

FOSSIL RIDGE METROPOLITAN DISTRICT NOS. 1-3 DISCLOSURE STATEMENT

Carma Lakewood, LLC, a Colorado limited liability company (“Developer”) in conjunction with the City of Lakewood, Colorado (the “City”) has established three Title 32 metropolitan districts at the development known as Solterra. The metropolitan districts will finance certain public infrastructure improvements, which will result in a property tax liability for each property owner of Solterra resulting from being in the metropolitan districts.

BACKGROUND

The Colorado Special District Act is codified at Section 32-1-101, et seq., of the Colorado Revised Statutes. It allows Colorado municipalities to form metropolitan districts for the primary purpose of financing the acquisition, construction, installation, operation and/or maintenance of public infrastructure improvements, including water and sewer improvements.

HOW METROPOLITAN DISTRICTS WORK

On August 28, 2006, the City Council of the City approved the formation of the Fossil Ridge Metropolitan District Nos. 1-3 (the “Districts”), which includes all of the residential and commercial property in Solterra. An election was held on November 7, 2006, at which time owners of property within the Districts voted to authorize ad valorem tax bonds to be issued over time by the Districts to finance the acquisition or construction of various types of improvements, some of which will be dedicated to the City or other entities after construction. Certain improvements will be owned, operated and maintained by the Districts.

WHAT WILL BE FINANCED?

The Districts have been established to finance over \$35,000,000 in public infrastructure improvements within Solterra including financing costs related to such improvements.

BENEFITS TO RESIDENTS

Bonds issued by the Districts will benefit all residents within Solterra by providing public improvements including water, sewer, road and recreational amenities. This benefit was taken into account by the Developer in connection with establishing the price of the lot on which your home is located. Each resident of the Districts will participate in the repayment of the bonds in the form of additional property tax to the current property taxes assessed by other governmental entities. This tax may be deductible for purposes of calculating federal and state income taxes. Residents should consult with a tax advisor for specific information

PROPERTY OWNERS’ TAX LIABILITY

The obligation to retire the bonds will become the responsibility of any property owner in the Districts through the payment of property taxes collected by Jefferson County. Beginning in fiscal year 2009, the Districts expect to levy 30.000 mills to provide for repayment of the bonds.

Although the level of tax rate is not limited by law, the tax rate of the Districts is not expected to exceed 50.000 mills for as long as the bonds are outstanding. There can be no guarantee that tax rates will not increase to provide for bond payments, but such increases may be subject to

the approval of the City. As growth of the tax base occurs within the Districts, it is anticipated that such tax liabilities will be lowered. In addition, the Districts are authorized to levy certain fees for operations and maintenance of the public improvements.

IMPACT OF ADDITIONAL DISTRICT PROPERTY TAX

The following illustrates the additional annual tax liability imposed by the District based on varying residential values within Solterra:

<u>Market Value of Residence¹</u>	<u>Estimated Additional Tax Liability²</u>
\$700,000	\$1,671.60
\$800,000	\$1,910.40
\$900,000	\$2,149.20
\$1,000,000	\$2,388.00

Additional information regarding the description of infrastructure improvements to be financed by the Districts, bond issues, public disclosure documents and other documents can be obtained from the Districts’ general counsel, White, Bear & Ankele Professional Corporation at 1805 Shea Center Drive, Suite 100, Highlands Ranch, Colorado 80129 (303)858-1800.

¹ The market value of the residence is multiplied by the current assessment rate of 7.96% to find the actual market value of a residence.
² Additional Tax Liability calculated for 30 mills, estimated to be assessed by the Districts beginning in 2009.