notices under the Indenture are to be sent.

All documents received by the Trustee under the provisions of the Indenture and not required to be redelivered shall be retained in its possession, subject at all reasonable times to the inspection of the Issuer, any Credit Facility Issuer, any Bondholder and the agents and representatives thereof as evidence in writing.

SECTION 17.07. Controlling Law. The Indenture shall be governed by and construed in accordance with the laws of the State of Florida.

SECTION 17.08. Successors and Assigns. All the covenants, promises and agreements in the Indenture contained by or on behalf of the Issuer or by or on behalf of the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 17.09. Headings for Convenience Only. The table of contents and descriptive headings in the Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 17.10. Counterparts. This Master Trust Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

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SECTION 17.11. Appendices and Exhibits. Any and all appendices or exhibits referred to in and attached to this Master Trust Indenture are hereby incorporated herein and made a part hereof for all purposes.

SECTION 17.12. Modification by Supplemental Indenture. Notwithstanding any provision herein to the contrary, to the extent provided in a Supplemental Indenture, any or all of the provisions of this Master Trust Indenture may be modified with respect to a Series of Bonds issued under such Supplemental Indenture; provided, however, that any such modifications shall apply only to the particular Series of Bonds authorized by such Supplemental Indenture and shall not affect in any manner whatsoever any other Outstanding Series of Bonds.

[END OF ARTICLE XVII]

IN WITNESS WHEREOF, West Villages Improvement District has caused this Master Trust Indenture to be executed by the Vice Chairman of its Board and its corporate seal to be hereunto affixed, attested by the Secretary of its Board and Wachovia Bank, National Association, has caused this Master Trust Indenture to be executed by one of its Vice Presidents and its seal to be hereto affixed all as of the day and year first above written.

WEST VILLAGES IMPROVEMENT DISTRICT

[SEAL]

Attest:

By: *[Signature]*
Its: Vice Chairman, Board of Supervisors

By: *Peter L. Pimentel*
Its: Secretary, Board of Supervisors

WACHOVIA BANK, NATIONAL ASSOCIATION
as Trustee, Paying Agent and Registrar

[SEAL]

By: *[Signature]*
Vice President

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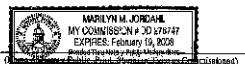
STATE OF FLORIDA)
COUNTY OF MIAMI-DADE) SS:

On this 14th day of February, 2005, before me, a notary public in and for the State and County aforesaid, personally appeared Eric Anderson, Vice Chairman of the Board of Supervisors of West Villages Improvement District, who acknowledged that he did sign the foregoing instrument as such officer for and on behalf of West Villages Improvement District; that the same is his free act and deed of such officer and the free act and deed of West Villages Improvement District; and that he appeared before me this day in person and acknowledged that he, being thereto duly authorized, signed for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 14th day of February, 2005.

[Signature]

NOTARY PUBLIC STATE OF FLORIDA



Personally known to me, or
 Produced identification: _____
(Type of Identification Produced)

DID take an oath, or
 DID NOT take an oath

My Commission expires:

[NOTARIAL SEAL]

STATE OF FLORIDA)
COUNTY OF MIAMI-DADE) SS:

On this 14th day of February, 2005, before me, a notary public in and for the State and County aforesaid, personally appeared Peter L. Pimentel, Secretary of the Board of Supervisors of West Villages Improvement District, who acknowledged that he did sign the foregoing instrument as such officer for and on behalf of West Villages Improvement District; that the same is his free act and deed of such officer and the free act and deed of West Villages Improvement District; and that he appeared before me this day in person and acknowledged that he, being thereto duly authorized, signed and sealed with the seal of said West Villages Improvement District, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 14th day of February, 2005.

[Signature]

NOTARY PUBLIC STATE OF FLORIDA



Personally known to me, or
 Produced identification: _____
(Type of Identification Produced)

DID take an oath, or
DID NOT take an oath

My Commission expires:

[NOTARIAL SEAL]

STATE OF FLORIDA)
COUNTY OF MIAMI-DADE)
SS:

On this 14th day of February, 2005, before me, a notary public in and for the State and County aforesaid, personally appeared Vivian C. Cerecedo, Vice President of Wachovia Bank, National Association, as Trustee, who acknowledged that he/she did so sign the foregoing instrument as such officer, for and on behalf of said corporation; that the same is his/her free act and deed as such officer and the free act and deed of said corporation; and that the seal affixed to said instrument is the seal of said corporation.

GIVEN under my hand and notarial seal this 14th day of February, 2005.

EXHIBIT A

LEGAL DESCRIPTION OF UNIT OF DEVELOPMENT NO. 2

My Commission expires:

[NOTARIAL SEAL]

NOTARY PUBLIC STATE OF FLORIDA



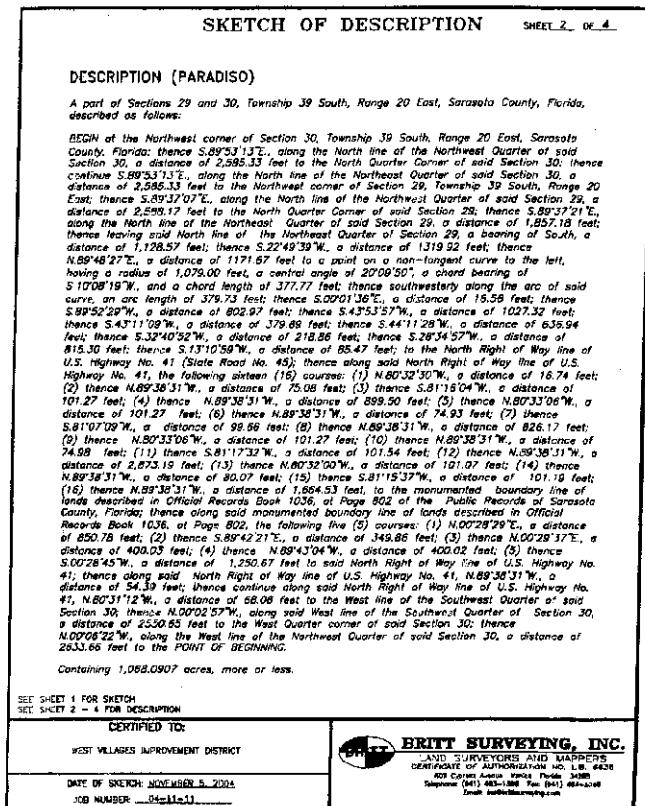
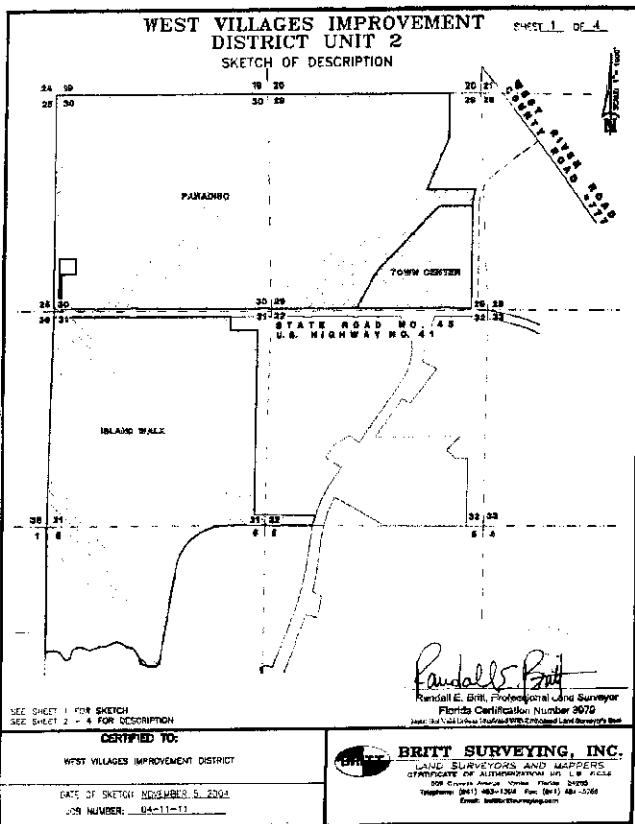
Personally known to me, or
Produced identification: _____

RID take an oath, or

DID NOT take an oath

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IN WITNESS WHEREOF, West Villages Improvement District has caused this Bond to be signed by the manual or facsimile signature of the Chairman of its Board of Supervisors and its seal to be imprinted hereon, and attested by the manual or facsimile signature of the Secretary of its Board of Supervisors, all as of the date hereof.

WEST VILLAGES IMPROVEMENT
DISTRICT

[SEAL]

By:
Attest: _____ Is: Chairman, Board of Supervisors

By:
Its: Secretary, Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication:

WACHOVIA BANK, NATIONAL
ASSOCIATION,
as Trustee

By:
Authorized Officer

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[Back of Bond]

This Bond is one of an authorized issue of Bonds of West Villages Improvement District (North Port, Florida), an independent special district and public body corporate and politic created and incorporated by Chapter 2004-456, Laws of Florida, a special act of the Florida Legislature (the "Act") designated as "West Villages Improvement District (North Port, Florida) Special Assessment Bonds, Series _____ (Unit of Development No. 2)" (the "Bonds"), in the aggregate principal amount of _____ Dollars (\$_____) of face date, tenor and effect, except as to number. The Bonds are being issued under authority of the laws and Constitution of the State of Florida, including particularly the Act, to pay a portion of the costs of financing, funding, planning, acquisition, construction, reconstruction, equipping and installation of certain infrastructure improvements within or for the benefit of Unit of Development No. 2 as permitted by the Act. The Bonds shall be issued as fully registered Bonds in authorized denominations, as set forth in the Indenture. The Bonds are issued under and secured by a Master Trust Indenture dated as of February 1, 2005, by and between the Issuer and the Trustee and a _____ Supplemental Trust Indenture dated as of _____, by and between the Issuer and the Trustee (collectively, the "Indenture"), executed counterparts of which are on file at the designated corporate trust office of the Trustee in Miami, Florida.

Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds issued under the Indenture, the operation and application of the Debt Service Fund and other Funds and Accounts (each as defined in the Indenture) charged with and pledged to the payment of the principal of, premium, if any, and the interest on the Bonds, the levy of Special Assessments and the collection of Special Assessments, the nature and extent of the security for the Bonds, the terms and conditions on which the Bonds are issued and on which Additional Bonds and Refunding Bonds (all as defined in the Indenture) may be issued on a parity herewith, the rights, duties and obligations of the Issuer and of the Trustee under the Indenture, the conditions under which such Indenture may be amended without the consent of the registered owners of Bonds, the conditions under which such Indenture may be amended with the consent of the registered owners of a majority in aggregate principal amount of the Bonds outstanding, and as to other rights and remedies of the registered owners of the Bonds.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect to any event of default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. The owner hereof expressly recognizes that the Indenture provides that events of default and remedies with respect to each Series of Bonds shall be specific to that particular Series of Bonds and a default as to one particular Series of Bonds under the Indenture shall not, in and of itself, result in a default as to other Series of Bonds under the Indenture.

It is expressly agreed by the registered owner of this Bond that such registered owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer, the City of North Port, Florida, Sarasota County, Florida, the State of Florida or any

political subdivision thereof, or taxation in any form of any real or personal property of the Issuer, the City of North Port, Florida, Sarasota County, Florida, the State of Florida or any political subdivision thereof, for the payment of the principal of, premium, if any, and interest on this Bond or the making of any other sinking fund and other payments provided for in the Indenture, except for Special Assessments to be levied and collected by the Issuer as set forth in the Indenture.

By the acceptance of this Bond, the owner hereof assents to all the provisions of the Indenture.

This Bond is payable from and secured by Pledged Revenues, as such term is defined in the Indenture, all in the manner provided in the Indenture. The Indenture provides for the levy and the evidencing and certifying, of non ad valorem assessments in the form of Special Assessments to secure and pay the Bonds.

The Bonds are subject to redemption prior to maturity in the amounts, at the times and in the manner provided below. All payments of the redemption price of the Bonds shall be made on the dates specified below. If less than all the Bonds are to be redeemed, the Trustee shall select the particular Bonds or portions of Bonds to be called for redemption by lot.

[INSERT REDEMPTION PROVISIONS]

Notice of Redemption

The Trustee shall cause notice of redemption to be mailed at least thirty (30) but not more than sixty (60) days prior to the date of redemption to all registered owners of Bonds to be redeemed (as such owners appear on the books of the Registrar on the fifth (5th) day prior to such mailing) and to certain additional parties as set forth in the Indenture; provided, however, that failure to mail any such notices or any defect in the notice or the mailing thereof shall not affect the validity of the redemption of the Bonds for which such notice was duly mailed in accordance with the Indenture. If less than all of the Bonds shall be called for redemption, the notice of redemption shall specify the Bonds to be redeemed. On the redemption date, the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and on such date interest shall cease to accrue, such Bonds shall cease to be entitled to any benefit under the Indenture and such Bonds shall not be deemed to be outstanding under the provisions of the Indenture and the registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. If the amount of funds so deposited with the Trustee, or otherwise available, is insufficient to pay the redemption price and interest on all Bonds so called for redemption on such date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such funds are sufficient, selecting the Bonds to be redeemed by lot from among all such Bonds called for redemption on such date, and interest on any Bonds not paid shall continue to accrue, as provided in the Indenture.

The Issuer shall keep books for the registration of the Bonds at the designated corporate trust office of the Registrar in Miami, Florida. The Bonds may be transferred or exchanged by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the Issuer kept by the Registrar and only upon surrender thereof together with a written

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instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. In all cases in which the privilege of transferring or exchanging bonds is exercised, the Issuer shall execute and the Trustee or such other authenticating agent as may be appointed by the Trustee under the Indenture shall authenticate and deliver a new Bond or Bonds in authorized form and in like aggregate principal amount in accordance with the provisions of the Indenture. There shall be no charge for any such exchange or transfer of Bonds, but the Issuer may require payment of a sum sufficient to pay any tax, fee or other governmental charge imposed. Neither the Issuer nor the Registrar shall be required (a) to transfer or exchange Bonds for a period of fifteen (15) days next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bond called for redemption in whole or in part.

The Issuer, the Trustee, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute owner thereof (whether or not such Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuer, the Trustee, the Paying Agent or the Registrar) for the purpose of receiving payment of or on account of the principal of, premium, if any, and interest on such Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Trustee, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, including particularly the Act, and that the issuance of this Bond, and of the issue of the Bonds of which this Bond is one, is in full compliance with all constitutional and statutory limitations or provisions.

[STATEMENT OF VALIDATION – TO BE INCLUDED
ONLY IF BONDS ARE VALIDATED]

[This Bond is one of a series of Bonds which were validated by judgment of the Circuit Court of the Twelfth Judicial Circuit of Florida, in and for Sarasota County, Florida, rendered on the _____ day of _____, 2005.]

Chairman]

ABBREVIATIONS

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

TEN COM	- as tenants in common	UNIF GIFT MIN ACT -	_____	Custodian
TEN ENT	- as tenants by the entireties	(Cust)	_____	(Minor)
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act	_____	(State)

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

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ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(please print or typewrite name and address of transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guarantee:

NOTICE: Signature(s) must be guaranteed by institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

Please insert social security or other identifying number of Assignee.

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 whatsoever.

EXHIBIT C

FORM OF REQUISITION

The undersigned, a Responsible Officer of West Villages Improvement District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of that certain Master Trust Indenture dated as of February 1, 2005, as supplemented and amended by that certain _____ Supplemental Trust Indenture dated as of _____ (collectively, the "Indenture"), by and between the District and Wachovia Bank, National Association, as trustee (the "Trustee") (all capitalized terms used herein shall have the meaning ascribed to such terms in the Indenture):

(A) Requisition Number:

(B) Name and address of Payee:

(C) Amount Payable, including total obligation, any amount previously paid and the unpaid balance:

(D) Purpose for which paid or incurred (refer also to specific contract if amount is due and payable pursuant to a contract involving progress payments):

(E) Fund or Account and subaccount, if any, from which disbursement to be made:

The undersigned hereby certifies that obligations in the stated amount set forth above have been incurred by the District, that each disbursement set forth above is a proper charge against the Construction Fund or the Account or subaccount, if any, referenced above, that each disbursement set forth above was incurred in connection with the acquisition and construction of the Project and each represents a Cost of the Project that is due and has not previously been paid.

The undersigned hereby further certifies that there has not been filed with or served upon the District notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to the Payee set forth above, which has not been released or will not be released simultaneously with the payment hereof.

The undersigned hereby further certifies that such requisition contains no item representing payment on account of any retained percentage which the District is at the date of such certificate entitled to retain and that the work to which the payment relates is satisfactory to the District (which satisfaction may be based upon a certificate of the Consulting Engineer).

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Attached hereto are true and correct copies of the invoice(s) from the vendor of the property acquired or services rendered with respect to which disbursement is hereby requested.

WEST VILLAGES IMPROVEMENT
DISTRICT

By: _____
Responsible Officer

**CONSULTING ENGINEER'S APPROVAL FOR NON-COST OF ISSUANCE
AND NON-CAPITALIZED INTEREST REQUESTS ONLY**

If this requisition is for a disbursement other than costs of issuance of the Series — Bonds or payment of capitalized interest, or a requisition presented on the date of closing of a Series of Bonds, the undersigned Consulting Engineer hereby certifies that (a) this disbursement is for a Cost of the Project and is consistent with the applicable acquisition or construction contract for the portion of the Project with respect to which such disbursement is being made, (b) the Consulting Engineer approves the requisition; (c) the amount requisitioned is due and unpaid, (d) that, insofar as the payment is to be made for work, material, supplies or equipment, the work has been performed and the material, supplies or equipment have been installed as part of the Project or any portion thereof or have been delivered either at the proper site or at a proper place for fabrication and are covered by the builders' risk insurance; (e) that all work, material, supplies and equipment for which payment is to be made are, in the signer's opinion, in accordance with the plans and specifications or duly approved change orders; and (f) all approvals for the acquisition, construction, reconstruction, installation and equipping of the Project or any portion thereof have been obtained or can reasonably be expected to be obtained from all applicable regulatory bodies.

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CONSULTING ENGINEER

By: _____
Its:

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BETWEEN
WEST VILLAGES IMPROVEMENT DISTRICT
AND
WACHOVIA BANK, NATIONAL ASSOCIATION
As Trustee

Dated as of November 1, 2005

Authorizing and Securing
\$38,005,000
WEST VILLAGES IMPROVEMENT DISTRICT
(NORTH PORT, FLORIDA)
SPECIAL ASSESSMENT BONDS
SERIES 2005
(UNIT OF DEVELOPMENT NO. 2)

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THIS SECOND SUPPLEMENTAL TRUST INDENTURE (the "Second Supplemental Indenture"), dated as of November 1, 2005 between WEST VILLAGES IMPROVEMENT DISTRICT (the "Issuer"), a local unit of special-purpose government organized and existing under the laws of the State of Florida, and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America and authorized to exercise corporate trust powers in the State of Florida, having its designated corporate trust offices in Miami, Florida (the "Trustee");

WITNESSETH:

WHEREAS, the Issuer is a local unit of special purpose government created and incorporated by Chapter 2004-456, Laws of Florida, a special act of the Florida Legislature (the "Act"), as an independent special district and a public body corporate and politic; and

WHEREAS, on November 16, 2004, the Board of Supervisors (the "Board") of the Issuer duly adopted Resolution No. 2004-14 designating the real property described in Exhibit A to the Master Trust Indenture (as defined herein) as a Unit of Development pursuant to Section 11 of the Act, with said Unit of Development being called "Unit of Development No. 2" (hereinafter sometimes referred to as "Unit No. 2"); and

WHEREAS, on February 19, 2005, the District entered into an agreement with Fourth Quarter Properties XXXII, LLC, as landowner, expanding the lands within Unit No. 2 as described in Exhibit A hereto; and

WHEREAS, the Issuer has decided to undertake for the benefit of the lands within Unit No. 2 the financing, planning, acquisition, construction, reconstruction, equipping and installation, in phases, of infrastructure improvements permitted by the Act, including, without limitation, certain water and sewer, drainage, roadway and intersection improvements, all as more specifically described in the Engineer's Report dated January 18, 2005, as amended (the "Project"); and

WHEREAS, the Issuer has previously issued \$10,325,000 aggregate principal amount of West Villages Improvement District (North Port, Florida) Bond Anticipation Notes, Series 2005 (Unit of Improvement No. 2) (the "Series 2005 Notes") under and pursuant to the Master Trust Indenture dated as of February 1, 2005 (the "Master Trust Indenture"), by and between the Issuer and the Trustee, as supplemented by the First Supplemental Trust Indenture dated as of February 1, 2005 (the "First Supplemental Indenture"), by and between the Issuer and the Trustee, in order to provide funds to the Issuer to acquire, construct, and equip a portion of the Project (such portion of the Project being hereinafter referred to as the "Series 2005 Project").

WHEREAS, the Issuer has determined to issue Thirty Eight Million Five Thousand Dollars (\$38,005,000) in aggregate principal amount of West Villages Improvement District (North Port, Florida) Special Assessment Bonds, Series 2005 (Unit of Development No. 2) (the "Series 2005 Bonds"); and

WHEREAS, the proceeds of the Series 2005 Bonds will be used to provide funds for (i) the financing of a portion of the Series 2005 Project, (ii) the payment of the Series 2005 Notes, (iii) the payment of interest on the Series 2005 Bonds through the end of the Capitalized Interest Period,

(iv) the funding of the Series 2005 Debt Service Reserve Account, and (v) the payment of the costs of issuance of the Series 2005 Bonds; and

WHEREAS, the Series 2005 Bonds are to be issued under the Master Trust Indenture and this Second Supplemental Indenture (hereinafter sometimes collectively referred to as the "Indenture"); and

WHEREAS, the Series 2005 Bonds will be secured on a parity by a pledge of the Series 2005 Pledged Revenues (as hereinafter defined), which Series 2005 Pledged Revenues shall include Series 2005 Special Assessments (as hereinafter defined);

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH, that to provide for the issuance of the Series 2005 Bonds, the security and payment of the principal or redemption price thereof (as the case may be) and interest thereon, the rights of the Bondholders and the performance and observance of all of the covenants contained herein and in said Series 2005 Bonds, and for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Series 2005 Bonds by the Owners thereof, from time to time, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the Issuer does hereby assign, transfer, set over and pledge to Wachovia Bank, National Association, as Trustee, its successors in trust and its assigns forever, and grants a lien on all of the right, title and interest of the Issuer in and to the Pledged Revenues as defined in the Master Trust Indenture and herein.

TO HAVE AND TO HOLD the same and any other revenues, property, contracts or contract rights, accounts receivable, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, which may, by delivery, assignment or otherwise, be subject to the lien created by the Indenture.

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future Owners of the Series 2005 Bonds issued under this Second Supplemental Indenture, without preference, priority or distinction as to lien or otherwise (except as otherwise specifically provided in this Second Supplemental Indenture) of any one Series 2005 Bond over any other Series 2005 Bond.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal or redemption price of the Series 2005 Bonds issued, secured and Outstanding hereunder and the interest due or to become due thereon, at the times and in the manner mentioned in such Series 2005 Bonds and the Indenture, according to the true intent and meaning thereof and hereof, and the Issuer shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the 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 Second Supplemental Indenture and the rights hereby granted shall cease and terminate, otherwise this Second Supplemental Indenture to be and remain in full force and effect.

supplements or amendments relating to Series of Bonds other than the Series 2005 Bonds as specifically defined in the Second Supplemental Indenture).

"Paying Agent" shall mean Wachovia Bank, National Association, Miami, Florida and its successors and assigns as Paying Agent hereunder.

"Registrar" shall mean Wachovia Bank, National Association, Miami, Florida and its successors and assigns as Registrar hereunder.

"Regular Record Date" shall mean the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

"Resolution" shall mean, collectively, (a) the resolution of the Issuer dated January 18, 2005 pursuant to which the Issuer authorized (i) the issuance of not exceeding \$42,000,000 aggregate principal amount of Bonds to finance the Series 2005 Project, (ii) the commencement of bond validation proceedings in respect of such Bonds and (iii) the issuance of the Series 2005 Notes in anticipation of the issuance of all or a portion of the first Series of Bonds in order to finance the Series 2005 Project and (b) the series resolution of the Issuer dated September 27, 2005 pursuant to which the Issuer authorized the issuance of the Series 2005 Bonds.

"Series 2005 Bonds" shall mean the \$38,005,000 aggregate principal amount of West Villages Improvement District (North Port, Florida) Special Assessment Bonds, Series 2005 (Unit of Development No. 2), to be issued as fully registered Bonds in accordance with the provisions of the Indenture.

"Series 2005 Capitalized Interest Subaccount" shall mean the subaccount so designated, established as a separate subaccount within the Series 2005 Interest Account of the Debt Service Fund pursuant to Section 4.01(d) herein.

"Series 2005 Construction Account" shall mean the Account so designated, established as a separate account within the Construction Fund pursuant to Section 4.01(a) herein.

"Series 2005 Construction Subaccount" shall mean the subaccount so designated, established as a separate subaccount within the Series 2005 Construction Account of the Construction Fund pursuant to Section 4.01(a) herein.

"Series 2005 Costs of Issuance Subaccount" shall mean the subaccount so designated, established as a separate subaccount within the Series 2005 Construction Account of the Construction Fund pursuant to Section 4.01(a) herein.

"Series 2005 Debt Service Reserve Account" shall mean the Account so designated, established as a separate account within the Debt Service Reserve Fund pursuant to Section 4.01(f) herein.

"Series 2005 Debt Service Reserve Account Requirement" shall mean the lesser of (i) the Maximum Annual Debt Service Requirements for all Outstanding Series 2005 Bonds, (ii) 125% of the average annual debt service for all Outstanding Series 2005 Bonds, or (iii) 10% of the principal amount of the Outstanding Series 2005 Bonds.

ARTICLE I

DEFINITIONS

In this Second Supplemental Indenture capitalized terms used herein without definition shall have the meanings ascribed thereto in the Master Trust Indenture and, in addition, the following terms shall have the meanings specified below, unless otherwise expressly provided or unless the context otherwise requires:

"Assessment Proceedings" shall mean the proceedings of the Issuer required for the establishment, levy and collection of the Series 2005 Special Assessments within Unit No. 2, including, without limitation, the giving of notices, the holding of public hearings and the adoption of resolutions, all as required by the Act and other applicable law.

"Authorized Denomination" shall mean \$5,000 and integral multiples thereof; provided, however, that the Series 2005 Bonds will be issued and sold to the initial purchasers (it being understood that for this purpose the "initial purchasers" means the entity or entities purchasing the Series 2005 Bonds from the underwriter) only in minimum amounts of \$100,000 or integral multiples of \$5,000 in excess thereof.

"Bond Participants" shall mean those broker-dealers, banks and other financial institutions from time to time for which The Depository Trust Company, New York, New York (or any successor bond depository) holds Series 2005 Notes as securities depository.

"Capitalized Interest" shall mean interest due or to become due on the Series 2005 Bonds, which will be paid, or is expected to be paid, from the proceeds of the Series 2005 Bonds and investment earnings thereon.

"Capitalized Interest Period" shall mean the period of time commencing with the date of issuance of the Series 2005 Bonds and ending on November 1, 2006.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement dated as of November 22, 2005, among the Issuer, the Developers and Digital Assurance Certification, L.L.C., as dissemination agent, as amended and supplemented from time to time.

"First Supplemental Indenture" shall mean this First Supplemental Trust Indenture, dated as of February 1, 2005, by and between the Issuer and the Trustee, as supplemented or amended, pursuant to which the Series 2005 Notes were issued.

"Indenture" shall mean collectively, the Master Trust Indenture and the Second Supplemental Indenture.

"Interest Payment Date" shall mean May 1 and November 1 of each year, commencing November 1, 2006.

"Master Trust Indenture" shall mean the Master Trust Indenture, dated as of February 1, 2005, by and between the Issuer and the Trustee, as supplemented and amended with respect to matters pertaining solely to the Master Trust Indenture or the Series 2005 Bonds (as opposed to

"Series 2005 General Account" shall mean the Account so designated, established as a separate account under the Series 2005 Bond Redemption Fund pursuant to Section 4.01(g) herein.

"Series 2005 Interest Subaccount" shall mean the account so designated, established as a separate subaccount under the Series 2005 Interest Account pursuant to Section 4.01(d) herein.

"Series 2005 Note Repayment Fund" shall mean the fund so designated, established pursuant to Section 4.01(h) herein.

"Series 2005 Notes" shall mean the \$10,325,000 aggregate principal amount of West Villages Improvement District (North Port, Florida) Bond Anticipation Notes, Series 2005 (Unit of Development No. 2).

"Series 2005 Pledged Revenues" shall mean (a) all revenues received by the Issuer from Series 2005 Special Assessments levied and collected with respect to the Series 2005 Bonds, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2005 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2005 Special Assessments and (b) all moneys on deposit in the Funds and Accounts established under the Indenture in respect of the Series 2005 Bonds, including earnings thereon; provided, however, that Series 2005 Pledged Revenues shall not include, (i) with respect to the Series 2005 Bonds, revenues received by the Issuer from Series 2005 Special Assessments levied and collected with respect to one or more other Series of Bonds within Unit No. 2 or any other Unit of Development, including without limitation amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2005 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2005 Special Assessments, (ii) any moneys transferred to the Series 2005 Rebate Account in the Rebate Fund, or investment earnings thereon, and (iii) "maintenance assessments" levied and collected by the Issuer under Section 7 of the Act or any other provision of the Act (it being expressly understood that the lien and pledge of the Indenture shall not apply to any of the moneys described in the foregoing clauses (i), (ii) and (iii) of this proviso).

"Series 2005 Prepayment Account" shall mean the account so designated, established as a separate account under the Series 2005 Bond Redemption Fund pursuant to Section 4.01(g) herein.

"Series 2005 Prepayment Principal" shall mean the portion of a Prepayment corresponding to the principal amount of Special Assessments being prepaid.

"Series 2005 Project" shall mean (i) the acquisition, construction, installation and equipping of certain water and wastewater transmission improvements benefiting the lands within Unit No. 2, including, without limitation, the corresponding design, permitting and engineering for the foregoing and (ii) certain design, permitting and engineering costs associated with the roadway system benefiting the lands within Unit No. 2, all as more specifically described in the Consulting Engineer's Report dated January 18, 2005, as amended.

"Series 2005 Rebate Account" shall mean the Account so designated, established as a separate account within the Rebate Fund pursuant to Section 4.01(i) herein.

"Series 2005 Revenue Account" shall mean the account so designated, established as a separate account under Revenue Fund pursuant to Section 4.01(b) herein.

"Series 2005 Sinking Fund Account" shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 4.01(e) herein.

"Series 2005 Special Assessments" shall mean the non-ad valorem special assessments levied by the Issuer against developable acreage within Unit No. 2 specially benefited by the Series 2005 Project or any portion thereof, pursuant to the Act, other applicable provisions of law and the Assessment Proceedings.

"Tax Compliance Certificate" shall mean the Tax Compliance Certificate of the Issuer executed and delivered in connection with the issuance of the Series 2005 Bonds.

"True-Up Agreement" shall mean four separate True-Up Agreements, each dated as of November 22, 2005, by and between the Issuer and each of the Developers as the same may be amended from time to time.

The words "hereof", "herein", "hereto", "hereby", and "hereunder" (except in the form of Series 2005 Bond), refer to the entire Indenture.

Every "request", "requisition", "order", "demand", "application", "notice", "statement", "certificate", "consent", or similar action hereunder by the Issuer shall, unless the form or execution thereof is otherwise specifically provided, be in writing signed by the Chairman or the Vice Chairman or the Treasurer or the Assistant Treasurer or the Secretary or an Assistant Secretary or the Responsible Officer of the Issuer.

References herein to specific sections of the Florida Statutes shall be deemed to include any and all subsequent amendments to such section of the Florida Statutes and, if such section of the Florida Statutes were to be renumbered or repealed and replaced with another statutory provision, such reference shall be deemed to include the section as renumbered or the successor statutory provision, as applicable; provided, that no amendment, modification, revision, supplement or superseding section shall be applicable solely by reason of this paragraph, if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Bondholders or the Trustee hereunder; or, if but for the provisions of this paragraph, such amendment, modification, revision, supplement or superseding section would, with the giving of notice or the lapse of time (or both), constitute an Event of Default under the Indenture.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise specifically provided in this Second Supplemental Indenture, all terms defined in Article I of the Master Trust Indenture shall have the same meaning in this Second Supplemental Indenture as if expressly defined herein.

[End of Article I]

ARTICLE II

THE SERIES 2005 BONDS

SECTION 1.00. Amounts and Terms of Series 2005 Bonds: Issue of Series 2005 Bonds. No Series 2005 Bonds may be issued under this Second Supplemental Indenture except in accordance with the provisions of this Article and Articles II and III of the Master Trust Indenture.

() The total principal amount of Series 2005 Bonds that may be issued under this Second Supplemental Indenture is expressly limited to Thirty Eight Million Five Thousand Dollars (\$38,005,000). The Series 2005 Bonds shall be designated "West Villages Improvement District (North Port, Florida) Special Assessment Bonds, Series 2005 (Unit of Development No. 2)", and shall be issued as fully registered bonds without coupons in Authorized Denominations. The Series 2005 Bonds shall be numbered consecutively from R-1 and upwards.

() Any and all Series 2005 Bonds shall be issued in Authorized Denominations and substantially in the form attached hereto as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by the Indenture and with such additional changes as may be necessary or appropriate to conform to the provisions of the Resolution. The Issuer shall issue the Series 2005 Bonds upon execution of this Second Supplemental Indenture and satisfaction of the requirements of Section 3.01 of the Master Trust Indenture; and the Trustee shall, at the Issuer's request, authenticate such Series 2005 Bonds and deliver them as specified in the request.

SECTION 2.00. Execution. The Series 2005 Bonds shall be executed by the Issuer as set forth in the Master Trust Indenture.

SECTION 3.00. Authentication. The Series 2005 Bonds shall be authenticated as set forth in the Master Trust Indenture. No Series 2005 Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, as provided by the Master Trust Indenture.

SECTION 4.00. Purpose, Terms of, and Interest Accruals on, the Series 2005 Bonds.

() The Series 2005 Bonds are being issued hereunder in order to provide funds for (i) the financing of a portion of the Series 2005 Project, (ii) the payment of the Series 2005 Notes, (iii) the payment of interest on the Series 2005 Bonds through the Capitalized Interest Period, (iv) the funding of the Series 2005 Debt Service Reserve Account, and (v) the payment of the costs of issuance of the Series 2005 Bonds.

() The Series 2005 Bonds shall be dated November 22, 2005. Interest on the Series 2005 Bonds shall be payable on November 1, 2006, and on each Interest Payment Date thereafter to maturity or prior redemption. Interest on the Series 2005 Bonds shall be payable from the most recent Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication thereof is a May 1 or November 1 to which interest has been paid, in which case from such date of authentication, or unless the date of authentication thereof is prior to the first Interest Payment Date, in which case from November 22, 2005, or

unless the date of authentication thereof is between a Record Date and the next succeeding Interest Payment Date, in which case from such Interest Payment Date.

() The principal or Redemption Price of the Series 2005 Bonds shall be payable in lawful money of the United States of America at the corporate trust office of the Paying Agent upon presentation of such Series 2005 Bonds. The payment of interest on the Series 2005 Bonds shall be made on each Interest Payment Date to the Owners of the Series 2005 Bonds by check or draft drawn on the Paying Agent and mailed on the applicable Interest Payment Date to each Owner as such Owner appears on the Bond Register maintained by the Registrar as of the close of business on the Regular Record Date, at his address as it appears on the Bond Register. Any interest on any Series 2005 Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called "Defaulted Interest") shall be paid to the Owner in whose name the Series 2005 Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding any Owner of Series 2005 Bonds in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Trustee and Paying Agent, upon requesting the same in a writing received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Trustee and Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date.

SECTION 0.00. Debt Service on the Series 2005 Bonds.

() The Series 2005 Bonds will mature on May 1 of the years 2015 and 2036, subject to the right of prior redemption in accordance with their terms and as set forth herein, shall bear interest at the annual interest rates of 5.35% and 5.80%, respectively, and shall have CUSIP Numbers of 956454AB8 and 956454AC6, respectively.

() Interest on the Series 2005 Bonds will be computed in all cases on the basis of a 360 day year of twelve 30 day months. Interest on overdue principal and, to the extent lawful, on overdue premium and interest will be payable at the numerical rate of interest borne by the Series 2005 Bonds on the day before the default occurred.

SECTION 0.00. Disposition of Series 2005 Bond Proceeds. From the net proceeds of the Series 2005 Bonds received by the Trustee,

() \$1,942,918.04 representing Capitalized Interest shall be deposited in the Series 2005 Capitalized Interest Subaccount of the Series 2005 Interest Account of the Debt Service Fund,

() \$2,668,330.00 (which is an amount equal to the Series 2005 Debt Service Reserve Account Requirement in respect of the Series 2005 Bonds) shall be deposited in the Series 2005 Debt Service Reserve Account of the Debt Service Reserve Fund,

() \$10,722,225.69 shall be deposited in the Series 2005 Note Repayment Fund to pay the principal of, and accrued interests, due on the Series 2005 Notes,

() \$253,450.00 shall be deposited in the Series 2005 Costs of Issuance Subaccount within the Series 2005 Construction Account of the Construction Fund to pay the costs of issuance of the Series 2005 Bonds, and

() \$24,899,046.98 constituting all remaining proceeds of the Series 2005 Bonds, shall be deposited in the Series 2005 Construction Subaccount within the Series 2005 Construction Account of the Construction Fund to be applied in accordance with Article V of the Master Trust Indenture, including, without limitation, to finance a portion of the Series 2005 Project.

SECTION 0.00. Book-Entry Form of Series 2005 Bonds. The Series 2005 Bonds shall be issued only as one fully registered note and deposited with The Depository Trust Company, New York, New York ("DTC"), who is responsible for establishing and maintaining records of ownership for its participants. In the event that DTC discontinues providing its services as securities depository with respect to the Series 2005 Bonds, and a successor securities depository is not obtained, certificates representing such Series 2005 Bonds will be printed and delivered to the Holders thereof. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) with respect to the Series 2005 Bonds and in such event certificates will be printed and delivered to the Holders thereof. If certificates for the Series 2005 Bonds are printed, no charge shall be made to any owner for registration and transfer of such Series 2005 Bonds, but any Holder requesting such registration and transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

With respect to Series 2005 Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer, the Trustee, the Registrar, and the Paying Agent shall have no responsibility or obligation to any Bond Participant or to any indirect Bond Participant. Without limiting the immediately preceding sentence, the Issuer, the Trustee, the Registrar, and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Bond Participant with respect to any ownership interest in the Series 2005 Bonds, (ii) the delivery to any Bond Participant or any other person other than an Owner, as shown in the registration books kept by the Registrar, of any notice with respect to the Series 2005 Bonds, including any notice of redemption, or (iii) the payment to any Bond Participant or any other person, other than an Owner, as shown in the registration books kept by the Registrar, of any amount with respect to principal or interest on the Series 2005 Bonds. The Issuer, the Trustee, the Registrar, and the Paying Agent may treat and consider the person in whose name each Series 2005 Bond is registered in the registration books kept by the Registrar as the absolute owner of such Series 2005 Bond for the purpose of payment of principal and interest with respect to such Series 2005 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2005 Bond, for the purpose of registering transfers with respect to such Series 2005 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of and interest on the Series 2005 Bonds only to or upon the order of the

respective Owners, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal and of interest on the Series 2005 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books kept by the Registrar, shall receive a certificated Series 2005 Bond evidencing the obligation of the Issuer to make payments of principal and interest pursuant to the provisions hereof. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of the Master Trust Indenture with respect to Record Dates, the words "Cede & Co." in this First Supplemental Indenture shall refer to such new nominee of DTC; and upon receipt of such a notice the Issuer shall promptly deliver a copy of the same to the Trustee, Registrar, and the Paying Agent.

DURING THE PERIOD FOR WHICH CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2005 BONDS, ANY NOTICE TO BE PROVIDED TO ANY REGISTERED OWNER WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICE TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIVIDUAL PURCHASERS OF BENEFICIAL INTERESTS.

SECTION 0.00. Appointment of Registrar and Paying Agent. The Issuer shall keep, at the corporate trust office of the Registrar, books (the "Bond Register") for the registration, transfer and exchange of the Series 2005 Bonds, and hereby appoints Wachovia Bank, National Association, as its Registrar to keep such books and make such registrations, transfers, and exchanges as required hereby. Wachovia Bank, National Association, hereby accepts its appointment as Registrar and its duties and responsibilities as such hereunder. Registrations, transfers and exchanges shall be without charge to the Bondholder requesting such registration, transfer or exchange, but such Bondholder shall pay any taxes or other governmental charges on all registrations, transfers and exchanges.

The Issuer hereby appoints Wachovia Bank, National Association as Paying Agent for the Series 2005 Bonds. Wachovia Bank, National Association hereby accepts its appointment as Paying Agent and its duties and responsibilities as such hereunder.

[End of Article II]

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ARTICLE

REDEMPTION OF SERIES 2005 BONDS

SECTION 0.00. Redemption Dates and Prices. The Series 2005 Bonds shall be subject to redemption at the times set forth in this Section 3.01 and in the manner provided in Article VIII of the Master Trust Indenture and this Article III. All payments of the Redemption Price of the Series 2005 Bonds shall be made on the dates hereinafter required. Partial redemptions of Series 2005 Bonds shall be made in accordance with Section 3.03 hereof and in such a manner that the remaining Series 2005 Bonds held by each Bondholder shall be in Authorized Denominations.

() Optional Redemption. The Series 2005 Bonds shall be subject to redemption at the option of the Issuer, in whole at any time on or after May 1, 2015, or in part on the first Business Day of any month on or after May 1, 2015 at the Redemption Prices (expressed as percentages of the principal amount to be redeemed) set forth below, plus accrued interest to the redemption date.

Redemption Period <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
May 1, 2015 through April 30, 2016	101%
May 1, 2106 and thereafter	100

() Extraordinary Mandatory Redemption in Whole or in Part. The Series 2005 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary redemption price equal to 100% of the principal amount of the Series 2005 Bonds to be redeemed, plus accrued interest to the redemption date, as follows:

() From Series 2005 Prepayment Principal deposited into the Series 2005 Prepayment Account of the Series 2005 Bond Redemption Fund following the prepayment in whole of Series 2005 Special Assessments on any portion of Unit No. 2 specially benefited by the Series 2005 Project in accordance with the provisions of Section 4.05(a) hereof and from moneys deposited into the Series 2005 Prepayment Account of the Bond Redemption Fund from excess moneys in the Series 2005 Debt Service Reserve Account in accordance with the provisions of Section 4.01(f) hereof.

() On or after November 1, 2006, by application of any moneys remaining in the Series 2005 Capitalized Interest Account representing Capitalized Interest in excess of the amount required to pay interest on the Series 2005 Bonds through November 1, 2006, all of which shall be transferred to the Series 2005 General Account of the Series 2005 Bond Redemption Fund pursuant to Section 4.01(d) hereof, and applied by the Issuer toward the redemption of the Series 2005 Bonds in accordance with the manner it has credited such excess moneys toward extinguishment of Series 2005 Special Assessments which the Issuer shall describe to the Trustee in writing.

() From amounts on deposit in the Series 2005 Bond Redemption Fund following receipt of any amounts paid under the True-Up Agreement.

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() From excess moneys, if any, on deposit in the Series 2005 Construction Account of the Construction Fund transferred, after completion of the Series 2005 Project, to the Series 2005 Bond Redemption Fund.

() From excess moneys transferred from the Series 2005 Revenue Account to the Series 2005 General Account in accordance with clause FOURTH of Section 4.02 hereof.

() Mandatory Sinking Fund Redemption. The Series 2005 Bonds maturing May 1, 2015 are subject to mandatory redemption in part by lot by the Issuer on May 1 in the respective years set forth in the following table, from moneys in the Series 2005 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof plus accrued interest to the redemption date.

2015 Term Bond

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2007	\$500,000	2012	\$655,000
2008	530,000	2013	690,000
2009	555,000	2014	730,000
2010	590,000	2015*	770,000
2011	620,000		

*Maturity

The Series 2005 Bonds maturing May 1, 2036 are subject to mandatory redemption in part by lot by the Issuer on May 1 in the respective years set forth in the following table, from moneys in the Series 2005 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof plus accrued interest to the redemption date.

2036 Term Bond

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2016	\$ 810,000	2027	\$1,535,000
2017	860,000	2028	1,630,000
2018	910,000	2029	1,725,000
2019	965,000	2030	1,830,000
2020	1,025,000	2031	1,940,000
2021	1,085,000	2032	2,055,000
2022	1,150,000	2033	2,175,000
2023	1,220,000	2034	2,305,000
2024	1,290,000	2035	2,445,000
2025	1,370,000	2036*	2,590,000
2026	1,450,000		

*Maturity

Upon any redemption of Series 2005 Bonds other than in accordance with scheduled Amortization Installments, the Issuer shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so as to amortize the Outstanding principal amount of the Series 2005 Bonds in substantially level annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2005 Bonds. The Amortization Installments as so recalculated shall not result in an increase in the Amortization Installments for the Series 2005 Bonds in any year.

SECTION 0.00. Notice of Redemption. When required to redeem Series 2005 Bonds under any provision of this Second Supplemental Indenture or directed to redeem Series 2005 Bonds by the Issuer, the Trustee shall give or cause to be given to Owners of the Series 2005 Bonds to be redeemed notice of the redemption, as set forth in Section 8.02 of the Master Trust Indenture.

SECTION 0.00. Partial Redemption of Bonds. If less than all of the Series 2005 Bonds of a maturity are to be redeemed, the Trustee shall select the particular Bonds or portions of the Bonds to be called for redemption by lot in such reasonable manner as the Trustee in its discretion may determine. In the case of any partial redemption of Series 2005 Bonds pursuant to Section 3.01(a), such redemption shall be effectuated by redeeming Series 2005 Bonds of such maturities in such manner as shall be specified by the Issuer in writing. In the case of any partial redemption of Series 2005 Bonds pursuant to Section 3.01(b), such redemption shall be effectuated by redeeming Series 2005 Bonds pro rata among the maturities, treating each date on which an amortization installment is due as a separate maturity for such purpose, with the portion to be redeemed from each maturity being equal to the product of the aggregate principal amount of Series 2005 Bonds to be redeemed multiplied times a fraction the numerator of which is the principal amount of the Series 2005 Bonds of such maturity outstanding immediately prior to the redemption date and the denominator of which is the aggregate principal amount of all Series 2005 Bonds outstanding immediately prior to the redemption date.

[End of Article III]

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ARTICLE

ESTABLISHMENT OF ACCOUNTS RELATING TO SERIES 2005 BONDS; ADDITIONAL COVENANTS OF THE ISSUER

SECTION 0.00. Establishment of Certain Funds and Accounts.

() The Trustee shall establish a separate account within the Construction Fund designated as the "Series 2005 Construction Account" and within such Account, the "Series 2005 Construction Subaccount" and the "Series 2005 Costs of Issuance Subaccount". Proceeds of the Series 2005 Bonds shall be deposited into the Series 2005 Construction Subaccount and Series 2005 Costs of Issuance Subaccount within the Series 2005 Construction Account, in the amounts set forth in Section 2.06 hereof and such moneys in the Series 2005 Construction Account shall be applied as set forth in Article V of the Master Trust Indenture and Section 3.01(b) hereof. The balance, if any, in the Series 2005 Costs of Issuance Subaccount of the Series 2005 Construction Account after payment of the costs of issuance of the Series 2005 Bonds, shall be transferred, if prior to the Completion Date of the Series 2005 Project, to the Series 2005 Construction Subaccount, and, if after the Completion Date of the Series 2005 Project, shall be transferred to the Series 2005 Bond Redemption Fund and applied for the extraordinary mandatory redemption of the Series 2005 Bonds as provided in Section 3.01(b)(iii) hereof. The balance, if any, in the Series 2005 Construction Subaccount of the Series 2005 Construction Account after the Completion Date of the Series 2005 Project shall be transferred to the Series 2005 Bond Redemption Fund and applied for the extraordinary mandatory redemption of the Series 2005 Bonds as provided in Section 3.01(b)(iii) hereof.

() Pursuant to Section 6.03 of the Master Trust Indenture, the Trustee shall establish a separate account within the Revenue Fund designated as the "Series 2005 Revenue Account". Series 2005 Special Assessments (except for prepayments of Series 2005 Special Assessments) which shall be identified as such by the Issuer and deposited by the Trustee into the Series 2005 Revenue Account and shall be applied as set forth in Article VI of the Master Trust Indenture and Section 4.02 hereof.

() Pursuant to Section 6.04 of the Master Trust Indenture, the Trustee shall establish a separate account within the Debt Service Fund designated as the "Series 2005 Principal Account." Moneys shall be deposited into the Series 2005 Principal Account as provided in Article VI of the Master Trust Indenture and Section 4.02 hereof, and applied for the purposes provided therein.

() Pursuant to Section 6.04 of the Master Trust Indenture, the Trustee shall establish a separate account within the Debt Service Fund designated as the "Series 2005 Interest Account" and within such Account, the "Series 2005 Interest Subaccount" and the "Series 2005 Capitalized Interest Subaccount." Moneys deposited into the Series 2005 Interest Account pursuant to the Master Trust Indenture and Sections 2.06 and 4.02 hereof shall be applied for the purposes provided therein and as provided in this Section 4.01(d) hereof.

In the event that at the end of the Capitalized Interest Period, the amount of proceeds (and any investment earnings thereon) of the Series 2005 Bonds representing Capitalized Interest on

deposit in the Series 2005 Capitalized Interest Subaccount exceeds the amount needed for Capitalized Interest with respect to the Series 2005 Bonds, such excess shall be transferred from the Series 2005 Capitalized Interest Subaccount prior to the Completion Date of the Series 2005 Project, to the Series 2005 Construction Account, and, after the Completion Date, to the Series 2005 General Account of the Series 2005 Bond Redemption Fund, in such manner as the District Manager shall determine to apply such excess as a credit against Series 2005 Special Assessments, and applied toward the extraordinary mandatory redemption of the Series 2005 Bonds pursuant to Section 3.01(b) hereof.

() Pursuant to Section 6.04 of the Master Trust Indenture, the Trustee shall establish a separate account within the Debt Service Fund designated as the "Series 2005 Sinking Fund Account". Moneys shall be deposited into the Series 2005 Sinking Fund Account as provided in Article VI of the Master Trust Indenture and applied for the purposes provided therein and in Section 3.01(c) hereof.

() Pursuant to Section 6.05 of the Master Trust Indenture, the Trustee shall establish a separate account within the Debt Service Reserve Fund designated as the "Series 2005 Debt Service Reserve Account". The Series 2005 Debt Service Reserve Account shall be held for the benefit of all of the Series 2005 Bonds and without privilege or priority of one Bond over another. Proceeds of the Series 2005 Bonds shall be deposited into the Series 2005 Debt Service Reserve Account in the amount set forth in Section 2.06(b) hereof and such moneys, together with any other moneys deposited into the Series 2005 Debt Service Reserve Account pursuant to the Master Trust Indenture, shall be applied for the purposes provided therein and below.

In the event that the amount on deposit in the Series 2005 Debt Service Reserve Account exceeds the applicable Debt Service Reserve Requirement due to a decrease in the amount of Series 2005 Bonds that will be outstanding as a result of an optional prepayment by the owner of a lot or parcel of land of a Series 2005 Special Assessment against such lot or parcel as provided in Section 4.05 hereof, the amount to be released shall be transferred from the Series 2005 Debt Service Reserve Account to the Series 2005 Prepayment Account of the Series 2005 Bond Redemption Fund, as a credit against the Series 2005 Prepayment Principal otherwise required to be made by the owner of such lot or parcel.

In the event that the amount on deposit in the Series 2005 Debt Service Reserve Account exceeds the Debt Service Reserve Requirement for the Series 2005 Bonds due to a decrease in the amount of Series 2005 Bonds outstanding as a result of the regularly scheduled principal (including amortization installments) payments on the Series 2005 Bonds, the excess amount shall be withdrawn from the Series 2005 Debt Service Reserve Account and transferred to the Series 2005 Prepayment Account of the Series 2005 Bond Redemption Fund to be used for the extraordinary redemption of the Series 2005 Bonds as provided for herein.

() Pursuant to Section 6.06 of the Master Trust Indenture, the Trustee shall establish a separate Series Bond Redemption Fund designated as the "Series 2005 Bond Redemption Fund" and within such Fund, a "Series 2005 General Account" and a "Series 2005 Prepayment Account". Except as otherwise provided herein, moneys to be deposited into the Series 2005 Bond Redemption Fund as provided in Article VI of the Master Trust Indenture shall be deposited to the Series 2005 General Account of the Series 2005 Bond Redemption Fund.

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() Moneys in the Series 2005 General Account of the Series 2005 Bond Redemption Fund (including all earnings on investments held therein) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

FIRST, to make such deposits into the Series 2005 Rebate Account, if any, as the Issuer may direct in accordance with the provisions of Section 11.33 of the Master Trust Indenture and the Tax Compliance Certificate, such moneys thereupon to be used solely for the purposes specified in such provisions of Section 11.33 and the Tax Compliance Certificate. Any moneys so transferred from the Series 2005 General Account of the Series 2005 Bond Redemption Fund to the Series 2005 Rebate Account shall thereupon be free from the lien and pledge of the Indenture; and

SECOND, to be used to call for redemption pursuant to Section 3.01(b)(ii), (iii) and (iv) hereof an amount of Series 2005 Bonds equal to the amount of money transferred to the Series 2005 General Account of the Series 2005 Bond Redemption Fund pursuant to the aforesaid clauses or provisions for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions.

() Moneys in the Series 2005 Prepayment Account of the Series 2005 Bond Redemption Fund (including all earnings on investments held in such Series 2005 Prepayment Account of the Series 2005 Bond Redemption Fund) shall be accumulated therein to be used as follows:

To be used to call for redemption pursuant to Section 3.01(b)(i) hereof an amount of Series 2005 Bonds equal to the amount of money transferred to the Series 2005 Prepayment Account of the Series 2005 Bond Redemption Fund pursuant to the aforesaid, as directed by the Issuer pursuant to the Assessment Methodology approved by the Board of Supervisors of the Issuer for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such Section 3.01(b)(i) hereof.

On each March 15 and September 15 (or if such March 15 or September 15 is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the Series 2005 Prepayment Account and the Series 2005 General Account and, if the balance in either or all such accounts is greater than zero, shall transfer from the Series 2005 Revenue Account for deposit into the Series 2005 Prepayment Account and/or the Series 2005 General Account an amount sufficient to increase the amount(s) on deposit therein to the next integral multiple of \$5,000, and shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2005 Bonds on the next succeeding applicable redemption date in the maximum aggregate principal amount for which moneys are then on deposit in such Series 2005 Prepayment Account and/or the Series 2005 General Account in accordance with the provisions for extraordinary redemption of Series 2005 Bonds as set forth in Section 3.01 hereof and Article VIII of the Master Trust Indenture.

() The Trustee is hereby authorized and directed to establish a Series 2005 Note Repayment Fund. Moneys shall be deposited in the Series 2005 Note Repayment Fund as provided in Section 2.06(c) and applied for the purposes provided therein. The Series 2005 Notes

Repayment Fund shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee.

() Pursuant to Section 11.33 of the Master Trust Indenture, the Trustee shall establish a separate account within the Rebate Fund designated as the "Series 2005 Rebate Account". Moneys shall be deposited into the Series 2005 Rebate Account as provided in Section 11.33 of the Master Trust Indenture and in the Tax Compliance Certificate, and applied for the purposes provided therein.

SECTION 0.00. Series 2005 Revenue Account. The Trustee shall transfer from amounts on deposit in the Series 2005 Revenue Account to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, upon receipt but no later than the fifth (5th) Business Day preceding the first Interest Payment Date for which there remains an insufficient amount from bond proceeds (or investment earnings thereon) on deposit in the Series 2005 Capitalized Interest Subaccount to be applied to the payment of interest on the Series 2005 Bonds due on the next succeeding Interest Payment Date, and no later than the fifth (5th) Business Day next preceding each Interest Payment Date thereafter to the Series 2005 Interest Subaccount of the Debt Service Fund, amounts from the Series 2005 Revenue Account equal to the interest on the Series 2005 Bonds becoming due on such next succeeding Interest Payment Date, less any amounts on deposit in the Series 2005 Interest Subaccount not previously credited;

SECOND, upon receipt but no later than the fifth (5th) Business Day next preceding each Interest Payment Date, to the Series 2005 Sinking Fund Account, an amount from the Series 2005 Debt Service Fund, an amount from the Series 2005 Revenue Account equal to the principal amount of Series 2005 Bonds subject to sinking fund redemption on such May 1, less any amount on deposit in the Series 2005 Sinking Fund Account not previously credited;

THIRD, upon receipt but no later than the Business Day next preceding each Interest Payment Date, to the Series 2005 Debt Service Reserve Account, an amount from the Series 2005 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement for the Series 2005 Bonds; and

FOURTH, the balance of any moneys remaining on November 2 of each year after making the foregoing deposits shall be transferred to the Series 2005 General Account of the Series 2005 Bond Redemption Fund and applied to redeem Series 2005 Bonds in accordance with Sections 3.01(b) and 4.01(g)(i) hereof; provided, however, that the Trustee shall transfer moneys from the Series 2005 Revenue Account to the Series 2005 Prepayment Account and the Series 2005 General Account, at the times and in the amounts specified in the last paragraph of Section 4.01(g) hereof, but only to the extent that the amounts required to be funded by clauses FIRST, SECOND and THIRD of this Section 4.02 have been fully funded or there would remain in the Series 2005 Revenue Account after making the transfer described in this proviso sufficient moneys to fund the amounts required by clauses FIRST, SECOND and THIRD prior to the next Interest Payment Date.

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Special Assessment prepayments shall be deposited directly into the Series 2005 Prepayment Account of the Series 2005 Bond Redemption Fund as provided in the Indenture.

SECTION 3.00. Power to Issue Series 2005 Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Series 2005 Bonds, to execute and deliver the Indenture and to pledge the Series 2005 Pledged Revenues for the benefit of the Series 2005 Bonds. The Series 2005 Pledged Revenues are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Series 2005 Bonds, or any Credit Facility Issuer or Liquidity Facility Issuer in respect of the Series 2005 Bonds, as permitted under the Master Trust Indenture. The Series 2005 Bonds and the provisions of the Indenture are and will be valid and legally enforceable obligations of the Issuer in accordance with their respective terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by the Indenture and all the rights of the Owners of the Series 2005 Bonds under the Indenture against all claims and demands of all persons whomsoever.

SECTION 4.00. Series 2005 Project to Conform to Plans and Specifications; Changes. The Issuer will proceed to complete the Series 2005 Project, as described in Exhibit C hereto, in accordance with the plans and specifications therefor, as such plans and specifications may be amended by the Issuer from time to time; provided that prior to any such amendment of the plans and specifications for the Series 2005 Project, the Consulting Engineer shall have delivered its certificate approving the proposed amendment to such plans and specifications.

SECTION 5.00. Prepayments; Removal of Special Assessment Liens.

() At any time any owner of property subject to the Special Assessments may, at its option, or under certain circumstances described in the Assessment Resolutions or in the assessment methodology in connection with prepayments derived from application of the True Up Agreement, shall require the Issuer to reduce or release and extinguish the lien upon its property by virtue of the levy of the Special Assessments by paying to the Issuer all or a portion of the Special Assessment, which shall constitute Series 2005 Prepayment Principal, plus accrued interest to the next succeeding Interest Payment Date (or the second succeeding Interest Payment Date if such prepayment is made within 40 calendar days before an Interest Payment Date), attributable to the property subject to Special Assessment owned by such owner.

() Upon receipt of Series 2005 Prepayment Principal as described in paragraph (a) above, subject to satisfaction of the conditions set forth therein, the Issuer shall immediately pay the amount so received to the Trustee, and the Issuer shall take such action as is necessary to record in the official records of the County an affidavit or affidavits, as the case may be, executed by the District Manager, to the effect that the Special Assessment has been paid in whole or in part and that such Special Assessment lien is thereby reduced, or released and extinguished, as the case may be. Upon receipt of any such moneys from the Issuer the Trustee shall immediately deposit the same into the Series 2005 Prepayment Account of the Series 2005 Bond Redemption Fund to be applied in accordance with Section 3.01(b) hereof, to the redemption of Series 2005 Bonds in accordance with Section 4.01(g) hereof.

SECTION 6.00. Continuing Disclosure. The Issuer, the Developer and Digital Assurance Certification, LLC, as dissemination agent, have entered into the Continuing

Disclosure Agreement contemporaneously with the execution and delivery of this Second Supplemental Indenture, under which the Issuer has assumed certain obligations for the benefit of the holders and beneficial owners from time to time of the Series 2005 Bonds. Notwithstanding any other provision of the Indenture to the contrary, the right to enforce the parties' obligations under the Continuing Disclosure Agreement shall be limited to a right to obtain specific enforcement of the Issuer's obligations thereunder and any failure by the Issuer to comply with the provisions of the Continuing Disclosure Agreement shall not be a default or an Event of Default with respect to the Series 2005 Bonds under the Indenture.

[End of Article IV]

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ARTICLE

EVENTS OF DEFAULT AND REMEDIES

SECTION 0.00. Events of Default and Remedies. Events of defaults and remedies with respect to the Series 2005 Bonds shall be governed by Article XII of the Master Trust Indenture.

[End of Article V]

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 1.00. Interpretation of Second Supplemental Indenture. This Second Supplemental Indenture amends and supplements the Master Trust Indenture with respect to the Series 2005 Bonds, and all of the provisions of the Master Trust Indenture, to the extent not inconsistent herewith, are incorporated herein by reference. To the maximum extent possible, the Master Trust Indenture and the Second Supplemental Indenture shall be read and construed as one document.

SECTION 2.00. Amendments. Any amendments to this Second Supplemental Indenture shall be made pursuant to the provisions for amendment contained in the Master Trust Indenture.

SECTION 3.00. Counterparts. This Second Supplemental Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 4.00. Appendices and Exhibits. Any and all appendices or exhibits referred to in and attached to this Second Supplemental Indenture are hereby incorporated herein and made a part hereof for all purposes.

SECTION 5.00. Payment Dates. In any case where an Interest Payment Date or the maturity date of the Series 2005 Bonds or the date fixed for the redemption of any Series 2005 Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

SECTION 6.00. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Series 2005 Bonds.

SECTION 7.00. Collection of Assessments. Pursuant to Section 11.04 of the Master Trust Indenture, Special Assessments levied on platted lots and pledged hereunder to secure the Bonds may, in the Issuer's sole discretion, be billed and collected by the Issuer itself, or, may (but shall not be required to) be collected pursuant to the uniform method for the levy, collection and enforcement of Special Assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes. Notwithstanding any provision in the Master Trust Indenture to the contrary, Special Assessments levied on unplatted lots and pledged hereunder to secure the Series 2005 Bonds shall be collected by the Issuer, and not pursuant to the Section 197.3632 Florida Statutes, as amended, unless the Issuer determines that collection pursuant to Section 197.3632, Florida Statutes, as amended, is in the best interests of the Issuer.

SECTION 8.00. Parity Bonds. The Issuer covenants and agrees that so long as there are any Series 2005 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the Series 2005 Pledged Revenues except for the lien, charge and claim in favor of the Series 2005 Bonds; provided, however, that the Issuer reserves the right to issue bonds, notes

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or other obligations payable from or secured by the Series 2005 Pledged Revenues pledged to the Series 2005 Bonds, but only so long as such bonds, notes or other obligations are not entitled to a lien upon or charge against the Series 2005 Pledged Revenues equal or prior to the lien of this Supplemental Indenture securing the Series 2005 Bonds. Each bond, note or other obligation issued pursuant to the authority of the preceding sentence shall conspicuously state on the face thereof that such obligation is, and such obligation shall be, subordinate and inferior in right of lien and payment to the lien of the Indenture on such Series 2005 Pledged Revenues and the rights and remedies of the holders of such subordinate debt to payment and upon default thereon and under any instrument securing such subordinate debt shall not be subject to action for collection or acceleration thereof except upon the exercise of and subject to the first and prior rights of the Trustee and Owners of the Series 2005 Bonds to payment and the control of remedies granted hereunder and under the Indenture.

[End of Article VII]

IN WITNESS WHEREOF, West Villages Improvement District has caused this Second Supplemental Indenture to be executed by the Chairman of its Board and its corporate seal to be hereunto affixed, attested by the Secretary of its Board and Wachovia Bank, National Association, has caused this Second Supplemental Indenture to be executed by one of its Vice Presidents and its seal to be hereunto affixed, all as of the day and year Second above written.

WEST VILLAGES IMPROVEMENT
DISTRICT

[SEAL]

Attest:

By: _____
Chairman

Secretary

WACHOVIA BANK, NATIONAL
ASSOCIATION,
as Trustee, Paying Agent and Registrar

[SEAL]

By: _____
Vice President

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STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE) SS:

On this ____ day of November, 2005, before me, a notary public in and for the State and County aforesaid, personally appeared Lamar Maddox, Chairman of West Villages Improvement District (the "District"), who acknowledged that he did so sign the foregoing instrument as such officer, for and on behalf of said District; and that the same is his free act and deed as such officer and the free act and deed of said District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public, State of Florida

My Commission Expires:

(NOTARY SEAL)

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE) SS:

On this ____ day of November, 2005, before me, a notary public in and for the State and County aforesaid, personally Peter L. Pimentel, Secretary of West Villages Improvement District (the "District"), who acknowledged that he did so sign the foregoing instrument as such officer for and on behalf of said District; and that the same is his free act and deed as such officer and the free act and deed of said District; and that the seal affixed to said instrument is the seal of said District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public, State of Florida

My Commission Expires:

(NOTARY SEAL)

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STATE OF FLORIDA
)
) SS:
COUNTY OF MIAMI-DADE)

On this ____ day of November, 2005, before me, a notary public in and for the State and County aforesaid, personally appeared Vivian Cerecedo, Vice President of Wachovia Bank, National Association, as Trustee, who acknowledged that she did so sign the foregoing instrument as such officer for and on behalf of said corporation; that the same is her free act and deed as such officer, and the free act and deed of said corporation; and that the seal affixed to said instrument is the seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public, State of Florida

My Commission Expires:

(NOTARY SEAL)

EXHIBIT A

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EXHIBIT B
[FORM OF SERIES 2005 BOND]

RA-_____ \$ _____

UNITED STATES OF AMERICA

STATE OF FLORIDA

WEST VILLAGES IMPROVEMENT DISTRICT
(NORTH PORT, FLORIDA)
SPECIAL ASSESSMENT BOND
SERIES 2005
(UNIT OF DEVELOPMENT NO. 2)

Interest Rate Maturity Date Date of Original Issuance CUSIP
____% May 1, ____ November 22, 2005 _____

Registered Owner: Cede & Co.

Principal Amount: _____ Dollars

KNOW ALL PERSONS BY THESE PRESENTS that West Villages Improvement District (the "Issuer"), for value received, hereby promises to pay to the registered owner shown above or registered assigns, on the date specified above, from the sources hereinafter mentioned, upon presentation and surrender hereof at the designated corporate trust office of Wachovia Bank, National Association, as paying agent (said bank and/or any bank or trust company to become successor paying agent being herein called the "Paying Agent"), the principal sum of _____ DOLLARS (\$_____) with interest thereon at the rate of _____ percent (____%) per annum, payable on the first day of May and November of each year commencing November 1, 2006. Principal of this Bond is payable at the designated corporate trust office of the Paying Agent, located in Miami, Florida, in lawful money of the United States of America. Interest on this Bond is payable by check or draft of the Paying Agent made payable to the registered owner and mailed to the address of the registered owner as such name and address shall appear on the registry books of the Issuer maintained by Wachovia Bank, National Association, as Registrar, (said Registrar and any successor Registrar being herein called the "Registrar") at the close of business on the fifteenth day of the calendar month preceding each Interest Payment Date or the date on which the principal of a Bond is to be paid (the "Record Date"). Such interest shall be payable from the most recent Interest Payment Date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a May 1 or November 1 to which interest has been paid, in which case from such date of authentication, or unless the date hereof is prior to November 1, 2006, in

which case from November 22, 2005, or unless the date of authentication hereof is between a Record Date and the next succeeding Interest Payment Date, in which case from the Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Record Date and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent, notice whereof shall be given to Bondholders of record as of the fifth (5th) day prior to such mailing, at their registered addresses, not less than ten (10) days prior to such Special Record Date, or may be paid, at any time in any other lawful manner, as more fully provided in the Indenture (defined below). The foregoing notwithstanding, any Owner of Series 2005 Bonds in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Trustee and Paying Agent, upon requesting the same in a writing received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Trustee and Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date.

Additional bonds may be issued by the Issuer from time to time upon the conditions and within the limitations and in the manner provided in the Indenture.

[REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH ON THE FRONT SIDE HEREOF.]

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM SERIES 2005 PLEDGED REVENUES PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE ISSUER, THE CITY OF NORTH PORT, FLORIDA, SARASOTA COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE BONDS, EXCEPT THAT THE ISSUER IS OBLIGATED UNDER THE INDENTURE TO LEVY AND TO COLLECT SPECIAL ASSESSMENTS (AS DEFINED IN THE INDENTURE) TO SECURE AND PAY THE BONDS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE CITY OF NORTH PORT, FLORIDA, SARASOTA COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

NOTHING IN THE BONDS AUTHORIZED UNDER THE INDENTURE OR IN THE INDENTURE SHALL BE CONSTRUED AS OBLIGATING THE LANDOWNER OR ANY PERSON AFFILIATED WITH, CONTROLLING OR RELATED TO, THE LANDOWNER, TO PAY THE BONDS OR THE REDEMPTION PRICE THEREOF OR THE INTEREST THEREON, EXCEPT TO THE EXTENT THAT THEY ARE OBLIGATED TO PAY SPECIAL

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ASSESSMENTS CONSTITUTING SERIES 2005 PLEDGED REVENUES UNDER THE INDENTURE.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by execution of the Trustee, or such other authenticating agent as may be appointed by the Trustee under the Indenture, of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, West Villages Improvement District has caused this Bond to be signed by the manual or facsimile signature of the Chairman of its Board of Supervisors and its seal to be imprinted hereon, and attested by the manual or facsimile signature of the Secretary of its Board of Supervisors, all as of the date hereof.

WEST VILLAGES IMPROVEMENT
DISTRICT

By: _____
(SEAL) Chairman, Board of Supervisors

Attest:

By: _____
Secretary, Board of Supervisors

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[Back of Series 2005 Bond]

This Bond is one of an authorized issue of Bonds of West Villages Improvement District, a local unit of special purpose government created and incorporated by Chapter 2004-456, Laws of the Florida, a special act of the Florida Legislature (the "Act"), as an independent special district and a public body corporate and politic, designated as "West Villages Improvement District (North Port, Florida) Special Assessment Bonds, Series 2005 (Unit of Development No. 2)" (the "Series 2005 Bonds" or "Bonds"), in the aggregate principal amount of Thirty Eight Million Five Thousand Dollars (\$38,005,000) of like date, tenor and effect, except as to number. The Series 2005 Bonds are being issued under authority of the laws and Constitution of the State of Florida, including particularly the Act, to (i) finance the costs of acquiring, constructing and installing community development facilities consisting of certain water and wastewater transmission improvements and roadway improvements benefiting the lands within Unit No. 2 (the "Series 2005 Project") and pay the \$10,325,000 aggregate principal amount of West Villages Improvement District (North Port, Florida) Bond Anticipation Notes, Series 2005 (Unit of Development No. 2) (the "Series 2005 Notes"), (ii) make a deposit to the credit of the Series 2005 Debt Service Reserve Account of the Debt Service Reserve Fund in the amount of the Series 2005 Debt Service Reserve Account Requirement, (iii) pay Capitalized Interest on the Series 2005 Bonds and (iv) pay the costs of issuance of the Series 2005 Bonds. The Bonds shall be issued as fully registered Bonds in Authorized Denominations, as set forth in the Indenture. The Bonds are issued under and secured by a Master Trust Indenture dated as of February 1, 2005 and a Second Supplemental Trust Indenture dated as of November 1, 2005 (collectively, the "Indenture"), each by and between the Issuer and Wachovia Bank, National Association, Miami, Florida, as Trustee (said bank and any bank to become successor trustee being herein called the "Trustee"), executed counterparts of which are on file at the designated corporate trust office of the Trustee in Miami, Florida.

Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds issued under the Indenture, the operation and application of the Debt Service Fund and other Funds and Accounts (each as defined in the Indenture) charged with and pledged to the payment of the principal of, premium, if any, and the interest on the Bonds, the levy of Special Assessments and collection of Special Assessments by the Issuer, the nature and extent of the security for the Bonds, the terms and conditions on which the Bonds are issued and on which Additional Bonds and Refunding Bonds (all as defined in the Indenture) may be issued on a parity herewith, the rights, duties and obligations of the Issuer and of the Trustee under the Indenture, the conditions under which such Indenture may be amended without the consent of the owners of Bonds, the conditions under which such Indenture may be amended with the consent of the owners of a majority in aggregate principal amount of the Bonds outstanding, and as to other rights and remedies of the owners of the Bonds.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect to any event of default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. The owner hereof expressly recognizes that the Indenture provides that events of default and remedies with respect to each Series of Bonds shall be specific to that particular Series of Bonds and a default as to one

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication:

WACHOVIA BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

particular Series of Bonds under the Indenture shall not, in and of itself, result in a default as to other Series of Bonds under the Indenture.

It is expressly agreed by the owner of this Bond that such owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer, the City of North Port, Florida, Sarasota County, Florida, the State of Florida or any political subdivision thereof, or taxation in any form of any real or personal property of the Issuer, the City of North Port, Florida, Sarasota County, Florida, the State of Florida or any political subdivision thereof, for the payment of the principal of, premium, if any, and interest on this Bond or the making of any other sinking fund and other payments provided for in the Indenture, except for Special Assessments to be levied and collected by the Issuer as set forth in the Indenture.

By the acceptance of this Bond, the owner hereof assents to all the provisions of the Indenture.

This Bond is payable from and secured by Series 2005 Pledged Revenues, as such term is defined in the Indenture, all in the manner provided in the Indenture. The Indenture provides for the levy and collection of Special Assessments to secure and pay the Bonds.

The Series 2005 Bonds are subject to redemption prior to maturity in the amounts, at the times and in the manner provided below. All payments of the redemption price of the Bonds shall be made on the dates specified below. If less than all the Bonds are to be redeemed, the Trustee shall select the particular Bonds or portions of Bonds to be called for redemption by lot. Partial redemptions of Bonds shall be made in such a manner that the remaining Bonds held by each Bondholder shall be in Authorized Denominations.

Optional Redemption

The Series 2005 Bonds are subject to redemption at the option of the Issuer, in whole at any time on or after May 1, 2015, or in part on the first Business Day of any month on or after May 1, 2015, at the redemption prices (expressed as percentages of principal amount to be redeemed) set forth below, plus accrued interest to the redemption date, as set forth in the Indenture.

<u>Redemption Period (Both Dates Inclusive)</u>	<u>Redemption Price</u>
May 1, 2015 through April 30, 2016	101%
May 1, 2016 and thereafter	100

Mandatory Sinking Fund Redemption

The Series 2005 Bonds are subject to mandatory redemption in part by lot by the Issuer on May 1 in the respective years set forth in the following table, from moneys in the Series 2005 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

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The Series 2005 Bonds maturing May 1, 2015 are subject to mandatory redemption in part by lot by the Issuer on May 1 in the respective years set forth in the following table, from moneys in the Series 2005 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof plus accrued interest to the redemption date.

2015 Term Bond

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2007	\$500,000	2012	\$655,000
2008	530,000	2013	690,000
2009	555,000	2014	730,000
2010	590,000	2015*	770,000
2011	620,000		

*Maturity

The Series 2005 Bonds maturing May 1, 2036 are subject to mandatory redemption in part by lot by the Issuer on May 1 in the respective years set forth in the following table, from moneys in the Series 2005 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof plus accrued interest to the redemption date.

2036 Term Bond

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2016	\$ 810,000	2027	\$1,535,000
2017	860,000	2028	1,630,000
2018	910,000	2029	1,725,000
2019	965,000	2030	1,830,000
2020	1,025,000	2031	1,940,000
2021	1,085,000	2032	2,055,000
2022	1,150,000	2033	2,175,000
2023	1,220,000	2034	2,305,000
2024	1,290,000	2035	2,445,000
2025	1,370,000	2036*	2,590,000
2026	1,450,000		

*Maturity

Upon any redemption of Series 2005 Bonds other than in accordance with scheduled Amortization Installments, the Issuer shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so as to amortize the Outstanding principal amount of the Series 2005 Bonds in substantially level annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2005 Bonds. The Amortization Installments as so recalculated shall not result in an increase in the aggregate of the Amortization Installments for the Series 2005 Bonds in any year.

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The Series 2005 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary redemption price equal to 100% of the principal amount of the Series 2005 Bonds to be redeemed, plus accrued interest to the redemption date, as follows:

() From Series 2005 Prepayment Principal deposited into the Series 2005 Prepayment Account of the Series 2005 Bond Redemption Fund following the prepayment in whole of Special Assessments on any portion of Unit No. 2 (as defined in the Indenture) specially benefited by the Series 2005 Project in accordance with the provisions of Section 4.05(a) of the Indenture and from moneys deposited into the Series 2005 Prepayment Account of the Bond Redemption Fund from excess moneys in the Series 2005 Debt Service Reserve Account in accordance with the provisions of Section 4.01(f) hereof.

() On or after November 1, 2006, by application of any moneys remaining in the Series 2005 Capitalized Interest Account representing Capitalized Interest in excess of the amount required to pay interest on the Series 2005 Bonds through November 1, 2006, all of which shall be transferred to the Series 2005 General Account of the Series 2005 Bond Redemption Fund pursuant to Section 4.01(d) of the Indenture, and applied by the Issuer toward the redemption of the Series 2005 Bonds in accordance with the manner it has credited such excess moneys toward extinguishment of Special Assessments which the Issuer shall describe to the Trustee in writing.

() From amounts on deposit in the Series 2005 Bond Redemption Fund following receipt of any amounts paid under the True-Up Agreement.

() From excess moneys; if any, on deposit in the Series 2005 Construction Account of the Construction Fund transferred, after completion of the Series 2005 Project, to the Series 2005 Bond Redemption Fund.

() From excess moneys transferred from the Series 2005 Revenue Account to the Series 2005 General Account in accordance with clause FOURTH of Section 4.02 of the Indenture.

Notice of Redemption

The Trustee shall cause notice of redemption to be mailed at least thirty (30) but not more than sixty (60) days prior to the date of redemption to all registered owners of Bonds to be redeemed (as such owners appear on the books of the Registrar on the fifth (5th) day prior to such mailing) and to certain additional parties as set forth in the Indenture; provided, however, that failure to mail any such notice or any defect in the notice or the mailing thereof shall not affect the validity of the redemption of the Bonds for which such notice was duly mailed in accordance with the Indenture. If less than all of the Bonds shall be called for redemption, the notice of redemption shall specify the Bonds to be redeemed. On the redemption date, the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and on such date interest shall cease to accrue, such Bonds shall cease to be entitled to any benefit under the Indenture and such Bonds shall not be deemed to be outstanding under the provisions of the

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STATEMENT OF VALIDATION

This Bond is one of a series of Bonds which were validated by judgment of the Circuit Court of the Twelfth Judicial Circuit of Florida, in and for Sarasota County, Florida, rendered on the 25th day of July, 2005.

Chairman

ABBREVIATIONS

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

TEN COM - as tenants in common	UNIF GIFT MIN ACT - _____	Custodian _____
TEN ENT - as tenants by the entireties	(Cust)	(Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____	(State)

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

Indenture and the registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. If the amount of funds so deposited with the Trustee, or otherwise available, is insufficient to pay the redemption price and interest on all Bonds so called for redemption on such date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such funds are sufficient, selecting the Bonds to be redeemed by lot from among all such Bonds called for redemption on such date, and interest on any Bonds not paid shall continue to accrue, as provided in the Indenture.

The Issuer shall keep books for the registration of the Bonds at the designated corporate trust office of the Registrar in Miami, Florida. The Bonds may be transferred or exchanged by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the Issuer kept by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. In all cases in which the privilege of transferring or exchanging bonds is exercised, the Issuer shall execute and the Trustee or such other authenticating agent as may be appointed by the Trustee under the Indenture shall authenticate and deliver a new Bond or Bonds in authorized form and in like aggregate principal amount in accordance with the provisions of the Indenture. There shall be no charge for any such exchange or transfer of Bonds, but the Issuer may require payment of a sum sufficient to pay any tax, fee or other governmental charge imposed. Neither the Issuer nor the Registrar shall be required (a) to transfer or exchange Bonds for a period of fifteen (15) days next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bond called for redemption in whole or in part.

The Issuer, the Trustee, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute owner thereof (whether or not such Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuer, the Trustee, the Paying Agent or the Registrar) for the purpose of receiving payment of or on account of the principal of, premium, if any, and interest on such Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Trustee, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, including particularly the Act, and that the issuance of this Bond, and of the issue of the Bonds of which this Bond is one, is in full compliance with all constitutional and statutory limitations or provisions.

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ASSIGNMENT AND TRANSFER

EXHIBIT C

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

Series 2005 Project

(please print or typewrite name and address of assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
____ Attorney to transfer the within Bond on the books kept
for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guarantor:

NOTICE: Signature(s) must be guaranteed
by an institution which is a participant in the
Securities Transfer Agent Medallion
Program (STAMP) or similar program.

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 whatsoever.

Please insert social security or other
identifying number of Assignee.

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

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PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the 2005 Bonds, Squire, Sanders & Dempsey L.L.P. is prepared to render its final opinion with respect to the 2005 Bonds in substantially the following form:

November __, 2005

Board of Supervisors
West Villages Improvement District
North Port, Florida

Wachovia Bank, National Association, as Trustee
Miami, Florida

Re: \$38,005,000 West Villages Improvement District (North Port, Florida) Special Assessment Bonds, Series 2005 (Unit of Development No. 2)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the West Villages Improvement District (the "Issuer") of its \$38,005,000 aggregate principal amount of West Villages Improvement District (North Port, Florida) Special Assessment Bonds, Series 2005 (Unit of Development No. 2) (the "Series 2005 Bonds"), initially issued and delivered on this date pursuant to the Constitution and laws of the State of Florida, particularly Chapter 2004-456, Laws of Florida, a special act of the Florida Legislature (the "Act"), and other applicable provisions of law, resolutions duly adopted by the Board of Supervisors of the Issuer on January 18, 2005 and September 27, 2005 (collectively, the "Resolution") and a Master Trust Indenture, dated as of February 1, 2005, as supplemented by a Second Supplemental Trust Indenture, dated as of November 1, 2005 (collectively, the "Indenture"), each by and between the Issuer and Wachovia Bank, National Association, as trustee (the "Trustee"). The Series 2005 Bonds are issuable as fully registered bonds initially in authorized denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000 and thereafter in denominations of \$5,000 or integral multiples thereof. The Series 2005 Bonds will be initially sold only to "Accredited Investors" within the meaning of the rules of the Florida Department of Financial Services. The Series 2005 Bonds mature at the time and bear interest payable at the time and at the rate determined in the manner provided in the Indenture. The Series 2005 Bonds are redeemable upon the terms and conditions and in the manner stated in the Indenture. Capitalized terms used herein without definitions have the meanings ascribed thereto in the Indenture.

The Series 2005 Bonds are being issued to provide funds for (i) the payment of a portion of the costs of the Series 2005 Project, (ii) the re-payment by redemption of the \$10,325,000 aggregate principal amount of West Villages Improvement District (North Port, Florida) Bond Anticipation Notes, Series 2005 (Unit of Development No. 2), (iii) the payment of capitalized interest on the Series 2005 Bonds, (iv) the funding of the Series 2005 Debt Service Reserve Account and (v) the payment of the costs of issuance of the Series 2005 Bonds. In order to secure

West Villages Improvement District
Wachovia Bank, National Association
November __, 2005
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the payment of the Series 2005 Bonds, and subject to the terms of the Indenture, the Issuer has pledged the Series 2005 Pledged Revenues to the payment of the Series 2005 Bonds.

We have examined the transcript of the proceedings (the "Transcript") of the Issuer relating to its issuance of the Series 2005 Bonds and such other documents as we have deemed necessary to render this opinion. We have also examined a copy of an executed and authenticated Series 2005 Bond. As to questions of fact material to our opinion, we have relied upon representations of the Issuer furnished to us, without undertaking to verify such representations by independent investigation.

Based on the foregoing, we are of the opinion that:

1. The Issuer is duly organized and validly existing under the Act as an independent special district.

2. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and legally binding agreement of the Issuer enforceable in accordance with its terms.

3. The issuance and sale of the Series 2005 Bonds have been duly authorized by the Issuer and the Series 2005 Bonds constitute valid and legally binding special limited obligations of the Issuer, payable in accordance with, and as limited by, the terms of the Indenture.

4. The interest on the Series 2005 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. We express no opinion regarding any other federal tax consequences relating to the Series 2005 Bonds (except as set forth in paragraph numbered 5. hereof).

In giving the foregoing opinion, we have relied upon, and assumed continuing compliance with, the Issuer's covenants and the accuracy, which we have not independently verified, of the representations and certifications of the Issuer contained in the Transcript. The accuracy of those representations and certifications, and the Issuer's continuing compliance with those covenants, may be necessary for the interest on the Series 2005 Bonds to be and to remain excluded from gross income for federal income tax purposes. Failure to comply with certain of those covenants subsequent to issuance of the Series 2005 Bonds may cause the interest on the Series 2005 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2005 Bonds.

Portions of the interest on the Series 2005 Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax and interest on the Series 2005 Bonds may

West Villages Improvement District
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be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Purchasers of the Series 2005 Bonds should consult with their individual tax advisors regarding these and other tax consequences of ownership and transfer of the Series 2005 Bonds.

5. The Series 2005 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended.

In rendering the foregoing opinions we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

The opinions set forth in numbered paragraphs 2. and 3. above are qualified to the extent that the enforcement of the Series 2005 Bonds and the Indenture may be subject to the exercise of judicial discretion in accordance with general principles of equity and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

We wish to call to your attention that the Series 2005 Bonds do not constitute a debt of the Issuer, the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory provision, or a pledge of the taxing power or the faith and credit of the Issuer, the State of Florida or any political subdivision thereof. Neither the Issuer, the State of Florida, nor any political subdivision thereof is obligated to pay the Series 2005 Bonds or the interest thereon, except for the Issuer's obligation to pay said Series 2005 Bonds and the interest thereon from the Series 2005 Pledged Revenues under and pursuant to the Indenture.

We express no opinion herein as to the adequacy or accuracy of any Offering Memorandum of the Issuer pertaining to the offering of the Series 2005 Bonds.

Respectfully submitted,

[To be signed "Squire, Sanders & Dempsey L.L.P."]

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APPENDIX D

AMENDED SPECIAL ASSESSMENT METHODOLOGY REPORT

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FINAL

SPECIAL ASSESSMENT METHODOLOGY REPORT

PREPARED FOR

**UNIT 2
WEST VILLAGES IMPROVEMENT DISTRICT**

November 22, 2005

**KIMLEY-HORN AND ASSOCIATES, INC.
DISTRICT ENGINEER**

1.0 INTRODUCTION

The West Villages is a proposed development consisting of residential Neighborhoods and Villages with associated Neighborhood and Village Centers, and a mixed-use Town Center containing approximately 8,200 acres located in the City of North Port, Florida. The West Villages is contained within the West Villages Improvement District (the “District”) and is planned for up to 15,000 residential units and 300 to 1,000 acres of mixed-use Town Center. West Villages Improvement District Resolution No. 2004-14 designated approximately 2,006 acres of the West Villages Improvement District as the West Villages Improvement District Unit of Development No. 2 (“Unit 2”). Approximately 88 acres of contiguous land was added by agreement to Unit 2 by the Board of Supervisors on April 18, 2005. Unit 2 currently consists of three major parcels of land with usages up to the following:

<u>NAME</u>	<u>SIZE (acres)</u>	<u>EXPECTED USAGE</u>
IslandWalk	829.32 +-	1,869 Residential Units and Neighborhood Center
Gran Paradiso	1,068.09 +-	1,999 Residential Units and Neighborhood Center
TownCenter	197.45 +-	400 Residential Units and Commercial / Office

The IslandWalk parcel is expected to consist of up to 1799 single family residential units plus 70 multi-family residential units in four Neighborhoods with the associated Neighborhood Centers consisting of passive open space areas, recreational facilities and internal community service space. The Gran Paradiso parcel is expected to consist of up to 1,439 single family residential units and 560 multi-family units in seven Neighborhoods with the associated Neighborhood Centers consisting of passive open space areas and a total of approximately 8 acres of recreational and community club house facilities. The Town Center parcel is expected to consist of up to 1,350,000 square feet of commercial or retail uses, 150,000 square feet of office uses, and up to 400 multi-family residential units. These parcels and the associated expected usage constitute the development planned within Unit 2 (the “Development”). None of these parcels is currently platted, but the expected usage will be used as the basis of this report. Unit 2 was designated to provide for the construction, financing, long-term administration, and management of certain infrastructure required for the Development.

2.0 PROJECTS TO BE FUNDED BY THE DISTRICT

Unit 2 was formed in order to finance a portion of the construction of the public infrastructure improvements associated with the Development, including all or portions of the water transmission system, the wastewater transmission facilities, and arterial roadways and major intersections (individually and collectively the “Project”). The total cost of these projects (including soft costs, technical services, discounts, debt service, capitalized interest, costs of issuance and contingency) is currently estimated to be \$38,005,000.00 . A detail of the total project costs is included herein as Table A.

Bonds or notes may be issued by the District to finance the Project and the bonds or notes will be repaid through the levy of non-ad valorem special assessments on all assessable property within Unit 2. Any portion of these project costs not financed through the issuance of the bonds or notes will be paid for by the developer, or their successor, of each of the above identified three (3) major parcels.

2.1 FUNDING OF IMPROVEMENTS

To defray the costs of construction, acquisition, operation and maintenance of the Project, the District will impose non-ad valorem special assessments on benefited real property. These assessments are based on the special benefits accruing to such property from the improvements comprising the Project. The use of non-ad valorem special assessments has an advantage in that the properties that receive the special benefits from the Project are the only properties that are obligated to pay for those facilities and services. The Project's capital facilities, which will be funded through these special assessments, include only facilities which may be undertaken by Unit 2 of the West Villages Improvement District under its enabling legislation.

In summary, special assessments may be made only:

1. for facilities which provide special benefits to property as distinct from general benefits,
2. against property which receives that special benefit,
3. in proportion to the benefits received by the properties, and
4. according to methods that the governing body of the jurisdiction determines.

The assessments placed upon various benefited properties in the District must be sufficient to cover the debt service of the bonds or notes that will be issued for financing the Project.

2.2 ALLOCATION OF COST AND ASSESSMENTS

In developing the methodology used for special assessments in Unit 2, two interrelated factors were used:

- A. **Allocation of benefit:** Each parcel of land within Unit 2 benefits from the proposed improvements.
- B. **Cost/Benefit:** The special assessments imposed on each parcel of land cannot exceed the value of the benefits provided to such parcel.

For the purpose of this Special Assessment Methodology Report, it is determined that each single family dwelling unit in Unit 2 shall be classified as one (1) equivalent residential connection (ERC) and will benefit equally from the water transmission system and the wastewater transmission system. According to City of North Port Code, a 2 Bedroom or smaller multi-family unit is equal to 0.833 ERC. Any multi-family unit with more than 2 Bedrooms is equal to 1.0 ERC. Based on the above, it is determined that all multi-family residential units containing 3 or more bedrooms will receive equal benefit as a single family residential unit and any multifamily residential unit containing 2 or less bedrooms will receive 0.833 of the benefit of a single family residential unit.

The Town Center commercial/office parcel will benefit from the water and wastewater infrastructure of Unit 2. For the purpose of this Special Assessment Methodology Report, based on the City of North Port Standards for ERC's and based on expected commercial and/or office usage densities in the Town Center, it is determined that each total gross acre of Town Center is the equivalent of 4.68 residential connections (ERC).

For the purposes of this assessment methodology report, it is determined that the Unit will contain 4,688 equivalent residential connections.

The District Engineer has estimated the Project improvement costs (including soft costs, cost of issuance and contingency) for the water transmission system and the wastewater transmission system to be \$ 14,749,438.95 which is 38.809% of the total estimated capital costs of the District improvements. Calculating 38.809% of the Maximum Annual Adjusted Debt Service shown in Table C (said amount includes County Property Appraiser and Tax Collector fees as well as State Early Payment discount and equals \$ 2,838,648.94) is \$1,101,657.13. This amount of \$1,101,657.13 divided by 4,688 ERCs equals \$235.00 per equivalent residential connection per year for the water and wastewater system.

Further, for the purpose of this Report, it is determined that allocating the costs of the roadway system improvements based on the number of peak hour trips generated per day for each benefiting parcel is the basis selected for apportioning the special benefit. Traffic studies prepared by the District Engineer for each of the three parcels have established the respective peak hour trip generation rates for the three parcels. These peak hour trip generation rates are employed in this special assessment methodology for apportioning the roadways assessments. For the purpose of this report, the peak hour trip generation rate for IslandWalk is 945 trips. For Gran Paradiso, the peak hour trip generation rate is 1,197 trips. The peak hour trip generation rate used for Town Center is 3,922 trips. The District Engineer has determined that the total of 6,064 peak hour trips will be specially benefited by the roadway improvement component of the Project.

The District Engineer has estimated the Project improvement costs (including soft costs, costs of issuance and contingency) for the roadways to be \$ 23,255,561.05 , which is 61.191% of the total costs of the District improvements. Calculating 61.191% of the Maximum Annual Adjusted Debt Service shown in Table C (said amount includes County Property Appraiser and Tax Collector fees as well as State Early Payment discount and equals \$ 2,838,648.94) is \$1,736,991.81. This amount (\$1,736,991.81) divided by 6,064 (the total number of peak hour trips) equals \$286.44 per trip per year for roadway improvements.

The annual assessment per equivalent residential unit of \$235.00 for the water and wastewater improvements along with the annual assessment of \$286.44 per trip for roadway improvements are used to compute the total annual non ad valorem debt assessment. The maximum annual assessments to be levied against each residential dwelling unit, lot or acre of commercial and/or office property in Unit 2 are shown in Table D.

Currently, the property is un-platted; however, as discussed above, there are three distinct parcels. Initially, and until each tract is platted into lots, units or commercial and/or office space, Unit 2's annual debt assessment will be allocated to each parcel as provided for in Table D for the Total Maximum Annual Assessment for each Total Parcel. As parcels are platted into lots, units and/or commercial and/or office space, the annual debt assessment will be allocated to the lots, units and/or commercial and/or office space as provided for in Table D. In the event a tract is not totally platted, the annual debt assessment for that tract will be allocated to the lots, units and/or commercial and/or office space as provided for in Table D and the original un-platted portion of the tract will be assessed on an equal acreage basis for the residual amount of the

tract's annual assessment. At such time as all property within Unit 2 has been platted into lots, units and/or commercial and/or office space, then each unit, lot or acre of commercial and/or office space will be assessed in accordance with Table D. It is emphasized that at no time will the maximum annual debt assessment per tract be greater than the maximum annual debt service shown in Table D and that, in the event the annual debt assessment is less than the maximum annual debt assessment shown in Table D, the annual debt assessment for all original parcels will be reduced proportionately and allocated within the parcel as provided for in Table D.

Given the Unit's planned land use and the type of infrastructure and/or services to be funded by the special assessments, this method results in a fair allocation of benefits and services and an equitable allocation of costs for the Bonds. For the purpose of this Special Assessment Methodology Report, it is expressly understood that the maximum annual assessment per platted tract as identified in Table D, shall not be exceeded. In the event the mix of land uses changes within a tract, the mechanism provided for herein shall apply.

2.3 COLLECTION OF SPECIAL ASSESSMENTS

Special assessments shall be collected by the District in accordance with its enabling legislation and pursuant to the uniform method for the levy, collection and enforcement of special assessments under Chapter 197, Florida Statutes and/or under the procedures set forth in Chapters 170 and 173, Florida Statutes.

If a parcel of property that is herein currently anticipated to be specially assessed by the District is designated by plat or used for an exempt or non-assessable purpose (including but not limited to neighborhood centers, recreational facilities, community service space, community clubhouse or passive open space) or acquired by an entity not subject to the levy of such special assessments, then in that event the special assessment(s) that would otherwise be assessed and levied on said parcel of property shall, to the extent legally permissible under the laws of the State of Florida and as determined by the District in its sole discretion, be either reallocated to other assessable property within the Unit in accordance with the formulas set forth in this Report or invoiced to the applicable Developer for payment pursuant to any "true-up" agreement then in force between said Developer and the District.

Since there are costs associated with the collection of the special assessments (whether by uniform method of collection as authorized under Chapter 197.3632, F.S. or other methods allowed by Florida law), these costs must also be included in the special assessment levy. These costs generally include a 1% fee for the County Property Appraiser and a 1% collection fee of the County Tax Collector and a 4% discount for early payment of taxes. These additional costs may be calculated by dividing the annual debt service and maintenance assessment amounts by 0.94.

3.0 FINANCING STRUCTURE

The estimated Project improvement costs (including soft costs, technical services, discounts, debt service, capitalized interest, costs of issuance and contingency) is \$38,005,000.00 . The construction program and the costs associated therewith are identified in Table A.

A portion of the capital improvements comprising the Project is assumed to be financed by the Bonds, which will be payable from and secured by non-ad valorem special assessments levied annually on all assessable properties in Unit 2. Based on current market conditions, the total aggregate par amount of the Bonds for the Project is estimated to be \$38,005,000.00 . The proceeds of the Bonds will provide approximately \$31,924,011.27 for construction costs. The sizing of the Bond issue is assumed to include 12 months capitalized interest, a Debt Service Reserve Fund, interest and other costs to retire Bond Anticipation Notes, and other assumptions as shown in Tables B and C.

4.0 PAYOFF METHODOLOGY PRIOR TO ISSUANCE OF BONDS

The District Engineer has estimated the costs for construction of the Project at \$31,924,011.27 which includes a 15% construction contingency and allowances for Project soft costs (i.e. engineering, other consultants, construction testing, permitting and management fees). In the event a landowner chooses to pay its assessment prior to the issuance of bonds, the maximum amount of the payoff is calculated as follows and shown in Table F.

As previously stated, for the purposes of this assessment methodology, Unit No. 2 will contain 4,688 equivalent residential connections.

The District Engineer has estimated the costs for construction of the Project (including soft costs and contingency) for the water transmission system and the wastewater transmission system to be \$12,389,455.48 which is 38.809% of the total estimated capital costs of the Unit 2 improvements. This amount of \$12,389,455.48 divided by 4,688 ERCs equals \$2,642.84 per equivalent residential connection for construction of the water and wastewater system.

Further, the District Engineer has estimated the costs for construction of the Project (including soft costs and contingency) for the roadways to be \$ 19,534,555.79 , which is 61.191% of the total costs of the Unit 2 improvements. This amount of \$ 19,534,555.79 divided by 6,064 (the total number of peak hour trips per day) equals \$3,221.40 per trip for construction of the roadway improvements.

5.0 MODIFICATIONS AND REVISION

Allocation of costs and benefits for the Project is initially based on the estimated number of units and acreage of commercial and/or office space projected to be developed within Unit 2 and benefited by the infrastructure improvements as shown in the attached tables. Based on a bond sizing of \$38,005,000.00 , at a net annual interest rate of 5.800%, the maximum annual debt service is estimated to be \$ 2,838,648.94 which has been adjusted to include a 1% fee for the County Property Appraiser, a 1% collection fee of the County Tax Collector and a 4% discount for early payment of taxes.

When a tract is platted, the allocation of costs and benefits for the infrastructure improvements within said tract will be based on a combination of expected or planned number of equivalent residential connections for water and sewer (currently estimated at 4,688), and roadway peak hour generated trips (currently estimated at 6,064) that will be achieved when the benefited tract is subdivided into individual lots, units or commercial and/or office space as shown in Table D.

5.1 WATER AND SEWER IMPROVEMENTS

At present, Unit 2 consists of three (3) un-platted parcels of land. To ensure sufficient debt service special assessment revenue is received from any subsequent changes in the platting of the parcels within Unit 2, and that each lot, unit or commercial and/or office property is assessed no more than its pro rata portion of the annual maximum debt service for water and sewer improvements, the District will be required to perform a “true-up” analysis which requires a computation at the time of submission of each new plat for a parcel to determine the potential remaining assessable lot, units and commercial and/or office property within that parcel. The District shall, at the time a new plat or re-plat for a parcel is submitted to the District, until such time as at least the number of equivalent residential connections allocated to the parcel in Table D exist within the parcel perform the following analysis:

- a. Assume that the total number of assessable equivalent residential units for a parcel (“Total ERC’s) being utilized as a basis for this assessment methodology as it applies to the water and sewer improvements is as shown in Table D.
- b. Ascertain the number of equivalent residential units in the proposed plat and all prior plats for that parcel (“Platted ERC’s”).
- c. Ascertain the current amount of potential remaining assessable equivalent residential units for that parcel (“Remaining ERC’s”)

If the sum of the Platted ERC’s and the Remaining ERC’s within a parcel are equal to or greater than the Total ERC’s, no action would be required at that time. However, if the sum of the Platted ERC’s and the Remaining ERC’s in a parcel is less than the Total ERC’s, the parcel owner will be obligated by the District to immediately remit to the District an amount of money sufficient to enable the District to retire that portion of an amount of Bonds issued for the water and sewer improvements, plus applicable interest, costs of finance, and the costs associated with the collection of special assessments, such that the amount of debt service allocated to each Platted ERC and Remaining ERC’s in that parcel does not exceed the amount of debt service that would have been allocated thereto had the number of Platted ERC’s and Remaining ERC’s been equal to the Total ERC’s as shown in Table D.

5.2 ROADWAY IMPROVEMENTS

In addition to the assessment described in the previous paragraph, and to ensure sufficient debt service special assessment revenue is received from any subsequent changes in the platting of the parcels within Unit 2, and that each lot, unit or commercial and/or office property is assessed no more than its pro rata portion of the annual maximum debt service for roadway improvements, the District will be required to perform a “true-up” analysis which requires a computation at the time of submission of each new plat for a parcel to determine the potential remaining assessable lot, units and commercial and/or office property within that parcel. The District shall, at the time a new plat or re-plat for a parcel is submitted to the District, until such time as at least the number of residential units and commercial and/or office property allocated to the parcel in Table D exist within the parcel perform the following analysis:

- a. Assume that the total number of assessable residential units and/or assessable commercial and/or office acreage for a parcel (“Total Unit’s) being utilized as a basis for this assessment methodology as it applies to the roadway improvements is as shown in Table D.
- b. Ascertain the number of assessable residential units and/or assessable commercial and/or office acreage in the proposed plat and all prior plats for that parcel (“Platted Unit’s”).
- c. Ascertain the current amount of potential remaining assessable residential units and/or assessable commercial and/or office acreage for that parcel (“Remaining Unit’s”)

If the sum of the Platted Unit’s and the Remaining Unit’s within a parcel are equal to or greater than the Total Unit’s, no action would be required at that time. However, if the sum of the Platted Unit’s and the Remaining Unit’s in a parcel is less than the Total Unit’s, the parcel owner will be obligated by the District to immediately remit to the District an amount of money sufficient to enable the District to retire that portion of an amount of Bonds issued for the roadway improvements, plus applicable interest, costs of finance, and the costs associated with the collection of special assessments, such that the amount of debt service allocated to each Platted Unit and Remaining Unit’s in that parcel does not exceed the amount of debt service that would have been allocated thereto had the number of Platted Unit’s and Remaining Unit’s been equal to the Total Unit’s as shown in Table D.

5.3 ADDITIONAL LANDS

If additional lands (the “Additional Lands”) should be added to the Unit, whether by amendment to the Unit’s boundaries by means of a formal boundary amendment pursuant to the District’s enabling legislation or informally by means of an agreement to join the Unit pursuant to Section 11(6) of the District’s enabling legislation, then in that event, the assessment methodology set forth herein shall be reapplied promptly to all lands, including the Additional Lands, then included within the Unit without the requirement that the District recommence the Chapter 170, Florida Statutes assessment and allocation process. Rather, all of the lands within the Unit, including the Additional Lands, shall as a result of the reapplication of the assessment methodology set forth herein, be allocated or re-allocated, as the case may be, their allocable share of the total benefits and special assessments as previously approved for the Unit.

6.0 TAX ROLL

As of the date of this report, the Development consists of three (3) un-platted undeveloped tracts. When fully developed, the current expected plan is to have up to 4,268 residential units with integrated residential clubhouse/town center, and 92.49 assessable acres of commercial and/or office property containing 510 commercial and/or office equivalent residential connections as shown in Table E.

Respectfully Submitted by:

**District Engineer for West Villages Improvement District
Kimley-Horn and Associates, Inc.**

Charles L. Geer, P.E.
FL P.E. Number: 31435

Kimley-Horn and Associates, Inc.
4431 Embarcadero Drive
West Palm Beach, FL 33407
Phone: **561-845-0665**
Fax: **561-863-8175**
CA Number 00000696

TABLE A
CONSTRUCTION COST ESTIMATE

	ESTIMATED COSTS
Roadways	\$ 23,255,561.05
Water/Wastewater System	\$ 14,749,438.95
Total Project Improvement Costs*	\$38,005,000.00

** Includes soft cost, cost of issuance, technical services, discounts, debt service reserve, capitalized interest and contingency.*

TABLE B
BOND ASSUMPTIONS

Issue Amount	\$38,005,000.00
Interest on Constr Fund Cash Bal	\$0.00
Less Underwriters Discount	(\$494,065.00)
Less Cost of Issuance	(\$253,450.00)
Less Capitalized Interest	(\$1,942,918.04)
Less Debt Service Reserve	(\$2,668,330.00)
BAN Accrued Interest	(\$397,225.69)
BAN Cost of Issuance	(\$325,000.00)
Subtotal Costs, Reserves, Cap Interest	<u>(\$6,080,988.73)</u>
Construction Fund Proceeds	\$31,924,011.27
Net Interest Cost	5.800%
Capitalized Interest Period (Months)	12
Capitalized Interest Until	11/1/2006
Term of Bond (Years)	30
Approximate Date of Issuance	11/22/05

TABLE C**ESTIMATED CALCULATION OF ANNUAL ASSESSMENT**

Maximum Annual Net Debt Service	\$2,668,330.00
Maximum Annual Adjusted Debt Service*	\$ 2,838,648.94
Total Annual Assessment	See Table D

**Adjusted for 1% Property Appraiser Fee and 1% collection fee of the County Tax Collector and 4% discount for early payment of taxes.*

TABLE D

ANNUAL ASSESSMENT METHODOLOGY

TABLE E
PRELIMINARY
NON ADVALORUM ASSESSMENT ROLL

Tract	Block #	Lot #	Single Family Residential Units	Multi-Family Residential Units	Commercial Acres	Estimated Annual Debt Service
Island Walk			1799	70		\$709,900.36
Gran Paradiso			1439	560		\$801,665.05
Town Center				400	92.49	\$1,327,121.60
		TOTALS	3,238	1,030	92	\$ 2,838,687.01

TABLE F
PAYOUT ASSESSMENT METHODOLOGY

WATER & SEWER CAPACITY PAYOFF ASSESSMENT METHODOLOGY												
Property	Unit	Number of Single Family ERC	Number of Multi Family ERC (3 BDR or more)	Number of Multi Family ERC (2BDR or Less)	Number of Commercial ERC	Total Number of Equivalent Residential Connections (ERCs)	Total Water & Sewer Capacity Capital Expenditure per ERC		Total Water & Sewer Capacity Capital Expenditure per Single Family & Large MF Unit		Total Water & Sewer Capacity Capital Expenditure per Small MF Unit	
							Total Water Capacity Capital	Total Water Capacity Capital Expenditure	Total Water Capacity Capital Expenditure per Small MF Unit	Total Water Capacity Capital Expenditure per Large MF Unit	Total Water Capacity Capital Expenditure per Single Family Unit	Total Water Capacity Capital Expenditure per Commercial Acre
IslandWalk	DU	1799	70	0	0	1869.00	\$2,642.84	\$4,939,460.04	\$2,642.84			\$0.00
GranParadiso	DU	1439	280	233.24	0	1952.24	\$2,642.84	\$5,159,449.69	\$2,642.84	\$2,202.28		\$0.00
TownCenter	AC	0	140	216.58	510.12	866.70	\$2,642.84	\$2,290,545.75	\$2,642.84	\$2,202.28		\$14,576.32
Total						510.12	4687.94	\$12,389,455.48				

ROADWAYS PAYOFF ASSESSMENT METHODOLOGY													
Property	External Trips	Number of Single Family External Trips	Number of Multi Family External Trips	Number of Commercial External Trips	Total Number of Peak Hour External Trips	Total Roadway Capital Expenditure per Trip	Total Roadway Capital Expenditure	Number of Assessable Family Units	Number of Single Family Units	Number of Multi Family Units	Total Roadway Capital Expenditure per Single Family Unit	Total Roadway Capital Expenditure per Multi Family Unit	Total Roadway Capital Expenditure per Assessable Commercial Acre
IslandWalk	DU	910	35	0	945	\$3,221.40	\$3,044,220.85	1799	70	0	\$1,629.50	\$1,610.70	\$0.00
GranParadiso	DU	950	247	0	1,197	\$3,221.40	\$3,856,013.07	1439	560	0	\$2,126.70	\$1,420.87	\$0.00
TownCenter	AC	0	187	3735	3,922	\$3,221.40	\$12,634,321.87	0	400	92.49		\$1,506.00	\$130,088.88
Total					6,064		\$19,534,555.79						

COMBINED PAYOFF ASSESSMENTS PRIOR TO ISSUANCE OF BONDS												
Property	Number of Units	Total Roadway			Total Maximum Capital Expenditure per Unit	Total Maximum Capital Expenditure	Number of Assessable Family Units	Number of Single Family Units	Number of Multi Family Units	Total Roadway Capital Expenditure per Single Family Unit	Total Roadway Capital Expenditure per Multi Family Unit	Total Roadway Capital Expenditure per Assessable Commercial Acre
		Total Water & Sewer Capacity Capital Expenditure per Unit	Total Water & Sewer Capacity Capital Expenditure	Total Maximum Capital Expenditure per Unit								
IslandWalk												
Single Family Res	DU	1799	\$2,642.84	\$1,629.50	\$4,272.34	\$7,685,933.46						
Multi Family												
3BDR or larger	DU	70	\$2,642.84	\$1,610.70	\$4,253.53	\$297,747.42						
Multi Family												
2BDR or Smaller	DU	0	\$0.00		\$0.00	\$0.00						
Assessable												
Commercial/Office	AC	0	\$0.00	\$0.00	\$0.00	\$0.00						
Total IslandWalk						\$7,983,680.89						
GranParadiso												
Single Family Res	DU	1439	\$2,642.84	\$2,126.70	\$4,769.54	\$6,863,368.50						
Multi Family												
3BDR or larger	DU	280	\$2,642.84	\$1,420.87	\$4,063.70	\$1,137,836.63						
Multi Family												
2BDR or Smaller	DU	280	\$2,202.28	\$1,420.87	\$3,623.14	\$1,014,479.63						
Assessable												
Commercial/Office	AC	0	\$0.00	\$0.00	\$0.00	\$0.00						
Total GranParadiso						\$9,015,684.76						
TownCenter												
Single Family Res	DU	0	\$0.00	\$0.00	\$0.00	\$0.00						
Multi Family												
3BDR or larger	DU	140	\$2,642.84	\$1,506.00	\$4,148.84	\$580,837.49						
Multi Family												
2BDR or Smaller	DU	260	\$2,202.28	\$1,506.00	\$3,708.28	\$964,152.40						
Assessable												
Commercial/Office	AC	92.49	\$14,576.32	\$130,088.88	\$144,665.19	\$13,380,083.87						
Total TownCenter						\$14,925,073.77						
Total						Total	\$31,924,439.41					

\$428.14

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") dated as of November 22, 2005 is executed and delivered by the West Villages Improvement District (the "Issuer"), Fourth Quarter Properties XXXII, LLC, Gran Paradiso I, LLC, Gran Paradiso II, LLC, and DiVosta Homes, L.P. (individually, "Developer", collectively, the "Developers") and Digital Assurance Certification, L.L.C., as Dissemination Agent (the "Dissemination Agent" or "DAC"), in connection with the issuance of \$38,005,000 Special Assessment Bonds, Series 2005 (Unit of Development No. 2) (the "Bonds"). The Bonds are being issued pursuant to a Master Trust Indenture dated as of February 1, 2005 (the "Trust Indenture"), as supplemented by a Second Supplemental Trust Indenture dated as of November 1, 2005 (the "Second Supplemental Indenture" and together with the Trust Indenture, the "Indenture"), each entered into between the Issuer and Wachovia Bank, National Association, as trustee (the "Trustee"). The Issuer, DAC, and the Developers covenant and agree as follows:

1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Developers to provide information required in the Second Supplemental Trust Indenture. The Issuer represents that the information is consistent with the requirements of S.E.C. Rule 15c2-12(b)(5).

The provisions of this Disclosure Agreement are supplemental and in addition to the provisions of the Indenture with respect to reports, filings and notifications provided for therein, and do not in any way relieve the Issuer, the Trustee or any other person of any covenant, agreement or obligation under the Indenture (or remove any of the benefits thereof) nor shall anything herein prohibit the Issuer, the Trustee or any other person from making any reports, filings or notifications required by the Indenture or any applicable law.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Disclosure Representative" shall mean the District Manager of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Disclosure Representative from time to time.

"Dissemination Agent" shall mean DAC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Fiscal Year" shall mean the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

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

“National Repository” shall mean any of the names and addresses of each National Repository and State Repository which as of any date may then be obtained by calling the SEC’s Fax on Demand Service from a fax machine phone line at (202) 942-8088 and requesting document numbers 0206 and 0207, respectively, or by visiting the SEC’s web site at “<http://www.sec.gov/info/municipal/nrmsir.htm>.”

“Obligated Person(s)” shall mean, with respect to the Bonds, those person(s) who either generally or through an enterprise fund or account of such persons are committed by contract or other arrangement to support payment of all or a part of the obligations on such Bonds, which person(s) shall include the Issuer and each Developer for so long as such Developer is the owner of at least 20% of the lands within its respective Parcel (defined immediately below), which lands have been determined by the Issuer to be benefited by the project financed with proceeds of the Bonds (the “2005 Project”) or for so long as such Developer is responsible for payment of at least 20% of the Assessments within its respective Parcel.

“Parcel” shall mean that portion of the lands within Unit No. 2 that is owned by a particular Developer at the time the Bonds are issued and delivered.

“Participating Underwriter” shall mean any of the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purposes of the Rule.

“Tax-exempt” shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

3. Provision of Annual Reports.

(a) Subject to the following sentence, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer is not the Dissemination Agent) and the Trustee no later than 180 days after the close of the Issuer’s Fiscal Year, commencing with the Fiscal Year ended September 30, 2006. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report, and may be submitted up to, but no later than, 365 days after the close of the Issuer’s Fiscal Year. The Issuer shall, or shall cause the Dissemination Agent to, provide to each Repository the components of an Annual Report which satisfies the requirements of Section 4(a) of this Disclosure Agreement within thirty days after same becomes available. If the Issuer’s Fiscal

Year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If by the 180th day after the close of the Issuer's Fiscal Year the Dissemination Agent has not received a copy of the Annual Report (other than the audited financial statements of the Issuer), the Dissemination Agent shall notify the Issuer in writing that the Issuer has not complied with its obligations under subsection (a) above. If by the 365th day after the close of the Issuer's Fiscal Year the Dissemination Agent has not received a copy of the audited financial statements of the Issuer, the Dissemination Agent shall notify the Issuer in writing that the Issuer has not complied with its obligations under subsection (a) above.

(c) If the Dissemination Agent is unable to verify in writing from the Issuer that the Issuer has filed an Annual Report with the Repositories by the dates required in subsection (a) above, the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date(s) it was provided and listing all the Repositories to which it was provided.

4. a) Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(i) The amount of 2005 Assessments levied for the most recent Fiscal Year.

(ii) The amount of 2005 Assessments collected from the property owners during the most recent Fiscal Year.

(iii) If available, the amount of delinquencies greater than 150 days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of 2005 Assessments due in any year, a list of delinquent property owners.

(iv) If available, the amount of tax certificates sold, if any, and the balance, if any, remaining for sale from the most recent Fiscal Year.

(v) All fund balances in all Funds and Accounts for the Bonds.

The Issuer shall provide any Bondholder with this information more frequently than annually within thirty (30) days of the written request of the Bondholder.

(vi) The total amount of Bonds Outstanding.

(vii) The amount of principal and interest to be paid in the current Fiscal Year.

(viii) The most recent audited financial statements of the Issuer (provided, however, if the Issuer has not prepared audited financial statements for its Fiscal Year ending September 30, 2006, the first Annual Report submitted by the Issuer in accordance herewith may include unaudited financial statements for such Fiscal Year).

To the extent any of the items set forth in subsections (i) through (vii) above are included in the audited financial statements referred to in subsection (viii) above, they do not have to be separately set forth. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final limited offering memorandum, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(b) The parties to this Disclosure Agreement agree to assist the Issuer and Dissemination Agent in preparing and providing the information necessary to prepare the Annual Report and the quarterly reports. Each Developer and its respective successors or assigns agree to provide the information necessary to prepare the Annual Report (if applicable) and quarterly reports so long as such Developer is the owner of 20% of the property within its Parcel. Each Developer is responsible for providing such information necessary to prepare the Annual Report only with respect to such Developer's company or respective Parcel. If a Developer transfers an interest in the Development to an entity which will in turn own at least 20% or more of that Developer's Parcel, that Developer agrees to assign its obligations set forth herein to its successor in interest.

(c) The financial statements provided by the Issuer shall be audited.

(d) Each Developer, so long as it is an owner or optionee of at least 20% of the property within its Parcel subject to the 2005 Assessments shall also prepare reports no later than thirty (30) days after the end of each quarter commencing June 30, 2006 and provide these reports to the Dissemination Agent and to any Bondholders that request them; provided, however, that so long as that Developer is a reporting company, such thirty (30) days shall be extended to the date of filing of that Developer's 10K or 10Q, if later, as the case may be.

At such time as a Developer and its successors or assigns no longer owns more than 20% of the lands within its Parcel, such Developer will no longer be obligated to prepare the quarterly reports as it relates to the Development.

These quarterly reports of each Developer may address the following relative to property within such Developer's Parcel, as applicable:

(i) The percentage of infrastructure improvements that have been completed with the proceeds of the Bonds.

(ii) The number of homes planned on property which is being assessed to repay the Bonds.

(iii) The number and type of property (lots, parcels, raw land, etc.) sold to builders and/or retail buyers.

(iv) The number of homes constructed.

(v) The number of units, type of units and square footage of commercial property or other non-residential uses planned on property which is being assessed to repay the Bonds.

(vi) The number and type of property (parcels, raw land, etc.) sold for non-residential development, if any.

(vii) The square footage of non-residential property constructed, if any.

(viii) The estimated date of complete build-out of residential units.

(ix) Whether the Developer has made any bulk sale of the land within the District other than in the ordinary course of business to any entity other than the Issuer.

(x) The anchor (more than 10% of the square footage) tenants of non-residential property, if any.

(xi) The status of development approvals for the Development.

(xii) Materially adverse changes or determinations to permits/approvals for the Development which necessitate changes to the Developer's land-use plans.

(xiii) Updated plan of finance (i.e., status of any credit enhancement, issuance of additional bonds to complete project, draw on credit line of Developer, additional mortgage debt, etc.).

5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Delinquency in payment when due of any principal or interest on the Bonds.

2. Amendment to the Indenture or this Disclosure Agreement modifying the rights of the owners of the Bonds.

3. Giving a notice of optional or unscheduled redemption of any Bonds.

4. Defeasance of the Bonds or any portion thereof.

5. Any change in any rating of the Bonds.*

6. (a) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Bonds is not tax-exempt; or

(A) Any event adversely affecting the tax-exempt status of the Bonds, including, but not limited to:

(i) Any audit, investigation or other challenge of the tax-exempt status of the Bonds by the Internal Revenue Service or in any administrative or judicial proceeding; or

(ii) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the tax-exempt status of the Bonds or bonds of the same type as the bonds or financing structures of the same type as financed by the Bonds.

7. Any unscheduled draw on the Reserve Fund reflecting financial difficulties.

8. Any unscheduled draw on credit enhancements reflecting financial difficulties.[†]

9. The release, substitution or sale of property securing repayment of the Bonds (including property leased, mortgaged or pledged as such security). The sale of real property in the District in the ordinary course of the Developer's business shall not be a material event for purposes of the foregoing.

10. The substitution of credit or liquidity providers or their failure to perform.[‡]

11. Occurrence of any Event of Default under the Indenture (other than as described in clause (1) above).

(b) The Issuer shall, within five (5) business days of obtaining actual knowledge of the occurrence of any of the Listed Events, subject to Section 5(e)(i) below, notify the Dissemination Agent in writing of such event and whether or not to report the event pursuant to subsection (e).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall file a notice of the occurrence of a Listed Event, with (i) the Repositories, or (ii) the State Repository, if any, if material.

* Note: The Bonds are not rated

[†] Note: There are currently no credit or liquidity providers for the Bonds

[‡] Note: There are currently no credit or liquidity providers for the Bonds

(d) If the Issuer sends notice pursuant to subsection (c) or otherwise, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event, shall be given by the Dissemination Agent (other than for those listed in subsections (a)(1), (3) or (4), for which notice shall always be given) unless the Issuer gives the Dissemination Agent affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in subsections (a)(3) and (4) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

6. Termination of Disclosure Agreement. This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be DAC. The acceptance of such designation is evidenced in the Dissemination Agreement of even date herewith, executed by the Issuer and DAC. Either party may terminate its obligations to the other under this Agreement upon thirty (30) days written notice.

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Developer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Notwithstanding the above provisions of this Section 8, no amendment to the provisions of Section 4(d) hereof may be made without the consent of all of the Developers that continue to be Obligated Persons as defined herein.

In the event of any amendment or waiver of a provision of this Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change in accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such changes

shall be given in the same manner as for a Listed Event under Section 5(b); and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the Issuer, the Disclosure Representative, the Developer, or the Dissemination Agent, to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any beneficial owner of a bond may take such actions as may be necessary and appropriate, including seeking mandate or specify performance by court order, to cause the Issuer, the Disclosure Representative, the Developers, or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement by any or all Developers shall not be deemed a default by the Issuer hereunder and no default hereunder shall be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer, the Disclosure Representative, the Developers, or the Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

11. Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Annual Report, or any other information, disclosures, or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for any Obligated Person, the Holders of the Bonds, or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine or liability for failing to determine whether any Obligated Person has complied with this Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

EACH OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISSEMINATION AGENT AND ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE, AND LIABILITIES WHICH THEY MAY INCUR DUE TO THE ACTS OR OMISSIONS OF SAID OBLIGATED PERSON ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person(s) under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption, or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person(s).

12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Developer, the Dissemination Agent, the Participating Underwriters and beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. Counterparts. This Disclosure Agreement 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.

14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Issuer or the Developers in other than that person's official capacity.

15. Governing Law. This Agreement shall be governed by the laws of the State of Florida and Federal law and venue shall be in Sarasota County, Florida.

Dated: November 22, 2005.

[SEAL]

WEST VILLAGES IMPROVEMENT
DISTRICT, AS ISSUER

By: _____
Chairman, Board of Supervisors

ATTEST

Secretary

Dated: November 22, 2005

FOURTH QUARTER XXXII, LLC, a Georgia
limited liability company

By: _____
Name:
Title:

Dated November 22, 2005.

GRAN PARADISO I, LLC, a Florida limited
liability company

By: _____
Name:
Title:

Dated November 22, 2005.

GRAN PARADISO II, LLC, a Florida limited
liability company

By: _____
Name:
Title:

Dated November 22, 2005.

DIVOSTA HOMES, L.P., a Delaware limited
partnership

By: _____
Name:
Title:

Dated November 22, 2005.

DIGITAL ASSURANCE CERTIFICATION,
L.L.C., AS DISSEMINATION AGENT

By: _____
Name:
Title:

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: West Villages Improvement District
Name of Bond Issue: \$38,005,000 Special Assessment Bonds, Series 2005 (Unit of Development No. 2)
Date of Issuance: November 22, 2005

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of November 22, 2005, between the Issuer and the Developers named therein. The Issuer has advised the undersigned that it anticipates that the Annual Report will be filed by _____, 20____.

Dated: _____, Dissemination Agent

cc: Issuer

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