

FIDDLER'S CREEK
COMMUNITY DEVELOPMENT DISTRICT #1
1200 N.W. 17th Avenue, Suite 13
Delray Beach, Florida 33445
Phone: 561-276-0889 • Fax: 561-276-3780

July 31, 2006

RE: Hurricane Wilma Restoration Update

Dear Property Owner:

It has been approximately 9 months since Southwest Florida received a visit from Hurricane Wilma. The Fiddler's Creek Community was hit very hard and as a result the Community Development District's landscape program suffered extensive damage. The District found itself in a position of having to secure a line of credit to pay for the clean-up, repair and replacement of it's landscape, lighting and perimeter wall programs. The original line of credit, totaling \$3.6M, included \$3.3M in hard costs as well as \$300,000 to fund a debt service reserve fund, (a required surety for the bank that will be used in making the final payment at the end of the financing term). As we are wrapping up the recovery efforts, we have been able to finalize our loan amount at \$2.835M, which includes the \$300,000 debt service reserve fund. The term of the loan is for 5 years and will have a fixed interest rate of 5.22%.

The District has 2039 units that will share, equally, in the repayment responsibility. The principal amount assigned to each unit is \$1,390.39. The loan has been established to allow each unit owner the flexibility to prepay, at anytime, without a prepayment penalty. You may elect to prepay the principal amount and avoid annual interest and collection charges. To exercise this option you must submit a check in the amount of \$1,390.39, made payable to the Fiddler's Creek Community Development District #1. This payment must be received, at the address contained at the top of this letter, no later than August 18, 2006.

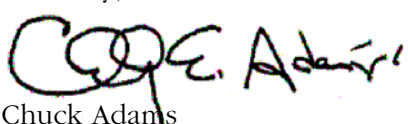
Should you elect not to prepay the principal, an additional amount of \$388.53, will be added to the District's non-advalorem assessment, to each unit, for repayment of the annual principal, interest and collection charges. Under this option, you do not need to do anything except pay your property tax bill when it arrives each November.

Additionally, we would like to take this opportunity to extend our thanks to the Developer, Gulfbay Group of Companies, for their extensive involvement in our recovery efforts. The expertise and resources they brought to the table were invaluable in assuring a quick and efficient recovery program. The District recently passed resolution 2006-10 (shown on the reverse side of this letter) in recognition of our appreciation. Please join us in saying "thank you".

Finally, we would like to also bring to your attention the fact that the District has recently established a website www.fiddlerscreekcdd1.net to further improve our communications with the residents. Please take a few minutes to visit the site and feel free to provide any feedback you may have.

If you have any questions about the matters discussed in this letter or would like to contact the District, you can call me, at our local office, (239) 437-5551 or the District's main office at (877) 276-0889.

Sincerely,



Chuck Adams
District Manager
Fiddler's Creek
Community Development District #1