

**BRUNSWICK CROSSING
SPECIAL TAXING DISTRICT
CITY OF BRUNSWICK, MARYLAND**

Summary

The Brunswick Crossing Special Taxing District consists of approximately 552.7 acres located in Brunswick, Maryland adjacent to the intersection of Jefferson Pike and Burkittsville Road in Frederick County, Maryland. The district is located approximately 15 miles southwest of Frederick, Maryland. Property located within the district is currently being developed and is owned by Brunswick Crossing, LLC.. The developer has secured zoning and public approvals allowing for Planned Unit Development, Mixed Use, General Commercial and Office/Research uses within the district. Public approvals allow for the development of up to 1,505 dwelling units, approximately 210,900 square feet of retail space and approximately 178,100 square feet of office/research space. The project is expected to be developed over approximately ten years.

Special obligation bonds in the amount of \$36,310,000 were issued in September 2006, the proceeds of which are to be used to finance certain on and off site public improvements. Special taxes have been levied in an amount equal to the Maximum Special Tax for each parcel each year for thirty years beginning with the 2006-2007 tax year. The City of Brunswick shall collect the special tax in an amount up to the Maximum Special Tax for each parcel each year until the aggregate amount of the special taxes collected is sufficient to pay the annual debt service on the special obligation bonds and the annual administrative expenses of the district for that year.

The Series 2006 Bonds are not general obligations of the City of Brunswick, but are special obligations payable solely from the revenues and funds pledged therefore under the Indenture. Neither the faith and credit of the City of Brunswick nor the State of Maryland nor any political subdivision thereof is pledged to the payment of the Series 2006 Bonds.

For additional details on the district and/or the special tax, please refer to the responses to the frequently asked questions below or contact the Administrator at 888-317-9970.

Question and Answers
Regarding the Creation of the Special Taxing District
and the Issuance of the Special Obligation Bonds

1. What is a Special Taxing District?

A special taxing district is a defined geographic area within a city or a county created by the government at the request of the owners of the property in the proposed special taxing district.

2. What is the purpose of a Special Taxing District?

The purpose of a special taxing district is to provide a means for planning, financing and constructing various public improvements within and outside the special taxing district for the benefit of the property owners within the special taxing district.

3. What is the authority for the City of Brunswick (the “City”) to create a Special Taxing District?

Article 23A, Section 44A of the Annotated Code of Maryland, as amended (the “Act”), provides a method of financing certain infrastructure improvements by Maryland municipal corporations, including the City, through the creation of special taxing districts. The Act provides for the creation of such special taxing districts and the levy of annual special taxes by the City upon the request of (i) the owners of at least two-thirds of the assessed valuation of the real property located within the special taxing district or outside the special taxing district and reasonably related to other infrastructure improvements within the special taxing district and (ii) at least two-thirds of the owners of the real property located within the special taxing district. Following the receipt of petitions from the requisite number and valuation of real property owners (Brunswick Crossing, LLC), the Brunswick Crossing Special Taxing District was established by Special Ordinance No. 431 (the “Ordinance”) adopted by the Mayor and Council of Brunswick on October 11, 2005, pursuant to the provisions of the Act.

4. When and how were the Series 2006 Bonds issued?

On September 14, 2006, \$36,310,000 in Series 2006 Special Obligation Bonds (the “2006 Bonds”) were issued pursuant to the Act, the Ordinance and certain other proceedings of the City, including an order of the Mayor, and a Trust Indenture, dated as of September 1, 2006, by and between the Mayor and Council of Brunswick and Manufacturers and Traders Trust Company (the “Trustee”).

5. What were the proceeds of the Series 2006 Bonds used to finance?

The proceeds of the Series 2006 Bonds were used to finance certain public improvements including the upgrade and expansion of the city's wastewater treatment plant and water treatment building, construction of an elevated water storage facility, construction of water and sewer transmission mains, various road widening and intersection improvements, open space, park and recreational facilities, stormwater management facilities, rights-of-way, and other public improvements.

6. How are the proceeds of the Series 2006 Bonds being disbursed?

Pursuant to the Construction and Funding Agreement, dated September 1, 2006, the Developer submits requisitions for payment of construction costs to the Trustee. Each requisition must be approved by the City Administrator, the Bond Administrator, and an independent engineering firm hired by the District to provide construction quality assurance and verification services. The Trustee pays an approved requisition from proceeds of the Series 2006 Bonds on deposit with the Trustee.

7. Don't my regular real estate taxes pay for these public improvements?

No. The real property taxes paid to the City of Brunswick, other than the Special Tax, are used to pay for City services.

8. What is the security for the Series 2006 Bonds?

The Series 2006 Bonds are secured by (i) proceeds of Special Taxes, including any scheduled payments and any prepayments thereof, interest thereon and proceeds of the sale of property sold or other remedies taken as a result of a delinquent Special Tax sale action (but excluding any penalties collected in connection with delinquent Special Taxes) and (ii) moneys on deposit in the funds and accounts that are pledged in the Trust Indenture for the repayment of the Series 2006 Bonds.

The Series 2006 Bonds are not a general obligation debt of the City and they do not constitute a pledge of the City's full faith and credit or taxing power.

9. Why do we have to pay this additional tax?

The Special Tax is being collected to pay the interest and principal on the Series 2006 Bonds that were issued to fund the public improvements in the District. Like a mortgage, the bond payments were spread over a thirty-year period to keep the annual payments manageable.

10. When do the Series 2006 Bonds mature and how long are Special Taxes levied?

The Series 2006 Bonds will mature on July 1, 2036. The Special Taxes have been levied on each taxable parcel from the 2006-2007 tax year through the Termination Date. The Termination Date is defined as the earlier of (i) repayment or defeasance of the Series 2006 Bonds or (ii) the 30th tax year after the tax year in which the Series 2006 Bonds were issued.

11. Who is responsible for paying the Special Tax and when is it due?

A homeowner is responsible for the Special Tax from the time they take possession of the home. The Special Tax is listed as a separate line item on your ad valorem property tax bill and is due at the same time as your property taxes, which for owner-occupied residential property is September 30th and December 31st of each year.

12. What happens if a homeowner fails to pay his/her Special Taxes?

The failure of a homeowner to pay his/her Special Taxes will not affect any other homeowner in the District. If a homeowner fails to pay his/her Special Taxes, the City will employ the normal collection procedures available to them for all delinquent general ad valorem property tax collection efforts.

13. How much is the Special Tax?

The annual Special Tax is limited to the “Maximum Special Tax” as set forth in the Ordinance, and if you are the original homebuyer, in the rider attached to your sales contract. On each July 1, commencing July 1, 2007, the Maximum Special Tax Rates shall be increased by two percent of the respective Maximum Special Tax rate in effect in the previous year. A copy of the rates for each home type is available in the Model Homes, Visitors Cottage or by contacting the Developer: Debbie McKenzie at 301.428.0800 or by email @ dmckenzie@pleasants.org.

14. Can I payoff the Special Tax?

Homeowners have the option of prepaying the Special Tax at any time and thereby fully satisfying the obligation to pay the annual Special Tax. For further details, please contact the Administrator at the toll free number provided below.

15. Where can a homeowner review copies of the documents related to the Series 2006 Bonds?

Copies of all of the documents related to the Series 2006 Bonds are on file with the Mayor and Council of Brunswick at the City Hall.

If you have any additional questions regarding the Special Tax or the District, please call the Administrator at 888-317-9970.