NEW ISSUE – FULL BOOK-ENTRY **NOT RATED**

In the opinion of Rutan & Tucker LLP, Costa Mesa, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS - Tax Exemption."

$7,335,000
COMMUNITY FACILITIES DISTRICT NO. 2002-2
OF THE MENIFEE UNION SCHOOL DISTRICT
2013 SPECIAL TAX REFUNDING BONDS

Dated: Date of Delivery **Due: September 1, as shown on inside cover.**

Authority for Issuance. The bonds captioned above (the "Bonds") are being issued under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the Resolution of Issuance (as defined herein), and a Fiscal Agent Agreement, dated as of January 1, 2013 (the "Fiscal Agent Agreement"), by and between Community Facilities District No. 2002-2 of the Menifee Union School District (the "Community Facilities District"), and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"). The Board of Education (the "Board") of the Menifee Union School District (the "School District"), acting as legislative body of the Community Facilities District, has authorized the issuance of the Bonds in an aggregate principal amount not to exceed $8,000,000. See "THE BONDS – Authority for Issuance."

Security and Sources of Payment. The Bonds are payable from proceeds of Net Special Taxes (as defined herein) levied on property within the Community Facilities District according to the rate and method of apportionment of special tax approved by the Board and the eligible landowner voters in the Community Facilities District. The Bonds are secured by a first pledge of the revenues derived from the Net Special Taxes and the moneys on deposit in certain funds and accounts held by the Fiscal Agent under the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS."

Use of Proceeds. The Bonds are being issued to (i) refund certain outstanding special tax bonds of the Community Facilities District captioned "$8,250,000 Community Facilities District No. 2002-2 of the Menifee Union School District 2004 Special Tax Bonds" (ii) fund a debt service reserve fund for the Bonds, and (iii) pay certain costs of issuing the Bonds. See "FINANCING PLAN."

Bond Terms. Interest on the Bonds is payable on September 1, 2013, and semiannually thereafter on each March 1 and September 1. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. The Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. See "THE BONDS – General Bond Terms" and "APPENDIX D – DTC and the Book-Entry Only System."

Redemption. *The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Taxes. See "THE BONDS - Redemption."*

THE BONDS, THE INTEREST THEREON, AND ANY PREMIUMS PAYABLE ON THE REDEMPTION OF ANY OF THE BONDS, ARE NOT AN INDEBTEDNESS OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT), THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE ON THE BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT) OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. OTHER THAN THE NET SPECIAL TAXES, NO TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT A GENERAL OBLIGATION OF THE COMMUNITY FACILITIES DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT PAYABLE SOLELY FROM THE NET SPECIAL TAXES AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

MATURITY SCHEDULE
(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the Bonds involves risks which may not be appropriate for some investors. See "BONDOWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Rutan & Tucker LLP, Costa Mesa, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Community Facilities District by Jones Hall, A Professional Law Corporation, San Francisco, California, as disclosure counsel, and by Rutan & Tucker LLP, special counsel to the School District. McFarlin & Anderson LLP, Laguna Hills, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery on or about February 6, 2013.

STONE & YOUNGBERG
A DIVISION OF STIFEL NICOLAUS

The date of this Official Statement is January 22, 2013.

MATURITY SCHEDULE

$5,935,000 Serial Bonds
(Base CUSIP†: 586810)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2013	$215,000	1.000%	1.000%	100.000%	RW5
2014	250,000	1.375	1.375	100.000	RX3
2015	250,000	1.750	1.750	100.000	RY1
2016	255,000	2.000	2.125	99.571	RZ8
2017	260,000	2.375	2.500	99.462	SA2
2018	265,000	3.000	2.750	101.281	SB0
2019	275,000	3.000	3.000	100.000	SC8
2020	285,000	3.000	3.250	98.332	SD6
2021	290,000	3.250	3.450	98.525	SE4
2022	300,000	3.500	3.650	98.795	SF1
2023	310,000	3.625	3.800	98.486	SG9
2024	325,000	3.750	3.920	98.428	SH7
2025	335,000	4.000	4.000	100.000	SJ3
2026	350,000	4.000	4.050	99.479	SK0
2027	365,000	4.000	4.150	98.369	SL8
2028	375,000	4.125	4.250	98.584	SM6
2029	395,000	4.125	4.350	97.360	SN4
2030	410,000	4.250	4.400	98.175	SP9
2031	425,000	4.250	4.450	97.487	SQ7

$1,400,000 5.000% Term Bond due September 1, 2034, Yield: 4.550%, Price: 103.739% [C]
CUSIP† No. 586810 ST1

[C] = priced to the optional call date of September 1, 2023

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the School District, the Community Facilities District, any other parties described in this Official Statement, or in the condition of property within the Community Facilities District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement 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.

Document References and Summaries. All references to and summaries of the Fiscal Agent Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COMMUNITY FACILITIES DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

MENIFEE UNION SCHOOL DISTRICT

DISTRICT GOVERNING BOARD

Dr. Randall T. Freeman, *President*
Ron Ulibarri, *Vice President*
Robert O'Donnell, *Clerk*
Jerry Bowman, *Member*
Rita Peters, *Member*

DISTRICT ADMINISTRATION

Linda Callaway, Ed. D., *Superintendent*[1]
Robert Wolfe, *Assistant Superintendent, Business Services*
Steve Kennedy, *Assistant Superintendent, Personnel*
Pam Gillette, *Director of Fiscal Services*
Bruce H. Shaw, *Director of Facilities*

PROFESSIONAL SERVICES

BOND COUNSEL

Rutan & Tucker LLP,
Costa Mesa, California,

DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

FINANCIAL ADVISOR and SPECIAL TAX CONSULTANT

Dolinka Group, LLC
Irvine, California

FISCAL AGENT and ESCROW AGENT

U.S. Bank National Association
Los Angeles, California

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1 Effective April 1, 2013, Dr. Callaway will retire and be replaced by Steve Kennedy, who the Board has already appointed as her replacement as Superintendent.

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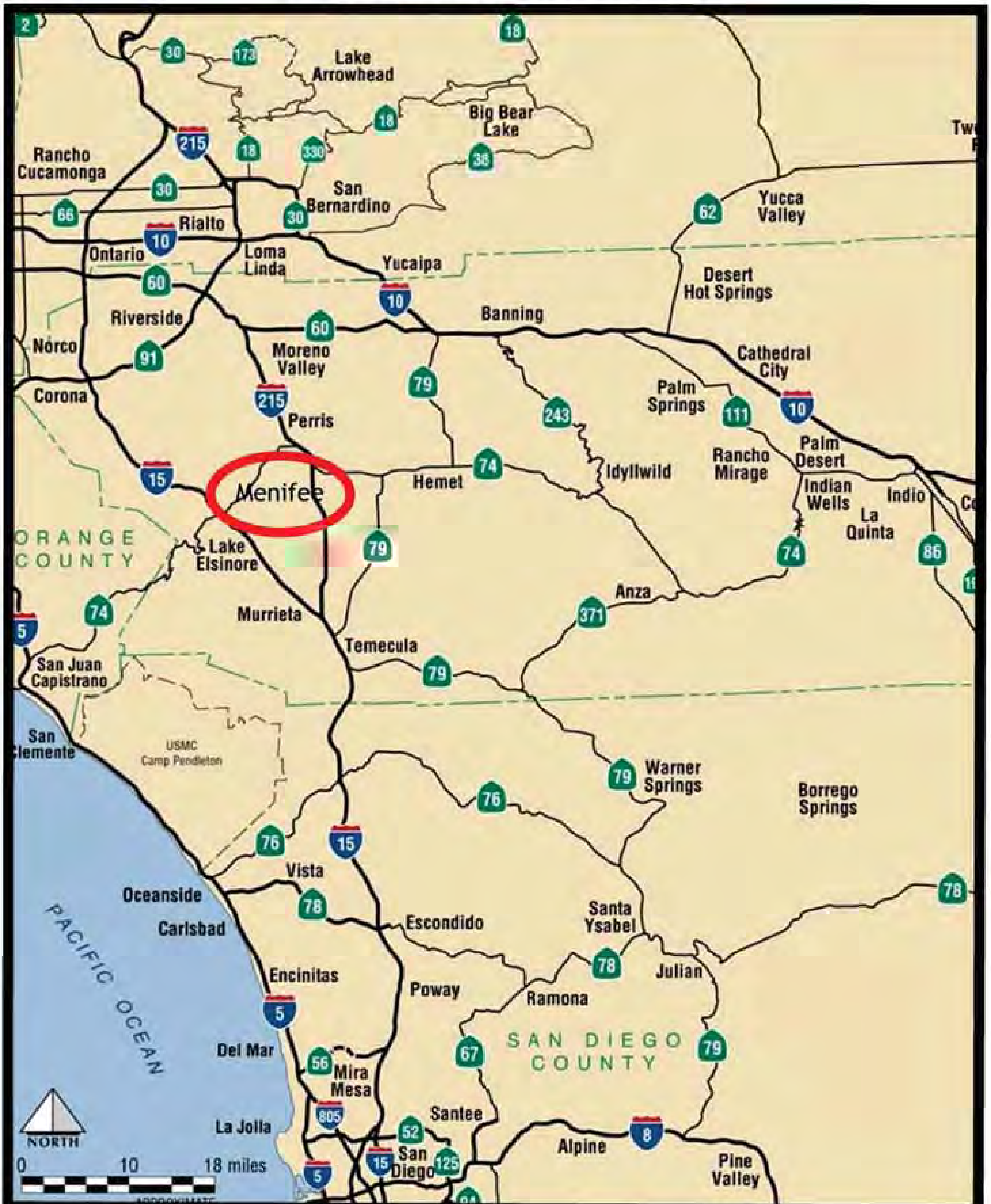
Menifee Union School District
(Riverside County, California)
Regional Location Map



OFFICIAL STATEMENT

$7,335,000
COMMUNITY FACILITIES DISTRICT NO. 2002-2
OF THE MENIFEE UNION SCHOOL DISTRICT
2013 SPECIAL TAX REFUNDING BONDS

INTRODUCTION

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the "**Bonds**") to be issued by Community Facilities District No. 2002-2 of the Menifee Union School District (the "**Community Facilities District**").

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, the inside cover and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Capitalized terms used but not defined in this Official Statement have the definitions given in the Fiscal Agent Agreement (as defined below).

The School District. The Menifee Union School District (the "**School District**") is located in the southwestern portion of Riverside County (the "**County**") in the City of Menifee (the "**City**"). The School District was originally formed in 1890 as the Menifee School District and in 1951 the Menifee School District and the Antelope School District merged as a single school district. The School District currently operates one preschool, nine elementary schools and three middle schools, serving approximately 9,000 students. For economic and demographic information regarding the area in and around the School District, see "APPENDIX A."

The administration headquarters of the School District are located at 30205 Menifee Road, Menifee, California. For further information on the School District see its Internet home page at www.menifeeusd.org. *This internet address is included for reference only and the information on the Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.*

The Community Facilities District. The Community Facilities District was formed and established by the Board of Education of the School District (the "**Board**"), which acts as the legislative body of the Community Facilities District, under the Mello-Roos Community Facilities Act of 1982, as amended (the "**Act**"), pursuant to a resolution adopted by the Board following a public hearing, and a landowner election at which the qualified electors of the Community Facilities District authorized the Community Facilities District to incur bonded indebtedness and approved the levy of special taxes. See "THE COMMUNITY FACILITIES DISTRICT – Formation and Background."

Authority for Issuance of the Bonds. The Bonds are issued under the Act, certain resolutions adopted by the Board, including the Resolution of Issuance adopted on January 8, 2013 (the "**Resolution of Issuance**"), and a Fiscal Agent Agreement, dated as of January 1, 2013 (the "**Fiscal Agent Agreement**"), by and between the Community Facilities District and U.S. Bank National Association, as fiscal agent (the "**Fiscal Agent**"). See "THE BONDS – Authority for Issuance."

Purpose of the Bonds. Proceeds of the Bonds will be used primarily to refund certain outstanding special tax bonds of the Community Facilities District captioned "$8,250,000 Community Facilities District No. 2002-2 of the Menifee Union School District 2004 Special Tax Bonds" (the "**2004 Bonds**"). Bond proceeds will also fund a debt service reserve fund for the Bonds and pay certain costs of issuing the Bonds. See "FINANCING PLAN."

Redemption of Bonds Before Maturity. The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Taxes. See "THE BONDS – Redemption."

Security and Sources of Payment for the Bonds. The Board annually levies special taxes on real property in the Community Facilities District (the "**Special Taxes**") in accordance with the Rate and Method of Apportionment for Community Facilities District No. 2002-2 of Menifee Union School District (the "**Rate and Method**"). The Bonds are secured by and payable from a first pledge of the net proceeds of the Special Taxes (as more particularly defined in the Fiscal Agent Agreement, the "**Net Special Taxes**"). The Bonds will be additionally secured by certain funds and accounts established and held under the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS."

Covenant to Foreclose. The Community Facilities District has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see "SECURITY FOR THE BONDS – Covenant to Foreclose."

Property Ownership and Development Status. The property within the Community Facilities District currently has been developed as 264 residential parcels classified under the Rate and Method as Developed Property and currently subject to the Special Tax levy, consisting of single-family homes. See "THE COMMUNITY FACILITIES DISTRICT."

Risk Factors Associated with Purchasing the Bonds. Investment in the Bonds involves risks that may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the Bonds.

FINANCING PLAN

Refunding Plan

The Community Facilities District issued the 2004 Bonds in August 2004, in the original principal amount of $8,250,000, for the purpose of financing School District facilities. See "THE COMMUNITY FACILITIES DISTRICT – Formation and Background."

The 2004 Bonds are currently outstanding in the aggregate principal amount of $7,170,000, which will be paid and redeemed in full, on a current basis, on March 1, 2013 (the "**Redemption Date**"), at a redemption price equal to the principal amount thereof, together with interest coming due and payable on the Redemption Date, without premium.

In order to accomplish the refinancing plan, the net proceeds of the Bonds, together with certain other funds on hand with respect to the 2004 Bonds, will be transferred to U.S. Bank National Association, as escrow agent for the 2004 Bonds (the "**Escrow Agent**"), for deposit in an escrow fund (the "**Escrow Fund**") to be established under an Escrow Agreement dated as of January 1, 2013, by and between the Community Facilities District and the Escrow Agent.

The Escrow Agent will hold the amounts on deposit in the Escrow Fund in cash, uninvested. These funds will be sufficient to pay and redeem the 2004 Bonds in full on the Redemption Date.

Estimated Sources and Uses of Funds

The estimated proceeds from the sale of the Bonds, together with other available funds, will be deposited into the following funds established under the Fiscal Agent Agreement or the Escrow Agreement, as applicable:

SOURCES	
Principal Amount of Bonds	$7,335,000.00
Less: Net Original Issue Discount	(10,878.20)
Plus: Funds Related to 2004 Bonds [1]	815,822.96
Total Sources	$8,139,944.76
USES	
Deposit into Escrow Fund [2]	$7,382,347.50
Deposit into Reserve Fund [3]	516,850.00
Deposit into Costs of Issuance Account [4]	130,722.26
Underwriter's Discount	110,025.00
Total Uses	$8,139,944.76

[1] Represents the debt service reserve fund for the 2004 Bonds and amounts on hand in the special tax fund and special tax prepayment account established for the 2004 Bonds.
[2] Will be used to defease and refund the 2004 Bonds. See "–Refunding Plan" above.
[3] Equal to the Reserve Requirement with respect to the Bonds as of their date of delivery.
[4] Includes, among other things, the fees and expenses of Bond Counsel, District Counsel and Disclosure Counsel, the cost of printing the Preliminary and final Official Statements, fees and expenses of the Fiscal Agent and Escrow Agent, and the fees of the Financial Advisor and the Special Tax Consultant.

THE BONDS

This section generally describes the terms of the Bonds contained in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in this section are defined in APPENDIX C.

Authority for Issuance

The Bonds are issued under the Act, the Resolution of Issuance and the Fiscal Agent Agreement. Under the Resolution of Issuance, the Board as authorized the issuance of the Bonds in a maximum principal amount of $8,000,000.

General Bond Terms

Dated Date, Maturity and Authorized Denominations. The Bonds will be dated their date of delivery (the "**Delivery Date**") and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple of $5,000.

Interest. The Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing September 1, 2013 (each, an "**Interest Payment Date**") until the principal sum of the Bonds has been paid.

Interest will be calculated on the basis of a 360 day year composed of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless

(i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or

(ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or

(iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Closing Date;

provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

DTC and Book-Entry Only System. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC's partnership nominee). See APPENDIX D – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments of Interest and Principal. *For so long as DTC is used as depository for the Bonds, principal of, premium, if any, and interest payments on the Bonds will be made solely to DTC or its nominee, Cede & Co., as registered owner of the Bonds, for distribution to the beneficial owners of the Bonds in accordance with the procedures adopted by DTC.*

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on the Interest Payment Dates by first class mail to the registered Owner thereof at the registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer (i) to the Depository (so long as the Bonds are in book-entry form), or (ii) to an account within the United States made on such Interest Payment Date upon written instructions of any Owner of $1,000,000 or more in aggregate principal amount of Bonds, which instructions will continue in effect until revoked in writing, or until such Bonds are transferred to a new Owner.

The principal of the Bonds and any premium on the Bonds, upon the redemption thereof, are payable by check in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Fiscal Agent.

"**Record Date**" means the 15th day of the calendar month preceding an Interest Payment Date whether or not such day is a business day.

Redemption

Optional Redemption. The Bonds maturing on or prior to September 1, 2023, are not subject to optional redemption before maturity.

The Bonds maturing on or after September 1, 2024, are subject to optional call and redemption prior to maturity, as a whole or in part, pro rata among maturities and by lot within a maturity, on any date on or after September 1, 2023, from funds derived by the District from any source, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Community Facilities District will provide that, following the redemption of the Bonds, annual Special Taxes that may be levied on taxable property, net of Administrative Expenses, in each Fiscal Year will be equal to at least 110% of the scheduled interest and amortization of principal payable with respect to the outstanding Bonds in each such Bond Year.

Special Mandatory Redemption From Prepaid Special Taxes. The Bonds are subject to mandatory redemption prior to maturity, in whole, or in part on a pro-rata basis among maturities and by lot within a maturity, on any Interest Payment Date on or after September 1, 2013, from and to the extent of any prepayment of Special Taxes, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption, plus the premium set forth on the table below.

The Community Facilities District will provide that, following the redemption of the Bonds, annual Special Taxes that may be levied on taxable property, net of Administrative Expenses, in each Fiscal Year will be equal to at least 110% of the scheduled interest and amortization of principal payable with respect to the outstanding Bonds in each such Bond Year.

Redemption Date	Redemption Premium
Any Interest Payment Date through March 1, 2021	3%
September 1, 2021 and March 1, 2022	2
September 1, 2022 and March 1, 2023	1
September 1, 2023 and any Interest Payment Date thereafter	0%

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 2034, (the "**2034 Term Bonds**") are subject to mandatory sinking payment redemption, in part by lot, on September 1, 2032, and on each September 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Sinking Fund Redemption Date (September 1)	Sinking Payments
2032	$445,000
2033	465,000
2034 (maturity)	490,000

If some but not all of the 2034 Term Bonds are redeemed through optional redemption, the principal amount of the 2034 Term Bonds to be redeemed through mandatory sinking fund redemption on any subsequent September 1 will be reduced by $5,000 or an integral multiple thereof, as designated by an Authorized Officer of the District in a written certificate filed with the Fiscal Agent; provided, however, that the aggregate amount of such reductions may not exceed the aggregate principal amount of the 2034 Term Bonds redeemed through optional redemption.

If some but not all of the 2034 Term Bonds are redeemed through special mandatory redemption from prepaid special taxes, the principal amount of the 2034 Term Bonds to be redeemed through mandatory sinking fund redemption on any subsequent September 1 will be reduced by the aggregate principal amount of the 2034 Term Bonds so redeemed through special mandatory redemption from prepaid special taxes, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of $5,000 or integral multiples thereof, as determined by the Fiscal Agent, notice of which determination will be given by the Fiscal Agent to the District.

Purchase in Lieu of Redemption. In lieu of any redemption, moneys in the Bond Fund may be used and withdrawn by the Community Facilities District for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of a written direction of an Authorized Officer requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such written direction may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with the Fiscal Agent Agreement.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Original Purchaser, to the Securities Depositories, to one or more information services, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such Bonds.

However, while the Bonds are subject to DTC's book-entry system, the Fiscal Agent will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the Community Facilities District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the

Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Fiscal Agent Agreement.

Selection of Bonds for Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds of a single maturity, the Fiscal Agent will select the Bonds of that maturity to be redeemed by lot in any manner which the Fiscal Agent in its sole discretion deems appropriate. For purposes of such selection, the Fiscal Agent will treat each Bond as consisting of separate $5,000 portions and each such portion will be subject to redemption as if such portion were a separate bond.

Conditional Redemption Notice and Rescission of Redemption. Any redemption notice may specify that redemption of the Bonds designated for redemption on the specified date will be subject to the receipt by the Community Facilities District or the Fiscal Agent, as applicable, of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and neither the Community Facilities District nor the Fiscal Agent will have any liability to the Owners of any Bonds, or any other party, as a result of the Community Facilities District's failure to redeem the Bonds designated for redemption as a result of insufficient moneys therefor.

Additionally, the Community Facilities District may rescind any optional redemption of the Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission. Neither the Community Facilities District nor the Fiscal Agent will have any liability to the Owners of any Bonds, or any other party, as a result of the Community Facilities District's decision to rescind a redemption of any Bonds pursuant to the Fiscal Agent Agreement.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal, and interest and any premium on, the Bonds so called for redemption have been deposited in the Bond Fund, such Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

No Issuance of Additional Parity Bonds

The Community Facilities District will covenant in the Fiscal Agent Agreement that it will not encumber, pledge or place any charge or lien upon any of the Net Special Taxes or other amounts or funds pledged to the Bonds superior to or on a parity with the pledge and lien created by the Fiscal Agent Agreement for the benefit of the Bonds.

However, the Community Facilities District may issue additional bonds for the purpose of (i) providing funds to refund any of the Bonds, (ii) providing funds to pay Costs of Issuance incurred in connection with the issuance of such additional bonds, and (iii) providing funds to make any deposit to the Reserve Fund required pursuant in connection therewith.

Registration, Transfer and Exchange

The Fiscal Agent will keep, or cause to be kept, at the Principal Corporate Trust Office of the Fiscal Agent, sufficient books for the registration and transfer of the ownership of the Bonds. The Bonds are subject to transfer and exchange under the conditions set forth in the Fiscal Agent Agreement. See APPENDIX C for detailed provisions regarding the registration, transfer and exchange of the Bonds.

The provisions set forth in APPENDIX C regarding the exchange and transfer of the Bonds apply only during any period in which the Bonds are not subject to DTC's book-entry system. While the Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX D – DTC and the Book-Entry Only System."

DEBT SERVICE SCHEDULE

The following table presents the annual debt service on the Bonds (including sinking fund redemptions), assuming there are no optional redemptions.

Year Ending September 1	Principal	Interest	Total Debt Service
2013	$ 215,000	$ 152,945.66	$ 367,945.66
2014	250,000	266,437.50	516,437.50
2015	250,000	263,000.00	513,000.00
2016	255,000	258,625.00	513,625.00
2017	260,000	253,525.00	513,525.00
2018	265,000	247,350.00	512,350.00
2019	275,000	239,400.00	514,400.00
2020	285,000	231,150.00	516,150.00
2021	290,000	222,600.00	512,600.00
2022	300,000	213,175.00	513,175.00
2023	310,000	202,675.00	512,675.00
2024	325,000	191,437.50	516,437.50
2025	335,000	179,250.00	514,250.00
2026	350,000	165,850.00	515,850.00
2027	365,000	151,850.00	516,850.00
2028	375,000	137,250.00	512,250.00
2029	395,000	121,781.26	516,781.26
2030	410,000	105,487.50	515,487.50
2031	425,000	88,062.50	513,062.50
2032	445,000	70,000.00	515,000.00
2033	465,000	47,750.00	512,750.00
2034	490,000	24,500.00	514,500.00
Total:	$7,335,000	$3,834,101.92	$11,169,101.92

SECURITY FOR THE BONDS

This section generally describes the security for the Bonds set forth in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in the section are defined in APPENDIX C.

General

The payment of the principal of, and interest and any premium on, the Bonds are secured by a first pledge of the following:

- all revenues derived from the Net Special Taxes,

- all moneys deposited in the Bond Fund, in the Reserve Fund and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund.

The Net Special Taxes and all moneys deposited into these funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with the Fiscal Agent Agreement.

Amounts in the Administrative Expense Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds.

"**Net Special Taxes**" are defined in the Fiscal Agent Agreement as, after the initial $25,000 is funded to the Administrative Expense Fund pursuant to the Fiscal Agent Agreement, the proceeds of the Special Taxes received by the Community Facilities District, including any scheduled payments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon.

"Net Special Taxes" do not include any penalties or costs of collecting delinquent Special Taxes collected in connection with delinquent Special Taxes.

Limited Obligation

Except with respect to the Net Special Taxes, neither the credit nor the taxing power of the Community Facilities District or the School District is pledged for the payment of the Bonds or interest thereon, and no Owner of the Bonds may compel the exercise of the taxing power by the Community Facilities District or the School District or the forfeiture of any of their property.

The principal of and interest on the Bonds and premiums upon the redemption of any thereof are not a debt of the Community Facilities District (except to the limited extent described in this Official Statement) or the School District, the State of California nor any of its political subdivisions, within the meaning of any constitutional or statutory limitation or restriction. The Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the Community Facilities District or the School District, except the Net Special Taxes that are, under the terms of the Fiscal Agent Agreement, set aside for the payment of the Bonds and interest thereon. Neither the members of the Board nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Special Taxes

Covenant to Levy Special Taxes to Meet Special Tax Requirement. The Community Facilities District will covenant in the Fiscal Agent Agreement to comply with all requirements of the Act so as to assure the timely collection of Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

On or within 5 Business Days of each June 1, the Fiscal Agent will provide an Authorized Officer with a notice stating the amount then on deposit in the Bond Fund and the Reserve Fund, and informing the Community Facilities District of the amount needed to provide for Annual Debt Service, Administrative Expenses and replenishment (if necessary) of the Reserve Fund so that the balance therein equals the Reserve Requirement.

Upon receipt of such notice, the Authorized Officer will communicate with the County Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

An Authorized Officer will effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 1 that the Bonds are outstanding, or otherwise such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Special Tax amounts for the parcels within the Community Facilities District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, an Authorized Officer will prepare or cause to be prepared, and will transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

An Authorized Officer will fix and levy the amount of Special Taxes within the Community Facilities District required for the payment of principal of and interest on any Outstanding Bonds of the Community Facilities District becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any obligation under the Fiscal Agent Agreement for rebating excess earning to the federal government) during such year.

The Special Taxes so levied may not exceed the authorized amounts as provided in the Community Facilities District proceedings or the Rate and Method.

Manner of Collection. The Fiscal Agent Agreement provides that the Special Taxes will be payable and be collected in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

However, an Authorized Officer may in his discretion cause the collection of any Special Taxes by direct, first class mail billing to the then owner of each parcel so owned in lieu of billing for such Special Taxes in the same manner as general taxes as described above. Such direct mail billing will be made not later than November 1 of the Fiscal Year and will direct the owner of the property affected to pay the Special Taxes directly to the Community Facilities District in two equal installments, the first of which will be due and delinquent if not paid on December 10 and the second of which may be paid with the first and which, in any event, will be due and delinquent if not paid on April 10 of the Fiscal Year. Any such Special Taxes so billed will have the same priority and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Because the Special Tax levy is limited to the Maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the Bonds.

Rate and Method

***General*.** The Special Taxes will be levied and collected according to the Rate and Method, which provides the means by which the Board may annually levy the Special Taxes within the Community Facilities District, up to the maximum Special Tax rates, and to determine the amount of the Special Taxes that will need to be collected each Fiscal Year from the "**Taxable Property**" within the Community Facilities District.

The following is a synopsis of the provisions of the Rate and Method, which should be read in conjunction with the complete text of the Rate and Method, including its attachments, which is attached as "APPENDIX B." Capitalized terms used but not defined in this section have the meanings as set forth in APPENDIX B. *This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX B.*

***Minimum Annual Special Tax Requirement*.** Annually, at the time of levying the Special Tax for the Community Facilities District, the Board will determine the minimum amount of money to be levied on Taxable Property in the Community Facilities District (the "Minimum Annual Special Tax Requirement"), which will be the amount required in any Fiscal Year to pay the following:

- the annual debt service or the periodic costs on all outstanding Bonds,
- Administrative Expenses of the Community Facilities District (as further described in the Rate and Method),
- the costs associated with the release of funds from an escrow account, if any, and
- any amount required to establish or replenish any reserve funds established in association with the Bonds,

less any amount available to pay annual debt service or other periodic costs on the Bonds under any applicable bond indenture, fiscal agent agreement or trust agreement.

Developed and Undeveloped Property; Exempt Property. All Assessor's Parcels within the Community Facilities District will be classified for each Fiscal Year as Taxable Property or Exempt Property, and each Assessor's Parcel of Taxable Property will be further classified as Developed

Property or Undeveloped Property, all as defined below. In addition, each Assessor's Parcel will be assigned to a Special Tax class based on the Building Square Footage of the Unit on that Assessor's Parcel.

"*Developed Property*" means all Assessor's Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"*Undeveloped Property*" means all Assessors Parcels of Taxable Property that are not classified as Developed Property.

"*Taxable Property*" means all Assessor's Parcels that are not Exempt Property (as defined below).

"*Exempt Property*" is defined to include the following:

- Assessor's Parcels owned by the State of California, Federal or other local governments,

- Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization,

- Assessor's Parcels used exclusively by a homeowners' association,

- Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement,

- Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and

- any other Assessor's Parcels at the reasonable discretion of the Board.

However, property may not be classified as Exempt Property if that classification would reduce the sum of all Taxable Property to less than 58.24 acres of Acreage. Assessor's Parcels that cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property to less than 58.24 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

Maximum Special Tax, Assigned Annual Special Tax and Backup Annual Special Tax*.* The Maximum Special Tax is defined in the Rate and Method as follows:

Developed Property. The Maximum Special Tax is the *greater* of (i) the applicable Assigned Annual Special Tax or (ii) the applicable Backup Annual Special Tax.

- *Assigned Annual Special Tax*. The Assigned Annual Special Tax for each Assessor's Parcel of Developed Property is determined by reference to Table 1 in the Rate and Method, and varies from $1,964.27 per Unit to $2,959.92 per Unit, based on the number of Building Square Feet per Unit.

- *Backup Annual Special Tax*. The Backup Annual Special Tax for a Lot within a Final Map is determined by multiplying the Acreage of Taxable Property in the Final Map by $11,962.99, and dividing the result by the number of Lots in the Final Map. The Backup Annual Special Tax is subject to adjustment if all or any portion of a Final Map is changed or modified, as set forth in the Rate and Method.

Undeveloped Property. The Maximum Special Tax is the applicable Assigned Annual Special Tax, which is $11,962.99 per acre of Acreage.

Method of Apportionment. Under the Rate and Method, the Board will levy Annual Special Taxes each Fiscal Year as follows:

<u>Step One</u>: The Board will levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to that Assessor's Parcel.

<u>Step Two</u>: If the sum of the amounts collected in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax applicable to each Assessor's Parcel of Undeveloped Property to satisfy the Minimum Annual Special Tax Requirement.

<u>Step Three</u>: If the sum of the amounts collected in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by application of the Backup Annual Special Tax, up to the Maximum Special Tax applicable to each Assessor's Parcel of Developed Property, to satisfy the Minimum Annual Special Tax Requirement.

Full and Partial Prepayment of Annual Special Taxes*.* The Annual Special Tax obligation for an Assessor's Parcel may be prepaid in full or in part, provided that the terms set forth under the Rate and Method are satisfied, including (among others) the following conditions:

- there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to that Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid,

- the amount of Annual Special Taxes that may be levied on Taxable Property following the prepayment, net of Administrative Expenses, must be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year, and

- in the case of prepayments in full, the prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board.

The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Premium and other costs, less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any), all as specified in APPENDIX B.

Duration of Special Tax Levy. The Rate and Method stipulates that Annual Special Taxes will be levied for a period of 33 Fiscal Years after the 2004 Bonds were issued, provided that Annual Special Taxes may not be levied after Fiscal Year 2040-41.

Covenant to Foreclose

Sale of Property for Nonpayment of Taxes. The Fiscal Agent Agreement provides that the Special Taxes are to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure (described below) and in the Act, is to be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Foreclosure Under the Act. Under Section 53356.1 of the Act, if any delinquency occurs in the payment of the Special Tax, the Community Facilities District may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale.

Such judicial foreclosure action is not mandatory. However, the Community Facilities District has agreed in the Fiscal Agent Agreement that, on or about February 15 and June 15 of each Fiscal Year, an Authorized Officer will compare the amount of Special Taxes to be collected on the December 10 and April 10 installments of the secured property tax bills to the amount of Special Taxes actually received by the Community Facilities District in those installments, and proceed as set forth below:

> *Individual Delinquencies.* If the Authorized Officer determines that any single parcel subject to the Special Tax in the Community Facilities District is delinquent in the payment of Special Taxes in the aggregate amount of $7,500 or more, then the Authorized Officer will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the Community Facilities District within 90 days of a June 15 determination.
>
> *Aggregate Delinquencies*. If the Authorized Officer determines that the total amount of delinquent Special Taxes for the prior Fiscal Year (after both the first and second installments) for the entire Community Facilities District (including the total of individual delinquencies determined as set forth above), exceeds 5% of the total Special Taxes due and payable for the prior Fiscal Year, the Community Facilities District will notify or cause to be notified all property owners who are then delinquent in the payment of Special Taxes and demand immediate payment of the delinquency within 45 days of such determination, and will commence foreclosure proceedings within 90 days of a June 15 determination against each parcel of land in the Community Facilities District with a Special Tax delinquency; provided, however, that the Community Facilities District may elect not to go forward on foreclosure proceedings for aggregate delinquencies if the Reserve Fund established by the Fiscal Agent Agreement is fully funded and Debt Service can be paid.

Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays. No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the Community Facilities District to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.5 of the Act, the Community Facilities District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the Community Facilities District could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Taxes. If the Community Facilities District becomes the purchaser under a credit bid, the Community Facilities District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of the defense, if any, put forth by the debtor and the Superior Court calendar. In addition, the ability of the Community Facilities District to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the "**FDIC**"). See "BOND OWNERS' RISKS - Bankruptcy and Foreclosure Delays."

No Teeter Plan. Because the Community Facilities District does not participate in the "Teeter Plan" (which is the County's Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds, as provided for in Section 4701 et seq. of the California Revenue and Taxation Code), collections of Special Taxes will reflect actual delinquencies.

Special Tax Fund

Deposits. Under the Fiscal Agent Agreement, the Community Facilities District will authorize direct deposit of all Special Taxes received by the Community Facilities District to be deposited therein; provided that any proceeds of Special Tax Prepayments will be transferred by an Authorized Officer to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Prepayments Subaccount.

Moneys in the Special Tax Fund will be held in trust by the Fiscal Agent for the benefit of the Community Facilities District and the Owners, will be disbursed as described below and, pending disbursement, will be subject to a lien in favor of the Owners and the Community Facilities District.

***Disbursements**.* From time to time as needed to pay the obligations of the Community Facilities District, but no later than the Business Day before each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) the amount or portion thereof, not exceeding $25,000, which an Authorized Officer directs the Fiscal Agent in writing to deposit in the Administrative Expense Fund for payment of Administrative Expenses;

(ii) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund, and any expected transfers from the Special Tax Prepayments Subaccount to the Bond Fund, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on the next Interest Payment Date;

(iii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement; and

(iv) to the Administrative Expense Fund the amount of Administrative Expenses in excess of the amount previously transferred thereto pursuant to (i) above, as directed in writing by an Authorized Officer; provided that the amounts the Authorized Officer directs the Fiscal Agent to transfer from time to time to the Administrative Expense Fund may not exceed, in any Fiscal Year, the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses.

At any time following the deposit of Special Taxes in an amount sufficient to make payment of all of the foregoing deposits for the current Bond Year, any amounts in excess of such amounts remaining in the Special Tax Fund will, upon the written direction of an Authorized Officer, be transferred by the Fiscal Agent to the Special Tax Remainder Account within the Special Tax Fund, to be used for any lawful purpose under the Act. In the absence of such written direction, all amounts remaining in the Special Tax Fund on the first day of the succeeding Bond Year will be retained in the Special Tax Fund and applied to the succeeding Bond Year's Annual Debt Service; provided, however, that in no event will such amount be invested at a yield in excess of the yield on the Bonds.

Bond Fund

General. Moneys in the Bond Fund and the subaccounts therein will be held in trust by the Fiscal Agent for the benefit of the Owners, will be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement, and, pending such disbursement, will be subject to a lien in favor of the Owners.

Principal and Interest. On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners the principal, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments or a redemption of the Bonds required by the Fiscal Agent Agreement, such payments to be made in the priority listed below.

Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer from excess amounts in the Reserve Fund will be used to pay the principal of and interest on the Bonds prior to the use of any other amounts in the Bond Fund for such purpose.

If amounts in the Bond Fund are insufficient for the purposes described in the preceding paragraph, the Fiscal Agent will withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund will be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make all of the payments of principal, and interest and any premium, then due and payable on the Bonds, the Fiscal Agent will apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Any sinking payment not made as scheduled will be added to the sinking payment to be made on the next sinking payment date.

Special Tax Prepayments Subaccount. Moneys in the Special Tax Prepayments Subaccount will be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption can timely be given for optional redemption of Bonds, and notice to the Fiscal Agent can timely be given under the Fiscal Agent Agreement, and will be used (together with any amounts transferred from the Reserve Fund) to redeem Bonds on the redemption date selected in accordance with the Fiscal Agent Agreement.

Reserve Fund

General. Moneys in the Reserve Fund will be held in trust by the Fiscal Agent for the benefit of the Owners as a reserve for the payment of principal of, and interest and any premium on, the Bonds and will be subject to a lien in favor of the Owners.

Disbursements. Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the Fiscal Agent Agreement, for the purpose of redeeming Bonds.

See APPENDIX C for a complete description of the timing, purpose and manner of disbursements from the Reserve Fund.

Reserve Requirement. The "**Reserve Requirement**" is defined in the Fiscal Agent Agreement to mean, as of any date of calculation, an amount equal to the least of the following:

(i) the then Maximum Annual Debt Service on the Bonds,

(ii) 125% of the then average Annual Debt Service on the Bonds, or

(iii) 10% of the initial principal amount of the Bonds.

As of the Closing Date, the Reserve Requirement is $516,850.00. See "FINANCING PLAN – Estimated Sources and Uses of Funds."

Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent will be invested by the Fiscal Agent in Authorized Investments, as directed in writing by the Community Facilities District. See "APPENDIX C – Summary of Certain Provisions of the Fiscal Agent Agreement" for a definition of "Authorized Investments" and other restrictions on the investment of moneys in the funds and accounts held under the Fiscal Agent Agreement.

THE COMMUNITY FACILITIES DISTRICT

Formation and Background

Formation Proceedings. The Community Facilities District was established by the Board under the Act on January 13, 2004, following a noticed public hearing. On January 13, 2004, an election was held in which the qualified electors within the Community Facilities District approved a ballot proposition authorizing the Community Facilities District to incur bonded indebtedness of up to $9,000,000 to finance the acquisition and construction of the authorized facilities (as further described below) and levy the Special Taxes.

The Community Facilities District was also formed pursuant to a Mitigation Agreement dated as of February 12, 2002, by among the School District and the then-current owners of property in the Community Facilities District (consisting of Menifee Road Associates, LLC, Scott Road Associates, LLC, and Warmington Murrieta Scott Road, LLC (the "**Prior Owners**")), as amended by a First Amendment to Mitigation Agreement dated as of April 8, 2003, by and among the School District, Menifee Road Associates, LLC, and Scott Road Associates, LLC, and as further amended by a Second Amendment to Mitigation Agreement dated as of November 12, 2003, by and among the School District, John Laing Homes and Scott 151 Development.

Authorized Facilities. The Community Facilities District is authorized to finance the cost of public improvements (collectively, the "**Facilities**") including school facilities (generally, elementary and middle school sites and buildings, as well as furniture, technology and equipment with a useful life of at least five years, together with administrative and central support facilities, interim housing, and transportation facilities needed by the School District to serve the student population to be generated as a result of development of the property within the Community Facilities District), water and sewer facilities (generally, sewer connection fees, water connection fees and sewer treatment capacity fees payable to Eastern Municipal Water District, which were attributable to the development of the property in the Community Facilities District and were used to construct facilities needed to provide water and sewer services to the property in the Community Facilities District) and park fees (generally, Valley-Wide Recreation and Park District recreational fees with respect to the property in the Community Facilities District to be used to finance recreational facilities).

The Rate and Method for the Community Facilities District is attached as APPENDIX C.

Issuance of 2004 Bonds. On August 12, 2004, the Community Facilities District issued the 2004 Bonds in the original principal amount of $8,250,000. The proceeds of the 2004 Bonds were used primarily to finance the cost of the Facilities.

All the outstanding 2004 Bonds will be defeased and refunded with the proceeds of the Bonds. See "FINANCING PLAN."

Description and Location

General. The Community Facilities District is located in the southwestern portion of the County, in the City, which is south of Sun City and Quail Valley and east of Canyon Lake and Lake Elsinore. The property is located on the north side of Scott Road, on either side of the intersection of Scott Road and El Centro Lane.

See APPENDIX A for certain demographic and economic information on the area in and surrounding the Community Facilities District. The boundary map of the Community Facilities District is attached as APPENDIX G.

Property Ownership and Development Status. The Community Facilities District is fully developed and consists of 264 single-family detached homes. See "– Property Ownership and Development Status" below.

Net Taxable Acres. The property in the Community Facilities District currently contains approximately 63 net acres that are developed and classified as Taxable Property under the Rate and Method.

Prior Special Tax Prepayments. When formed the Community Facilities District contained 266 parcels classified as Taxable Property, but the Special Tax obligation with respect to 2 parcels were subsequently prepaid in full, leaving 264 parcels currently classified as Taxable Property.

Special Tax Revenues and Projected Debt Service Coverage

Special Tax Levy by Tax Class. The table below shows the Fiscal Year 2012-13 Special Tax levy by tax class under the Rate and Method. See "SECURITY FOR THE BONDS – Rate and Method." All of the property in the Community Facilities District is currently classified as Developed Property.

Table 1
2012-13 Special Tax Levy by Tax Class

Tax Class (Building Square Feet)	2012-13 Assigned Annual Special Tax Rate	Number of Parcels	2012-13 Special Tax Levy	Percent of Total 2012-13 Special Tax Levy
< 2,600	$1,964.27	12	$ 23,571.12	3.44%
2,600 to 3,200	2,190.55	35	76,668.90	11.18
3,201 to 3,800	2,434.94	43	104,702.42	15.27
3,801 to 4,200	2,733.63	151	412,776.62	60.19
> 4,200	2,959.92	23	68,078.16	9.93
Totals		264	$685,797.22	100.00%

Source: Dolinka Group, LLC.

Projected Special Tax Revenues and Debt Service Coverage. The projected Special Tax revenues and resulting debt service coverage on the bonds are set forth in the table below.

Table 2
Projected Special Tax Revenues
And Debt Service Coverage

Year Ending September 1	Special Tax Levy [1]	Administrative Expenses	Estimated Net Special Tax Revenues	Debt Service	Estimated Debt Service Coverage
2013	$473,449.72	$25,000.00	$448,449.72	$367,945.66	121.88%
2014	685,797.22	25,000.00	660,797.22	516,437.50	127.95
2015	685,797.22	25,000.00	660,797.22	513,000.00	128.81
2016	685,797.22	25,000.00	660,797.22	513,625.00	128.65
2017	685,797.22	25,000.00	660,797.22	513,525.00	128.68
2018	685,797.22	25,000.00	660,797.22	512,350.00	128.97
2019	685,797.22	25,000.00	660,797.22	514,400.00	128.46
2020	685,797.22	25,000.00	660,797.22	516,150.00	128.02
2021	685,797.22	25,000.00	660,797.22	512,600.00	128.91
2022	685,797.22	25,000.00	660,797.22	513,175.00	128.77
2023	685,797.22	25,000.00	660,797.22	512,675.00	128.89
2024	685,797.22	25,000.00	660,797.22	516,437.50	127.95
2025	685,797.22	25,000.00	660,797.22	514,250.00	128.50
2026	685,797.22	25,000.00	660,797.22	515,850.00	128.10
2027	685,797.22	25,000.00	660,797.22	516,850.00	127.85
2028	685,797.22	25,000.00	660,797.22	512,250.00	129.00
2029	685,797.22	25,000.00	660,797.22	516,781.26	127.87
2030	685,797.22	25,000.00	660,797.22	515,487.50	128.19
2031	685,797.22	25,000.00	660,797.22	513,062.50	128.79
2032	685,797.22	25,000.00	660,797.22	515,000.00	128.31
2033	685,797.22	25,000.00	660,797.22	512,750.00	128.87
2034	685,797.22	25,000.00	660,797.22	514,500.00	128.43

[1] The amount shown for Fiscal Year 2012-13 is net of the amount to be transferred to the Escrow Fund for the payment and refunding of the 2004 Bonds on March 1, 2013. See "FINANCING PLAN - Refunding Plan."

Source: Dolinka Group, LLC.

Assessed Property Value and Value-to-Burden Ratio

No Appraisal. The School District has not commissioned an appraisal of the property in the Community Facilities District. Therefore, all estimated property values shown in this Official Statement are based on the Fiscal Year 2012-13 County Assessor's roll (which is the last equalized assessor's roll).

The current market value of the parcels within the Community Facilities District may be less than the County Assessor's values shown in this Official Statement.

General Information Regarding Assessed Values. Article XIIIA of the California Constitution ("**Proposition 13**") defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value', or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction.

The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Because of the general limitation to 2% per year in increases in full cash value of properties that remain in the same ownership, the county tax roll does not reflect values uniformly proportional to actual market values.

In addition, assessed values can be reduced as a result of two basic types of property tax assessment appeals under State law: (a) a base-year assessment appeal, which involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction, and (b) a Proposition 8 appeal, which can result (as a result of a property owner's application) if factors occur causing a decline in the market value of the property to a level below the property's then-current assessed value.

No assurance can be given that should a parcel with delinquent Special Taxes be foreclosed and sold for the amount of the delinquency, that any bid will be received for such property, or if a bid is received that such bid will be sufficient to pay such delinquent Special Taxes.

Assessed Valuation History. The table below provides a five-year history of the overall assessed valuation of Taxable Property in the Community Facilities District.

Table 3
Assessed Valuation History

	Land Value	Improvement Value	Total	Percentage Change
2005-06	$30,370,393	$ 472,900	$30,843,293	N/A
2006-07	34,886,362	49,740,793	84,627,155	174.38%
2007-08	39,814,954	93,073,467	132,888,421	57.03
2008-09	41,913,676	75,029,099	116,942,775	-12.00
2009-10	22,014,488	61,260,758	83,275,246	-28.79
2010-11	20,371,070	59,903,025	80,224,095	-3.66
2011-12	19,053,081	57,299,347	76,352,428	-4.83
2012-13	18,387,402	56,236,294	74,623,696	-2.26

Source: National Tax Data, Inc., based on County Assessor's roll information as of January 1 of each applicable Fiscal Year.

Estimated Value-to-Burden Ratios. The table below shows the approximate projected value-to-burden ratio for the parcels in the Community Facilities District currently classified as Taxable Property, and subject to the Special Tax levy, based on the assessed values reported by the County Assessor for fiscal year 2012-13 and the proposed principal amount of the Bonds.

No assurance can be given that the amounts shown in this table will conform to those ultimately realized in the event of a foreclosure action resulting from delinquency in the payment of Special Taxes.

Table 4
Assessed Values and Value-to-Burden Ratios
Allocated by Value-to-Burden Category

Value-to-Burden Category	Number of Parcels	Fiscal Year 2012-13 Special Tax	Percent of Special Tax	Fiscal Year 2012-13 Assessed Valuation [1]	Percent of Total Valuation	Share of Bonds [2]	Estimated Share of Overlapping Debt [3]	Value-to-Burden Ratio [4]
9:1 and above	3	$ 7,114.70	1.04%	$ 907,898	1.22%	$76,095.85	$ 19,602.76	9.49:1
8:1 to 9:1	101	264,356.28	38.55	29,913,332	40.09	2,827,444.12	833,761.05	8.17:1
7:1 to 8:1	152	392,755.96	57.27	41,776,647	55.98	4,200,753.35	1,266,214.52	7.64:1
5:1 to 7:1	8	21,570.28	3.15	2,025,819	2.71	230,706.69	66,351.48	6.82:1
5:1 and below	0	0.00	0.00	0	0.00	0.00	0.00	N/A
Total	264	$685,797.22	100.00%	$74,623,696	100.00%	$7,335,000.00	$2,185,929.81	7.84:1

[1] Based on County Assessor Roll dated January 1, 2012.
[2] Allocated based on proportionate share of Fiscal Year 2012-13 Special Tax Levy.
[3] Represents overlapping assessment district and other community facilities district debt outstanding as of November 30, 2012, consisting of the lien of Eastern Municipal Water District AD No. 20 and Perris Union High School District CFD No. 92-1. See "–Direct and Overlapping Governmental Obligations" below. Allocated based on actual fiscal year 2012-13 levy.
[4] Calculated by dividing the Assessed Valuation column by the sum of the Share of Bonds column and the Estimated Share of Overlapping Debt column.
Source: Dolinka Group, LLC.

Direct and Overlapping Governmental Obligations

Contained within the boundaries of the Community Facilities District are certain overlapping local agencies providing public services and assessing property taxes, assessments, special taxes and other charges on the property in the Community Facilities District. Many of these local agencies have outstanding debt.

The direct and overlapping obligations affecting the property in the Community Facilities District as of October 19, 2012, are shown in the following table. *The table was prepared by National Tax Data, Inc., and is included for general information purposes only.*

Table 5
Direct and Overlapping Governmental Obligations

I. Assessed Value

2012-2013 Secured Roll Assessed Value	**$75,187,704**

II. Secured Property Taxes

Description on Tax Bill	**Type**	**Total Parcels**	**Total Levy**	**% Applicable**	**Parcels**	**Levy**
Basic Levy	PROP13	893,158	$1,869,720,045.57	0.03959%	266	$740,131.04
Voter Approved Debt	AVALL	7,364	$38,234,617.62	0.00358%	1	$1,368.68
City of Menifee CSA No. 84	CSA	14,182	$394,478.48	1.50587%	151	$5,940.34
City of Menifee Delinquent Trash Charge	DQ	1,626	$469,029.44	1.09665%	17	$5,143.62
County of Riverside CSA No. 152 (Street Sweeping)	CSA	58,655	$1,504,911.84	0.73924%	266	$11,124.90
County of Riverside CSA No. 84 (Street Lights)	CSA	1,981	$97,200.26	5.24556%	115	$5,098.70
County of Riverside Delinquent Trash Charge	DQ	5,476	$1,872,054.18	0.12856%	7	$2,406.68
County of Riverside Failure to File COS Penalty	PENALTY	822	$147,714.78	0.20242%	1	$299.00
Eastern Municipal Water District AD No. 20	1915	1,177	$731,599.46	17.01362%	265	$124,471.52
Eastern Municipal Water District Combined Standby Charge	STANDBY	242,375	$5,621,903.98	0.14233%	267	$8,001.90
Eastern Municipal Water District ID No. U-35	GOB	10,516	$594,336.31	2.98872%	265	$17,763.04
Eastern Municipal Water District ID No. U-36	GOB	10,516	$594,336.31	2.98872%	265	$17,763.04
Menifee Union School District CFD No. 2002-2	CFD	272	$685,797.22	100.00000%	264	$685,797.22
Menifee Union School District Debt Service	GOB	35,074	$2,117,410.27	1.23838%	265	$26,221.51
Metropolitan Water District of Southern California Debt Service	GOB	240,706	$1,750,946.51	0.14790%	265	$2,589.72
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	239,266	$2,814,049.72	0.06596%	267	$1,856.16
Perris Union High School District CFD No. 92-1	CFD	17,267	$2,999,991.20	2.30672%	261	$69,201.54
Perris Union High School District Debt Service	GOB	64,069	$3,412,833.66	0.74360%	265	$25,377.77
Riverside County Flood Control NPDES (Santa Margarita)	FLOOD	83,022	$527,315.22	0.08778%	115	$462.88
Riverside Flood County Control NPDES (Santa Ana)	FLOOD	366,404	$2,427,488.38	0.02342%	151	$568.52
Valley Wide Park and Recreation District LMD (Menifee South Park)	LMD	2,254	$1,012,251.96	11.27643%	266	$114,145.92
Valley Wide Park and Recreation District LMD No. 88-1 (Regional Facility)	LMD	66,852	$1,115,778.10	0.13207%	266	$1,473.64
2012-2013 TOTAL PROPERTY TAX LIABILITY						**$1,867,207.34**
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2012-2013 ASSESSED VALUATION						**2.48%**

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Eastern Municipal Water District AD No. 20	1915	$11,665,000	$8,440,000	17.01362%	265	$1,435,950
Menifee Union School District CFD No. 2002-2	CFD	$8,250,000	$7,170,000	100.00000%	264	$7,170,000
Perris Union High School District CFD No. 92-1	CFD	$33,450,000	$32,985,000	2.30672%	261	$760,872
TOTAL LAND SECURED BOND INDEBTEDNESS (1)						**$9,366,821**
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						**$9,366,821**

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Eastern Municipal Water District ID No. U-35	GOB	$9,000,000	$8,726,000	3.00301%	266	$262,043
Eastern Municipal Water District ID No. U-36	GOB	$9,012,000	$8,737,000	3.00301%	266	$262,373
Menifee Union School District GOB 2002	GOB	$14,498,923	$13,423,923	1.22706%	266	$164,719
Menifee Union School District GOB 2008	GOB	$31,460,000	$31,260,000	1.22706%	266	$383,578
Metropolitan Water District of Southern California GOB 1966	GOB	$850,000,000	$196,545,000	0.00358%	266	$7,046
Perris Union High School District GOB 1999	GOB	$15,999,882	$1,800,000	0.73730%	266	$13,271
Perris Union High School District GOB 2004	GOB	$45,997,378	$42,027,378	0.73730%	266	$309,866
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						**$1,402,897**

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT	**$10,769,718.30**
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	**6.98:1**

(1) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.
Source: National Tax Data, Inc.

Estimated Tax Burden on Single Family Home

The following table shows the estimated property tax bill for a single parcel of Taxable Property in the Community Facilities District, based on actual tax rates for fiscal year 2012-13.

Table 6
Fiscal Year 2012-13 Estimated Property Tax Bill

Assessed Valuations and Property Taxes		
Assessed Value [1]		$270,000
Homeowner's Exemption		($7,000)
Net Assessed Value [2]		$263,000

Ad Valorem Property Taxes	**Percent of Total AV**	**Amount**
General Purposes	1.00000%	$2,630.00
Ad Valorem Tax Overrides		
Eastern Municipal Water District ID No. U-35	0.02464%	$64.80
Eastern Municipal Water District ID No. U-36	0.02464%	$64.80
Menifee Union School District GO Bond	0.03637%	$95.66
Metropolitan Water District of Southern California GOB 1966	0.00359%	$9.45
Perris Union High School District GO Bond	0.03520%	$92.58
Total Ad Valorem Property Taxes	**1.12444%**	**$2,957.29**

Assessments, Special Taxes and Parcel Charges [3]	
Fld Cntl Stormwater/Cleanwater	$3.76
CSA #152 NPDES	$40.00
Perris Union HS CFD No. 92-1	$265.14
Menifee USD CFD No. 2002-2	$2,434.94
CSA 84 - City of Menifee	$39.34
Valley-Wide Regional Fac.LMD 88-1	$5.54
Valley-Wide LMD Menifee South Park	$429.12
MWD Standby East	$6.94
EMWD Standby-Combined Charge	$30.00
EMWD AD No. 20 Menifee Dev	$470.56
Total Assessments, Special Taxes and Parcel Charges	**$3,725.34**
Total Property Taxes	$6,682.63
Total Effective Tax Rate	**2.48%**

[1] Fiscal Year 2012-13 assessed valuation for a Single Family Detached Unit containing 3,578 building square feet, selected to represent the median effective tax rate for a Single Family Detached Unit within the Community Facilities District.
[2] Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.
[3] All charges and special assessments are based on a Lot size of less than one acre.
Source: Dolinka Group, LLC.

Special Tax Collection and Delinquency Rates

Overall Delinquencies. The Annual Special Tax was first levied in fiscal year 2005-06.

The table below presents the collections and delinquencies of the Special Taxes for Fiscal Years 2006-07 through 2011-12, with updated delinquency amounts as of December 21, 2012. Information on first installment 2012-13 Special Tax collections is not yet available.

Table 7
Special Tax Collections and Delinquencies
Fiscal Years 2006-07 through 2011-12

		Subject Fiscal Year ending June 30					December 21, 2012		
Fiscal Year	Parcels Levied	Aggregate Annual Special Tax Levied	Total Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent (1)	Remaining Delinquency Rate
2006-07	266	$616,950.68	$530,339.48	42	$86,611.20	14.04%	0	$0.00	0.00%
2007-08	266	703,324.43	620,035.26	39	83,289.17	11.84	0	0.00	0.00
2008-09	266	688,038.90	615,529.66	31	72,509.24	10.54	0	0.00	0.00
2009-10	264	683,474.72	645,149.58	17	38,325.14	5.61	1	2,733.62	0.40
2010-11	264	685,797.22	651,635.94	16	34,161.28	4.98	1	2,733.62	0.40
2011-12	264	685,797.22	658,899.91	14	26,897.31	3.92	7	15,166.24	2.21

(1) Reflects the receipt of three (3) additional payments received directly by CFD No. 2002-2 after October 3, 2012.
Source: Dolinka Group, LLC; County Tax Collector's office.

Enforcement Actions. The Community Facilities District has taken actions to enforce delinquent Special Taxes in Fiscal Years 2006-07, 2007-08 and 2008-09 (including sending demand letters to the delinquent property owners). To date, the Community Facilities District has not filed any Superior Court actions for foreclosure.

Potential Consequences of Continuing Special Tax Delinquencies

Sustained and continuing delinquencies in the payment of the Special Taxes at current or increased levels could cause a draw on the Reserve Fund established for the Bonds and perhaps, ultimately, a default in the payment on the Bonds. See "BOND OWNERS' RISKS."

In such an event, the School District could receive additional funds for the payment of debt service through foreclosures sales of delinquent property, but no assurance can be given as to the amount foreclosure sale proceeds or when foreclosure sale proceeds would be received. The School District has covenanted in the Fiscal Agent Agreement to commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described herein. See "SECURITY FOR THE BONDS — Covenant to Foreclose" and "BOND OWNERS' RISKS – Limited Number of Taxable Parcels."

Special Tax Enforcement and Collection Procedures. Foreclosure actions would include, among other steps, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable special taxes and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

Following the issuance of the Bonds, the School District, on behalf of the Community Facilities District, will be obligated to pursue foreclosure actions against delinquent parcels in accordance with the covenant to foreclose contained in the Fiscal Agent Agreement. See “SECURITY FOR THE BONDS – Covenant to Foreclose.”

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of the Special Tax, the Community Facilities District may not increase Special Tax levies to make up for delinquencies for prior fiscal years above the Maximum Special Tax rates specified in the Rate and Method.

In addition, the Community Facilities District’s ability to increase Special Tax levies on residential property to make up for delinquencies for prior Fiscal Years is limited by Government Code § 53321(d), which provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults.

In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See “BOND OWNERS’ RISKS.”

Property Ownership and Development Status

Neither the Bonds nor the Special Taxes are personal obligations of any owners of Taxable Property within the Community Facilities District.

General. The Taxable Property within the Community Facilities District is currently fully developed as 264 single-family homes. A complete ownership list is attached as APPENDIX H.

Major Taxable Property Owners. The table below shows the major owners (owning more than one parcel) of property currently classified as Developed Property within the Community Facilities District for Fiscal Year 2012-13.

Table 8
Major Property Owners

Property Owner Name [1]	Number of Parcels	Fiscal Year 2012-13 Special Tax Levy	Percent of 2012-13 Special Tax Levy [2]
Bank of New York Mellon	3	$8,427.16	1.23%
US Bank Natl. Assn.	2	5,693.54	0.83
Mohammad Abdelkarim	2	5,467.24	0.80

[1] Ownership information is based on County Assessor's Roll.
[2] The total Fiscal Year 2012-13 Special Tax Levy is $685,797.22.
Source: Dolinka Group, LLC.

BOND OWNERS' RISKS

The purchase of the Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds.

Limited Obligation of the Community Facilities District to Pay Debt Service

The Community Facilities District has no obligation to pay principal of and interest on the Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. Neither the School District nor the Community Facilities District is obligated to advance funds to pay debt service on the Bonds.

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the Community Facilities District.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax formula set forth in the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:

> ***Transfers to Governmental Entities.*** The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See "–Property Tax Delinquencies" below. For a summary of recent property tax collection and delinquency rates in the Community Facilities District, see "THE COMMUNITY FACILITIES DISTRICT – Special Tax Collection and Delinquency Rates."

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in "SECURITY FOR THE BONDS – Covenant to Foreclose" and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the Community Facilities District of the proceeds of sale if the Reserve Fund is depleted. See "SECURITY FOR THE BONDS – Covenant to Foreclose."

The ability of the Community Facilities District to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Drug Enforcement Agency, the Internal Revenue Service or other similar federal governmental agencies, have or obtain an interest. The FDIC would obtain such an interest by taking over a financial institution which has made a loan which is secured by property within the Community Facilities District, and Fannie Mae or Freddie Mac would obtain such an interest by acquiring a mortgage secured by property within the Community Facilities District. See " – Exempt Properties – Property Owned by FDIC" below.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Property Tax Delinquencies

General. Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner. Delinquencies can also reflect economic difficulties and duress by the property owner. See "THE COMMUNITY FACILITIES DISTRICT – Property Tax Collection and Delinquency Rates."

Sustained or increased delinquencies in the payment of the Special Taxes could cause a draw on the Reserve Fund established for the Bonds and perhaps, ultimately, a default in the payment on the Bonds.

Measures to Mitigate Consequences of Continuing Delinquencies. The Community Facilities District intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see "SECURITY FOR THE BONDS – Covenant to Foreclose"); and increasing the levy of Special Taxes against non-delinquent property owners in the Community Facilities District, to the extent permitted under the Rate and Method and the Act and to the extent the Special Taxes are not already being levied at the maximum Special Tax rate. See "THE COMMUNITY FACILITIES DISTRICT – Potential Consequences of Special Tax Delinquencies."

Risks Related to Homeowners With High Loan to Value Ratios

Any future decline in home values in the Community Facilities District could result in property owner unwillingness or inability to pay mortgage payments, as well as *ad valorem* property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

It is possible that laws could be enacted in the future to assist homeowners in default in the payment of mortgages and property taxes. It is further possible that federal laws could be enacted that would adversely impact the ability of the Community Facilities District to foreclose on parcels with delinquent Special Taxes. No assurance can be given that any such laws will be enacted, or if enacted will be effective in assisting affected homeowners.

Limited Number of Taxable Parcels; Concentration of Ownership

The Special Taxes may only be levied and collection on the property classified as Taxable Property within the Community Facilities District.

Numerous future delinquencies by the owners of Taxable Property in the Community Facilities District in the payment of property taxes (and, consequently, the Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax revenues necessary to pay debt service on the Bonds, which could in turn result in the depletion of the Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay or failure in payments of the principal of and interest on the Bonds. See "SECURITY FOR THE BONDS – Reserve Fund," and "THE COMMUNITY FACILITIES DISTRICT – Potential Consequences of Special Tax Delinquencies."

Payment of Special Tax is not a Personal Obligation of the Property Owners

An owner of Taxable Property is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels of Taxable Property. If, after a default in the payment of the Special Tax and a foreclosure sale by the Community Facilities District, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels of Taxable Property, the Community Facilities District has no recourse against the owner.

Property Values

The value of Taxable Property within the Community Facilities District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of the Special Tax, the Community Facilities District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the Community Facilities District's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, landslides, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in the Community Facilities District.

Risks Related to Availability of Mortgage Loans. The current state of the world-wide capital markets has adversely affected the availability of mortgage loans to homeowners, including potential buyers of homes within the Community Facilities District. Any such unavailability could hinder the ability of the current homeowners to resell their homes, or the sale of newly completed homes in the future.

Natural Disasters**.** The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements. The areas in and surrounding the Community Facilities District, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes and landslides. See "THE COMMUNITY FACILITIES DISTRICT – Environmental Conditions."

Other natural disasters could include, without limitation, floods, landslides, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

Legal Requirements**.** Other events that may affect the value of Taxable Property include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

Hazardous Substances**.** One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators of Taxable Property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the Community Facilities District is not aware that the owner or operator of any of the Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the Community Facilities District is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of Taxable Property that is realizable upon a delinquency.

Other Possible Claims Upon the Value of Taxable Property

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The table in the section entitled "THE COMMUNITY FACILITIES DISTRICT – Direct and Overlapping Governmental Obligations" shows the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property. The table also states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property. The table does not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See "–Bankruptcy and Foreclosure Delays" below.

Exempt Properties

Exemptions Under Rate and Method and the Act. Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the Community Facilities District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. See “SECURITY FOR THE BONDS – Rate and Method.”

In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Property Owned by FDIC. The ability of the Community Facilities District to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Special Tax installment may be limited in certain respects with regard to property in which the Federal Deposit Insurance Corporation (the "**FDIC**") has or obtains an interest. The FDIC has asserted a sovereign immunity defense to the payment of special taxes and assessments. The Community Facilities District is unable to predict what effect this assertion would have in the event of a delinquency on a parcel within the Community Facilities District in which the FDIC has or obtains an interest.

In addition, although the FDIC does not claim immunity from *ad valorem* property taxation, it requires a foreclosing entity to obtain FDIC's consent to foreclosure proceedings. Prohibiting a foreclosure on property owned by the FDIC could reduce the amount available to pay the principal of and interest on the Bonds. Either outcome would cause a draw on the Reserve Fund established for the Bonds and perhaps, ultimately, a default in the payment on the Bonds.

No investigation has been made as to whether the FDIC or any other governmental entity currently owns or has an interest in any property in the Community Facilities District.

Property Owned by Fannie Mae or Freddie Mac. If a parcel of taxable property is owned by a federal government entity or federal government-sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government-sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited.

Federal courts have held that, based on the supremacy clause of the United States Constitution (“This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding”), in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the Community Facilities District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement. See "SECURITY FOR THE BONDS – Reserve Fund." The Reserve Fund will be used to pay principal of and interest on the Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within the Community Facilities District. If the Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the Bond Owners under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the maximum annual Special Tax rates, it is possible that no replenishment would be possible if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus it is possible that the Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Bankruptcy Delays

The payment of the Special Tax and the ability of the Community Facilities District to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent Special Taxes not being paid in full.

Disclosure to Future Purchasers

The Community Facilities District has recorded a notice of the Special Tax lien in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such special tax obligation in the purchase of a parcel of land or a home in the Community

Facilities District or the lending of money secured by property in the Community Facilities District. The Act and the Goals and Policies require the subdivider of a subdivision (or its agent or representative) to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with these requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

No Acceleration Provisions

The Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondholder is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. See "APPENDIX C – Summary of Certain Provisions of the Fiscal Agent Agreement." So long as the Bonds are in book-entry form, DTC will be the sole Bondholder and will be entitled to exercise all rights and remedies of Bond holders.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Exemption," interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the Community Facilities District in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to become includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Taxes. See "THE BONDS – Redemption."

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of such Bonds might be affected as a result of such an audit of such Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

For example, various proposals have been made in Congress and by the President which, if enacted, would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Bonds, to a tax payable by certain bondholders that are individuals, estates or trusts with adjusted gross income in excess of certain specified thresholds.

The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

Voter Initiatives

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the Community Facilities District. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the Bonds.

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes (“special taxes”) require a two-thirds vote.

The Special Taxes and the Bonds were each authorized by not less than a two-thirds vote of the landowners within the Community Facilities District who constituted the qualified electors at the time of such voted authorization. The Community Facilities District believes, therefore, that issuance of the Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on the Community Facilities District and its obligations can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

LEGAL MATTERS

Legal Opinions

The legal opinion of Rutan & Tucker LLP, Costa Mesa, California, Bond Counsel, approving the validity of the Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX F. A copy of the legal opinion will be attached to each Bond.

Jones Hall, A Professional Law Corporation, San Francisco, California, will pass upon certain legal matters for the Community Facilities District as disclosure counsel. Rutan & Tucker LLP, Costa Mesa, California, will pass upon certain legal matters for the Community Facilities District as special counsel to the School District. McFarlin & Anderson LLP, Laguna Hills, California, is serving as counsel to the Underwriter.

Tax Exemption

In the opinion of Rutan & Tucker LLP, Costa Mesa, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Community Facilities District comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Community Facilities District has covenanted in the Fiscal Agent Agreement to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

No Litigation

At the time of delivery of the Bonds, the Community Facilities District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the Community Facilities District has been served with process or threatened, which:

- in any way questions the powers of the Board or the Community Facilities District, or
- in any way questions the validity of any proceeding taken by the Board in connection with the issuance of the Bonds, or
- wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the purchase contract with respect to the Bonds, or
- which, in any way, could adversely affect the validity or enforceability of the resolutions of the Board adopted in connection with the formation of the Community Facilities District or the issuance of the Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Certificate or the purchase contract with respect to the Bonds, or
- to the knowledge of an authorized officer of the Community Facilities District, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes, or
- in any other way questions the status of the Bonds under State tax laws or regulations.

CONTINUING DISCLOSURE

The Community Facilities District will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Bonds by not later than six months after the end of the Community Facilities District's fiscal year, or December 31 each year based on the Community Facilities District's current fiscal year end of June 30 (the "Annual Report") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the Community Facilities District is set forth in APPENDIX E.

The School District has not, on several occasions during the past five years, fully complied with its prior continuing disclosure undertakings under the Rule. For example, with respect to continuing undertakings made in connection with its outstanding general obligation bonds, the School District's annual disclosure reports omitted certain required information, and the School District did not timely file material event notices for ratings changes relating to bond insurer downgrades. The School District has made filings to correct all known instances of non-compliance during the last five years. The School District believes it has established processes to ensure it will make required filings on a timely basis in the future.

NO RATINGS

The Community Facilities District has not made, and does not contemplate making, any application to a rating agency for a rating on the Bonds. No such rating should be assumed from any credit rating that the School District or the Community Facilities District may obtain for other purposes. Prospective purchasers of the Bonds are required to make independent determinations as to the credit quality of the Bonds and their appropriateness as an investment.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, at a purchase price of $7,214,096.80 (which represents the aggregate principal amount of the Bonds ($7,335,000.00) less an Underwriter's discount of $110,025.00 and less a net original issue discount of $10,878.20).

The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

PROFESSIONAL FEES

In connection with the issuance of the Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the Bonds. Those professionals include:

- the Underwriter;
- Jones Hall, A Professional Law Corporation, as Disclosure Counsel;
- Rutan & Tucker LLP, as Bond Counsel and District Counsel;
- McFarlin & Anderson LLP, as Underwriter's Counsel;
- A portion of the fees of Dolinka Group, LLC, as Financial Advisor and Special Tax Consultant; and
- U.S. Bank National Association, as Fiscal Agent and Escrow Agent.

EXECUTION

The execution and delivery of the Official Statement by the Community Facilities District has been duly authorized by the Board of Education of the Menifee Union School District, acting as the legislative body of the Community Facilities District.

COMMUNITY FACILITIES DISTRICT NO. 2002-2
OF THE MENIFEE UNION SCHOOL DISTRICT

By: /s/ Robert Wolfe
Robert Wolfe
Assistant Superintendent, Business Services
Menifee Union School District, on behalf
of Community Facilities District No. 2002-2
of the Menifee Union School District

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APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF MENIFEE AND RIVERSIDE COUNTY

The following information is included only for the purpose of supplying general information regarding the City of Menifee and the County of Riverside. This information is provided only for general informational purposes, and provides prospective investors limited information about the City, the County and their economic base. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable therefor.

City of Menifee

The City of Menifee (the "City") was incorporated on October 1, 2008 and includes the formerly unincorporated communities of Menifee, Sun City, Quail Valley and portions of Romoland. The City is located in the south central portion of the County north of Murrieta, west of Hemet, east of Canyon Lake and southeast of Perris. The City spans nearly 50 square miles and has a population estimated at 80,589. Because the City was incorporated in 2008, historical demographic information for the City is not yet available.

History and Location of Riverside County

Riverside County, which encompasses 7,177 square miles, was organized in 1893 from territory in San Bernardino and San Diego Counties. Located in the southeastern portion of California, Riverside County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the south by San Diego and Imperial Counties and on the west by Orange and Los Angeles Counties. There are 24 incorporated cities in Riverside County.

Riverside County's varying topology includes desert, valley and mountain areas as well as gently rolling terrain. Three distinct geographical areas characterize Riverside County: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, the San Jacinto mountains and the Cleveland National Forest experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions. Riverside County is the site for famous resorts, such as Palm Springs, as well as a leading area for inland water recreation. Nearly 20 lakes in Riverside County are open to the public. The dry summers and moderate to cool winters make it possible to enjoy these and other recreational and cultural facilities on a year-round basis.

Riverside County Population

According to the State Department of Finance, Demographic Research Unit, Riverside County's population was estimated at 2,227,577 as of January 1, 2012. The largest cities in Riverside County are the cities of Riverside, Moreno Valley, Corona, Murrieta, Temecula, Jurupa Valley, Menifee, Hemet, Indio and Perris. The areas of most rapid population growth continue to be those more populated and industrialized cities in the western and central regions of Riverside County and the southwestern unincorporated region of Riverside County between Sun City and Temecula.

The following table sets forth annual population figures, as of January 1, 2012 for cities located within Riverside County for each of the years listed:

COUNTY OF RIVERSIDE
Population Estimates

	2008	2009	2010	2011	2012
Banning	28,695	29,144	29,492	29,723	29,965
Beaumont	33,002	34,387	36,468	38,034	38,851
Blythe	20,817	20,460	20,882	20,063	20,400
Calimesa	7,626	7,747	7,847	7,910	7,998
Canyon Lake	10,421	10,511	10,550	10,606	10,689
Cathedral City	50,401	50,812	51,093	51,400	51,952
Coachella	38,521	39,079	40,508	41,339	41,904
Corona	147,319	149,692	151,858	153,047	154,520
Desert Hot Springs	25,115	25,690	25,886	27,277	27,638
Eastvale	0	0	0	54,090	55,602
Hemet	75,383	76,961	78,295	79,309	80,089
Indian Wells	4,826	4,910	4,947	4,990	5,035
Indio	74,007	74,590	75,263	76,817	78,065
Jurupa Valley	0	0	0	0	96,456
Lake Elsinore	49,747	50,616	51,448	52,294	53,024
La Quinta	36,744	37,116	37,044	37,688	38,075
Menifee	0	75,707	77,902	79,139	80,589
Moreno Valley	185,513	189,690	192,599	194,451	196,495
Murrieta	100,476	101,998	103,066	104,051	104,985
Norco	26,812	26,852	27,069	26,968	27,053
Palm Desert	47,453	47,993	48,215	48,920	49,471
Palm Springs	44,026	44,346	44,480	44,829	45,279
Perris	63,041	65,422	67,607	69,506	70,180
Rancho Mirage	16,815	17,037	17,165	17,399	17,504
Riverside	293,988	298,721	302,597	306,069	308,511
San Jacinto	40,877	42,652	43,881	44,421	44,803
Temecula	95,332	97,741	99,757	101,255	103,092
Wildomar	0	31,732	32,393	32,414	32,719
Balance of County	585,784	489,020	501,380	451,722	356,633
County Total	2,102,741	2,140,626	2,179,692	2,205,731	2,227,577

Source: State Department of Finance estimates (as of January 1, 2012).

Riverside County Employment

The following table shows the average annual estimated numbers of wage and salary workers by industry in Riverside County. The data does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

RIVERSIDE COUNTY
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

	2007	2008	2009	2010	2011
Civilian Labor Force [(1)]	903,400	912,700	916,500	937,500	938,400
Employment	848,900	835,000	793,900	801,600	810,600
Unemployment	54,500	77,700	122,600	135,900	127,800
Unemployment Rate	6.0%	8.5%	13.4%	14.5%	13.6%
Wage and Salary Employment: [(2)]					
Agriculture	13,000	13,100	12,400	12,400	12,800
Natural Resources and Mining	700	500	500	400	400
Construction	68,900	54,700	40,400	35,400	34,300
Manufacturing	54,400	48,400	39,000	37,900	39,000
Wholesale Trade	21,100	20,400	18,700	19,100	19,900
Retail Trade	88,000	84,900	78,800	78,500	79,400
Transportation, Warehousing and Utilities	20,900	21,200	19,700	19,400	20,300
Information	7,800	7,700	8,500	10,200	9,600
Finance and Insurance	13,500	12,400	11,800	11,100	10,900
Real Estate and Rental and Leasing	9,500	9,900	8,900	8,200	7,400
Professional and Business Services	63,000	58,000	53,600	50,300	52,700
Educational and Health Services	56,900	58,100	57,900	58,000	61,600
Leisure and Hospitality	73,700	72,800	68,700	67,700	69,300
Other Services	20,100	19,400	18,100	18,300	19,000
Federal Government	6,400	6,600	6,900	7,600	7,000
State Government	15,400	15,700	15,800	15,900	16,300
Local Government	87,100	88,300	86,600	85,600	88,900
Total All Industries	620,200	592,000	546,300	536,000	548,800

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) 2008 labor force data is not yet available.
Source: State of California Employment Development Department.

Largest Employers in Riverside County

The following table lists the largest employers within the County:

COUNTY OF RIVERSIDE
Major Employers as of October 2012

Employer Name	Location	Industry
Abbott Vascular Inc.	Temecula	Physicians & Surgeons Equip & Supls-Whls
Agua Caliente Casino Resort	Rancho Mirage	Hotels & Motels
Corona General Information	Corona	Fire Departments
Corrections Dept.	Norco	State Govt-Correctional Institutions
Desert Regional Med.	Palm Springs	Hospitals
Eisenhower Medical Center MD	Rancho Mirage	Orthopedic Surgeons
Handsome Rewards	Perris	Internet & Catalog Shopping
Hemet Valley Medical Center	Hemet	Hospitals
Hotel At Fantasy Springs	Indio	Casinos
HUB International Insurance SVC-CA	Riverside	Insurance
Inland Valley Medical Center	Wildomar	Hospitals
J W Marriott-Desert Springs Resort	Palm Desert	Hotels & Motels
Kaiser Permanente	Riverside	Hospitals
La Quinta Golf Course	La Quinta	Golf Courses
La Quinta Resort & Club	La Quinta	Hotels & Motels
Morongo Casino Resort & Spa	Cabazon	Casinos
Morongo Tribal Gaming Ent.	Banning	Business Management Consultants
Pechanga Casino	Temecula	Casinos
Riverside Community Hospital	Riverside	Hospitals
Riverside County Regional Med.	Moreno Valley	Hospitals
Spa Casino	Palm Springs	Casinos
Starcrest of California	Perris	Internet & Catalog Shopping
Starcrest Products	Perris	Gift Shops
Sun World International LLC	Coachella	Fruits & Vegetables-Growers & Shippers
Universal Protection Service	Palm Desert	Security Guard & Patrol Service

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2013 1st Edition.

Riverside County Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County of Riverside, the State and the United States for the period 2007 through 2011.

COUNTY OF RIVERSIDE
Effective Buying Income
For Calendar Years 2007 through 2011

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2007	Riverside County	$ 38,631,365	$ 45,310
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	Riverside County	$ 40,935,408	$ 46,958
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	Riverside County	$ 41,337,770	$ 47,080
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	Riverside County	$ 38,492,225	$ 44,253
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	Riverside County	$ 39,981,683	$ 44,116
	California	814,578,458	47,062
	United States	6,438,704,664	41,253

Source: The Nielsen Company (US), Inc.

Construction Trends

Provided below are the building permits and valuations for the County for calendar years 2007 through 2011.

COUNTY OF RIVERSIDE
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2007	2008	2009	2010	2011
Permit Valuation					
New Single-family	$2,207,519.5	$1,214,753.0	$892,790.0	$914,057.4	$647,070.8
New Multi-family	238,315.9	243,741.9	75,756.1	71,151.9	113,170.4
Res. Alterations/Additions	141,997.0	118,488.7	85,148.0	94,427.5	188,468.9
Total Residential	2,587,832.4	1,576,983.5	1,053,694.1	1,079,636.8	948,710.1
New Commercial	682,31.0	539,943.4	94,651.4	191,323.7	166,714.4
New Industrial	184,505.6	70,410.8	12,277.6	6,685.5	10,000.0
New Other	240,767.0	138,765.2	107,332.1	98,104.6	16,576.8
Com. Alterations/Additions	350,539.1	292,693.8	162,557.5	243,265.5	297,356.4
Total Nonresidential	1,458,142.7	1,041,813.1	376,818.7	539,379.4	490,647.6
New Dwelling Units					
Single Family	9,763	3,815	3,431	4,031	2,659
Multiple Family	2,690	2,104	759	526	1,061
TOTAL	12,453	5,919	4,190	4,557	3,720

Source: Building Permit Summary, Construction Industry Research Board.

Riverside County Commercial Activity

Commercial activity is an important factor in Riverside County's economy. Much of Riverside County's commercial activity is concentrated in central business districts or small neighborhood commercial centers in cities. There are eight regional shopping malls in Riverside County: Riverside Plaza, Galleria at Tyler (Riverside), Palm Springs Mall, Desert Fashion Mall, Indio Fashion Mall, Hemet Valley Mall, Palm Desert Town Center and Moreno Valley Mall at Towngate. There are also two factory outlet malls (Desert Hills Factory Stores and Lake Elsinore Outlet Center) and over 200 area centers in Riverside County.

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years. A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2011 in the County were reported to be $12,547,031,000, a 10.91% increase over the total taxable sales of $11,313,215,000 reported during the first two quarters of calendar year 2010. Annual figures for calendar year 2011 are not yet available.

COUNTY OF RIVERSIDE
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2006	23,541	$21,842,345	44,848	$29,816,237
2007	22,918	21,242,516	45,279	29,023,609
2008	23,604	18,689,249	46,272	26,003,595
2009 (1)	29,829	16,057,488	42,765	22,227,877
2010 (1)	32,534	16,919,500	45,688	23,152,780

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Riverside County Agriculture

Agriculture remains a leading source of income in Riverside County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, dates, lemons and avocados. Four areas in Riverside County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of Riverside County, the Coachella Valley in the central portion and the Palo Verde Valley near Riverside County's eastern border.

Riverside County Transportation

Easy access to job opportunities in Riverside County and nearby Los Angeles, Orange and San Diego Counties is important to Riverside County's employment picture. Several major freeways and highways provide access between Riverside County and all parts of Southern California. The Riverside Freeway (State Route 91) extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses the width of Riverside County, the western-most portion of which links up with major cities and freeways in the eastern part of Los Angeles County and the southern part of San Bernardino County. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. The Moreno Valley Freeway (U.S. 60) provides an alternate (to Interstate 10) east-west link to Los Angeles County.

Currently, Metrolink provides commuter rail service to Los Angeles and Orange Counties from several stations in Riverside County. Transcontinental passenger rail service is provided by Amtrak with a stop in Indio. Freight service to major west coast and national markets is provided by two transcontinental railroads – Burlington Northern/Santa Fe and Union Pacific. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, including the cities of Palm Springs and Indio. The City of Banning also operates a local bus system.

Riverside County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Los Angeles Department of Airports. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Force Base, which converted from an active duty base to a reserve-only base on April 1, 1996. Plans for joint military and civilian use of the base thereafter are presently being formulated by the March AFB Joint Powers Authority, comprised of Riverside County and the Cities of Riverside, Moreno Valley and Perris.

Riverside County Environmental Control Services

Water Supply. Riverside County obtains a large part of its water supply from groundwater sources, with certain areas of Riverside County, such as the City of Riverside, relying almost entirely on groundwater. As in most areas of Southern California, this groundwater source is not sufficient to meet countywide demand and Riverside County's water supply is supplemented by imported water. At the present time imported water is provided by the Colorado River Aqueduct and the State Water Project.

At the regional and local level, there are several water districts that were formed for the primary purpose of supplying supplemental water to the cities and agencies within their areas. The Rancho California Water District, the Coachella Valley Water District, the Western Municipal Water District and the Eastern Municipal Water District are the largest of these water districts in terms of area served. Riverside County is also served by the San Gorgonio Pass Water Agency, Desert Water Agency and Palo Verde Irrigation District.

Flood Control. Primary responsibility for planning and construction of flood control and drainage systems within Riverside County is provided by the Riverside County Flood Control and Water Conservation District and the Coachella Valley Storm Water Unit.

Sewage. There are 18 wastewater treatment agencies in Riverside County's Santa Ana River region and nine in Riverside County's Colorado River Basin region. Most residents in the rural unsewered areas of Riverside County rely upon septic tanks and leach fields as an environmentally acceptable method of sewage disposal.

Riverside County Education

There are four elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in Riverside County. Ninety-five percent of all K-12 students attend schools in the unified school districts. The three largest unified districts are Riverside Unified School District, Moreno Valley Unified School District and Corona-Norco Unified School District.

There are seven two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley and Palo Verde Valley. There are also two universities and a four-year college located in the City of Riverside – the University of California, Riverside, La Sierra University and California Baptist College.

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APPENDIX B

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2002-2 OF MENIFEE UNION SCHOOL DISTRICT

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RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2002-2 OF MENIFEE UNION SCHOOL DISTRICT

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Menifee Union School District ("School District") in Community Facilities District ("CFD") No. 2002-2. An Annual Special Tax shall be levied on and collected in CFD No. 2002-2 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2002-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A
DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acreage" means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable Final Map, parcel map, condominium plan, or other recorded parcel map at the County.

"Act" means the Mello-Roos Communities Facilities Act of 1982 as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2002-2 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2002-2, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2002-2.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2002-2.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Annual Special Tax" means the Special Tax of that name described in Section D.

"Backup Annual Special Tax" means the Special Tax of that name described in Section E.

"Board" means the Governing Board of Menifee Union School District or its designee as the legislative body of CFD No. 2002-2.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, which obligation may be incurred by CFD No. 2002-2 or the School District.

"Building Permit" means a permit for the construction of one or more Units. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, temporary or permanent storm drain or detention facilities, or other such improvements not intended for human habitation.

"Building Square Footage" or **"BSF"** means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"County" means the County of Riverside, State of California.

"Developed Property" means all Assessor's Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes in Section J.

"Final Map" means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the Office of the Recorder of the County.

"Fiscal Year" means the period commencing on July 1 of any year and ending the following June 30.

"Lot" means an individual legal lot created by a Final Map for which a Building Permit could be issued.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2002-2 in any Fiscal Year on any Assessor's Parcel.

"Minimum Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay: (i) the annual debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses of CFD No. 2002-2, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay annual debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Annual Special Tax obligation for an Assessor’s Parcel described in Section H.

"Prepayment Amount" means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel described in Section G.

"Proportionately" means that the ratio of the actual Annual Special Tax levy to the applicable Maximum Special Tax is equal for all applicable Assessor's Parcels.

"Special Tax" means any of the special taxes authorized to be levied by CFD No. 2002-2 pursuant to the Act.

"Taxable Property" means all Assessor’s Parcels which are not Exempt Property.

"Undeveloped Property" means all Assessor’s Parcels of Taxable Property which are not Developed Property.

"Unit" means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

SECTION B
CLASSIFICATION OF ASSESSOR’S PARCELS

For each Fiscal Year, beginning with Fiscal Year 2004-05, each Assessor’s Parcel within CFD No. 2002-2 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. For each Assessor's Parcel of Developed Property, it shall be assigned to a Special Tax class based on the BSF of the Unit.

SECTION C
MAXIMUM SPECIAL TAXES

1. <u>Developed Property</u>

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

2. <u>Undeveloped Property</u>

The Maximum Special Tax for each Assessor’s Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

SECTION D
ASSIGNED ANNUAL SPECIAL TAXES

1. Developed Property

The Assigned Annual Special Tax in any Fiscal Year for each Assessor's Parcel of Developed Property shall be the amount determined by reference to Table 1.

TABLE 1

ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY	
Building Square Feet	**Assigned Annual Special Tax**
< 2,600 BSF	$1,964.27 per Unit
2,600 – 3,200 BSF	$2,190.55 per Unit
3,201 – 3,800 BSF	$2,434.94 per Unit
3,801 – 4,200 BSF	$2,733.63 per Unit
> 4,200 BSF	$2,959.92 per Unit

2. Undeveloped Property

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be $11,962.99 per acre of Acreage.

SECTION E
BACKUP ANNUAL SPECIAL TAXES

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate in any Fiscal Year for Developed Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot in each Fiscal Year
U	=	Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
A	=	Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
L	=	Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.

3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Commencing Fiscal Year 2004-05 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts levied in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by application of the Backup Annual Special Tax, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

SECTION G
PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel, may be prepaid in full at the times and under the conditions set forth in this Section G, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

1. Prepayment Times and Conditions

a. Undeveloped Property

Prior to the issuance of a Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area in full. The prepayment of the Annual Special Tax obligation for each such Assessor's Parcel shall be collected prior to the issuance of the Building Permit with respect to such Assessor's Parcel.

b. Developed Property

In any Fiscal Year, following the first Fiscal Year in which such Assessor's Parcel was classified as Developed Property, the owner of such an Assessor's Parcel may prepay the Annual Special Tax obligation for such Assessor's Parcel in full, as calculated in Section G.2.

2. Prepayment Amount

The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below. The Board shall determine whether all Bonds for CFD No. 2002-2 have been issued.

a. Prior to Issuance of All Bonds

The Prepayment Amount for each applicable Assessor's Parcel prior to the issuance of all Bonds shall be determined by reference to Table 2.

TABLE 2

PREPAYMENT AMOUNT	
Building Square Feet	**Prepayment Amount**
< 2,600 BSF	$21,055.43 per Unit
2,600 – 3,200 BSF	$21,866.93 per Unit
3,201 – 3,800 BSF	$22,743.35 per Unit
3,801 – 4,200 BSF	$23,814.53 per Unit
> 4,200 BSF	$24,626.04 per Unit

b. Subsequent to Issuance of All Bonds

Subsequent to the issuance of all Bonds, the Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance
plus	Administrative Fee
<u>less</u>	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel. For Assessor's Parcels of Undeveloped Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit issued or to be issued for that Assessor's Parcel.

2. For each Assessor's Parcel of Developed Property or Undeveloped Property to be prepaid, (a) divide the sum of the Assigned Annual Special Taxes computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board, and (b) divide the sum of Backup Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at build out, as reasonably determined by the Board.

3. The amount determined pursuant to Section G.2.b. shall be (a) increased by the portion of the Bonds allocable to costs of issuance, reserve fund deposits, and capitalized interest with respect to the applicable Assessor's Parcel and (b) reduced by the amount of regularly retired principal which is allocable to the applicable Assessor's Parcel, as determined by the Board. The result is the "Outstanding Gross Prepayment Amount." In no event shall any Annual Special Taxes determined to have been used to make a regularly scheduled principal payment on the Bonds be adjusted for any increase in any cost index or other basis subsequent to the date of the applicable principal payment.

4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) of this Section G.2.b. by the face value of all outstanding Bonds. If the product is greater than the Outstanding Gross Prepayment Amount, then the product shall be the "Bond Redemption Amount." If the product is less than the Outstanding Gross Prepayment Amount, then the Outstanding Gross Prepayment Amount shall be the "Bond Redemption Amount."

5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."

6. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 10) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the outstanding Bonds.

7. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the outstanding Bonds.

8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6. This difference is the "Defeasance."

9. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."

10. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.

11. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to an Annual Special Tax obligation that is prepaid pursuant to this Section G, the Board shall indicate in the records of CFD No. 2002-2 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Taxes shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year after such prepayment and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

SECTION H
PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

1. Partial Prepayment Times and Conditions

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected for all Assessor's Parcels prior to the issuance of the first Building Permit with respect to such Final Map.

2. Partial Prepayment Amount

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
P_G	=	the Prepayment Amount calculated according to Section G
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

3. Partial Prepayment Procedures and Limitations

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2002-2 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year.

SECTION I
TERMINATION OF SPECIAL TAX

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2040-41.

SECTION J
EXEMPTIONS

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 58.24 acres of Acreage. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 58.24 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 58.24 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

SECTION K
APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2002-2 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION L
MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2002-2 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

The following is a brief summary of the provisions of the Fiscal Agent Agreement (the "Agreement"). This Summary is not intended to be definitive. Reference is made to the actual document (a copy of which is available from the District) for the complete terms thereof.

DEFINED TERMS

The following terms have the following meanings, notwithstanding that any such terms may be elsewhere defined in the Official Statement. Any terms not expressly defined in this Summary or previously defined in the Official Statement have the respective meanings previously given. The following are not all of the terms defined in the Agreement.

"2004 Bonds" means the Community Facilities District No. 2002-2 of the Menifee Union School District, 2004 Special Tax Bonds sold on July 29, 2004.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 *et seq*. of the California Government Code.

"Additional Bonds" means any bonds issued by the District on a parity with any then Outstanding Bonds.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Special Taxes and of preparing the annual Special Tax collection schedules (whether by the Superintendent or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent for the Bonds; the costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under this Fiscal Agent Agreement; the costs of the District or its designee in complying with the disclosure requirements of applicable federal and state securities laws and of the Act, the District's and this Agreement including those related to public inquiries regarding the Special Tax and disclosures to Owners and the Original Purchaser; the costs of the District or its designee related to any appeal of the Special Tax; any amounts required to be rebated to the federal government in order for the School District to comply with the law; and an allocable share of the salaries of the School District staff directly relating to the foregoing. Administrative Expenses shall also include amounts advanced by the School District for any other administrative purposes of the District including costs related to prepayments of Special Taxes; recordings related to the prepayment, discharge or satisfaction of Special Taxes; amounts advanced to ensure compliance with the law; and the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes, including attorney's fees and expenses.

"Administrative Expense Fund" means the fund by that name established under the Agreement.

“Agreement” means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year.

“Auditor” means the auditor/controller of the County of Riverside.

“Authorized Investments” or **“Permitted Investments”** means any of the following which at the time of investment are determined by the District to be legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Fiscal Agent shall be entitled to rely conclusively upon any such determination by the District):

(a) Federal Securities.

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, and Federal Housing Administration;

(c) bonds, notes or other evidences of indebtedness rated AAA by S&P and Aaa by Moody’s issued by the Fannie Mae or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) U.S. dollar denominated deposit accounts (including those with the Fiscal Agent or with any affiliate of the Fiscal Agent), unsecured certificates of deposit, including those placed by a third party pursuant to an agreement between the Fiscal Agent and the District, demand deposits, including interest bearing money market accounts, trust deposits, trust accounts, time deposits, overnight bank deposits, interest-bearing deposits, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody’s, and maturing no more than 360 days after the date of purchase;

(e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody’s and which matures not more than 270 days after the date of purchase;

(f) investments in a money market mutual fund rated, at the time of purchase, AAAm or AAAm-G or better by S&P, which may include funds for which the Fiscal Agent or its affiliates provide investment advisory or other management services for a fee, including serving as administrator, shareholder servicing agent, and/or custodian or sub-custodian, notwithstanding that (i) the Fiscal Agent or an affiliate of the Fiscal Agent receives fees from funds for services rendered, (ii) the Fiscal Agent collects fees for services rendered pursuant to this Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent;

(g) Repurchase and reverse repurchase agreements collateralized with Federal Securities, including those of the Fiscal Agent or any of its affiliates.

(h) any pre-refunded bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, at the time of purchase, based on the refunding escrow, in the highest rating category of S&P and Moody's or (ii)(A) which are fully secured as to principal and interest and redemption premium (if any) by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium (if any) in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates under such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an Independent Accountant, to pay principal of and interest and redemption premium (if any) on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(i) investment agreements, with notice to each rating agency then rating the Bonds;

(j) the Local Agency Investment Fund established under Section 16429.1 of the Government Code of the State of California, *provided, however*, that the Fiscal Agent must be allowed to make investments and withdrawals in its own name and the Fiscal Agent may restrict investments in the Local Agency Investment Fund if required to keep moneys available for the purposes of the Fiscal Agent Agreement; and

(k) any other investment permitted under Section 53601 of the California Government Code.

"Authorized Officer" means the Superintendent, the Assistant Superintendent, Business Services, or any other officer or employee authorized by the Board of Education of the School District or by an Authorized Officer to undertake the action referred to in this Agreement as required to be undertaken by an Authorized Officer.

"Bond Counsel" means Rutan & Tucker, LLP or any attorney or firm of attorneys selected by the District with expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Fund" means the fund by that name established by Section 4.05(A).

"Bond Register" means the books for the registration and transfer of Bonds maintained by the Fiscal Agent.

"Bond Year" means the one-year period beginning on September 2nd in each year and ending on September 1st in the following year, except that the first Bond Year will begin on the Closing Date and end on September 1, 2013.

"Bonds" means Community Facilities District No. 2002-2 of the Menifee Union School District, 2013 Special Tax Refunding Bonds.

"Business Day" means a day which is not a Saturday or a Sunday or a day of the year on which banks in New York, New York and Los Angeles, California or where the Fiscal Agent has its principal corporate trust office are not required or authorized or obligated to remain closed.

"CDIAC" means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

"Closing Date" means February 6, 2013, being the date upon which there is delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate by the District, dated the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the District or the School District and related to the authorization, sale and issuance of the Bonds, which items of expense include, but are not limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee and fees and expenses of its counsel, expenses incurred by the District or the School District in connection with the issuance of the Bonds, special tax consultant fees and expenses, bond underwriter's discount, legal fees and charges, including bond counsel, disclosure counsel, financial advisor's fees, verification agent fees, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the fund by that name established under the Agreement.

"County" means the County of Riverside, California.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository.

“District” means the Community Facilities District No. 2002-2 of the Menifee Union School District formed by the School District under the Act and the Resolution of Formation.

“Escrow Agent” means U.S. Bank National Association, acting in its capacity as escrow agent under the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement, dated as of January 1, 2013, by and between the District and the Escrow Agent.

“Escrow Fund” means the fund by that name established under the Escrow Agreement.

“Federal Securities” means (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Agent” means the Fiscal Agent appointed by the District and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by an Authorized Officer, and who, or each of whom: (i) is judged by the Authorized Officer to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the School District or the District; (iii) does not have any substantial interest, direct or indirect, with or in the School District or the District, or any owner of real property in the School District or the District, or any real property in the District; and (iv) is not connected with the District as an officer or employee of the School District, but who may be regularly retained to make reports to the School District or the District.

“Information Services” means the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA) system accessible at the emma.msrb.org website, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may designate in a Written Request delivered to the Fiscal Agent.

“Interest Payment Dates” means March 1 and September 1 of each year, commencing September 1, 2013.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Moody’s” means Moody’s Investors Service, and any successor thereto.

“Net Special Taxes” means, after the initial $25,000 is funded to the Administrative Expense Fund, the proceeds of the Special Taxes received by the District, including any scheduled payments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. “Net Special Taxes” does not include any penalties or costs of collecting delinquent Special Taxes collected in connection with delinquent Special Taxes.

“Ordinance” means any ordinance adopted by the legislative body of the District providing for the levy of the Special Taxes.

“Original Purchaser” means the first purchaser of the Bonds from the School District.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of the Agreement) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by the District pursuant to this Agreement or any Supplemental Agreement.

“Owner” means any person who is the registered owner of any Outstanding Bond.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Principal Office” means the principal corporate trust office of the Fiscal Agent or such other or additional offices as may be designated by the Fiscal Agent, except with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Fiscal Agent at which, at any particular time, its corporate trust agency business shall be conducted.

“Rate and Method of Apportionment” means the Rate and Method of Apportionment of Special Taxes, as approved by the voters on January 13, 2004.

“Record Date” means the fifteenth day of the month next preceding the month of the applicable Interest Payment Date, whether or not such day is a Business Day.

“Reserve Fund” means the fund by that name established pursuant to Section 4.04(A) hereof.

“Reserve Requirement” means, as of any date of calculation by the District, an amount equal to the least of (i) the then Maximum Annual Debt Service on Outstanding Bonds, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service on Outstanding Bonds, or (iii) ten percent (10%) of the initial principal amount of the Bonds issued hereunder, and initially shall mean an amount equal to $516,850.

“Resolution” means Resolution No. 2012/13-39, adopted by the Board of Education of the School District on January 8, 2013, authorizing issuance of the Bonds.

“Resolution of Formation” means Resolution No. 2003-04/34 adopted by the Board of Education on January 13, 2004.

“School District” means the Menifee Union School District of Menifee, California, and any successor thereto.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50^{th} Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and such other securities depositories as the District may designate in a written direction of an Authorized Officer delivered to the Fiscal Agent.

“Special Tax Fund” means the fund by that name established under the Agreement.

“Special Tax Prepayments” means the proceeds of any Special Tax prepayments received by the District, as calculated pursuant to the Rate and Method of Apportionment for the District, less any administrative fees or penalties collected as part of any such prepayment.

“Special Tax Prepayments Subaccount” means the account by that name within the Bond Fund under the Agreement.

“Special Tax Remainder Account” means the account by that name within the Special Tax Fund under the Agreement.

“Special Taxes” means the special taxes levied within the District pursuant to the Act, the Ordinance and this Agreement.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution that has been duly adopted by the legislative body of the District under the Act and which agreement amends or supplements this Agreement, but only if and to the extent that such agreement is specifically authorized under this Agreement.

“Tax Consultant” means any independent financial or tax consultant retained by the District for the purpose of computing the Special Taxes.

FUNDS AND ACCOUNTS

The following funds and accounts are established pursuant to the Agreement:

Costs of Issuance Fund. A Costs of Issuance Fund is established, as a separate fund to be held by the Fiscal Agent. Monies in the Costs of Issuance Fund shall be held in trust by the Fiscal Agent and shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by an Authorized Officer and delivered to the Fiscal Agent concurrently with the delivery of the Bonds and from time to time thereafter. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of 90 days after the Closing Date and then shall transfer any monies remaining therein, including any investment earnings thereon, to the Special Tax Fund. Monies in the Costs of Issuance Fund shall be invested in Authorized Investments. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

Reserve Fund. A Reserve Fund is established, as a separate fund to be held by the Fiscal Agent, to the credit of which a deposit shall be made equal to the Reserve Requirement as of the Closing Date for the Bonds, and deposits shall thereinafter be made as provided in the Agreement. Monies in the Reserve Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners as a reserve for the payment of principal of, and interest and any premium on, the Bonds and shall be subject to a lien in favor of the Owners. All amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or for the purpose of redeeming Bonds. Monies in the Reserve Fund shall be invested in Authorized Investments. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent shall provide written notice thereof to an Authorized Officer, specifying the amount withdrawn. Whenever, on the Business Day prior to any Interest Payment Date, or on any other date at the request of an Authorized Officer, the amount in the Reserve Fund exceeds the Reserve Requirement (including interest earnings), the Fiscal Agent shall provide written notice to an Authorized Officer of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of interest on and principal of the Bonds on the next Interest Payment Date in accordance with the Agreement. Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall upon the written direction of an Authorized Officer transfer the amount in the Reserve Fund to the Bond Fund to be applied on the next succeeding Interest Payment Date to the payment and redemption, in accordance with the Agreement, as applicable, of all of the Outstanding Bonds. If the amount transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the District to be used for any lawful purpose of the District. Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund pursuant to the Agreement until after (i) the calculation of any amounts due to the federal government pursuant to the Agreement following payment of the Bonds and withdrawal of any such amount from the Reserve Fund for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent. Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to of the Agreement, a proportionate amount in the Reserve Fund (determined on the basis of the principal of Bonds to be redeemed and the original aggregate principal amount of the Bonds) shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to the Agreement. Moneys in the Reserve Fund shall be invested in accordance with the Agreement but only if the amounts remaining on deposit in the Reserve Fund are at least equal to the Reserve Requirement following such transfer. Interest earnings and profits resulting from said investment shall be retained in the Reserve Fund and (to the extent the balance in the Reserve Fund is otherwise equal to or greater than the Reserve Requirement) may at any time be used, at the written direction of an Authorized Officer, for purposes of paying any rebate liability under the Agreement. Amounts not so used shall be transferred to the Bond Fund.

Bond Fund. A Bond Fund is established, as a separate fund to be held by the Fiscal Agent. Within the Bond Fund, the Fiscal Agent shall establish a separate subaccount known as the Special Tax Prepayments Subaccount. Monies in the Bond Fund and the subaccount therein shall be held in trust by the Fiscal Agent for the benefit of the Owners, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners. If amounts in the Bond Fund are insufficient for the purposes set forth above, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund. If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make all of the required payments, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date. Monies in the Special Tax Prepayments Subaccount shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption can timely be given for redemption of Bonds, and shall be used to redeem Bonds on the redemption date selected. Monies in the Bond Fund and the Special Tax Prepayments Subaccount shall be invested in Authorized Investments. Interest earnings and profits resulting from the investment of amounts in the Bond Fund and the Special Tax Prepayments Subaccount shall be retained in the Bond Fund, and the Special Tax Prepayments Subaccount, respectively, to be used for purposes of such fund and accounts.

Special Tax Fund. A Special Tax Fund is established, as a separate fund to be held by the Fiscal Agent, to the credit of which the District will authorize direct deposit of all Special Taxes received by the District. Within the Special Tax Fund, there is established a Special Tax Remainder Account with funds disbursed to it pursuant to the Agreement. Monies in the Special Tax Fund shall be held in trust by the Fiscal Agent for the benefit of the District and the Owners, shall be disbursed as provided below and, pending disbursement, shall be subject to a lien in favor of the Owners and the District. From time to time as needed to pay the obligations of the District, but no later than the Business Day before each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority: (i) the amount or portion thereof, not exceeding $25,500, which an Authorized Officer directs the Fiscal Agent in writing to deposit in the Administrative Expense Fund for payment of Administrative Expenses; (ii) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Special Tax Prepayments Subaccount to the Bond Fund, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on the next Interest Payment Date; (iii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement; and (iv) the amount of Administrative Expenses transferred to the Administrative Expense Fund in excess of the amount previously transferred thereto pursuant to (i) above, as directed in writing by an Authorized Officer. The amounts the Authorized Officer directs the Fiscal Agent to transfer from time to time to the Administrative Expense Fund shall not exceed, in any Fiscal Year, the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses. At any time following the deposit of Special Taxes in an amount sufficient to make payment of all of the foregoing deposits for the current Bond Year, any amounts in excess of such amounts remaining in the Special Tax Fund shall, upon the written direction of an Authorized Officer, be transferred by the Fiscal Agent to the Special Tax Remainder Account to be used for any lawful purpose. In the absence of such written direction, all amounts remaining in the Special Tax Fund on the first day of the succeeding Bond Year shall be retained in the Special Tax Fund and applied to the succeeding Bond Year's Annual Debt Service. Monies in the Special Tax Fund shall be invested in Authorized Investments. Interest earnings and profits resulting from such investment and deposit shall be retained in the Special Tax Fund to be used for the purposes thereof.

Administrative Expense Fund. An Administrative Expense Fund is established, as a separate fund to be held by the Fiscal Agent. Monies in the Administrative Expense Fund shall be held in trust by the Fiscal Agent for the benefit of the School District. Amounts in the Administrative Expense Fund shall be withdrawn by the Fiscal Agent and paid to the District upon receipt by the Fiscal Agent of requisition of an Authorized Officer stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense and the nature of such Administrative Expense. Monies in the Administrative Expense Fund shall be invested in Authorized Investments. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Administrative Expense Fund to be used for the purposes thereof.

ISSUANCE OF ADDITIONAL BONDS

The District may at any time issue one or more series of Additional Bonds, in addition to the Bonds, payable from Net Special Tax Revenues as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

The issuance of such Additional Bonds shall have been authorized under and pursuant to the Act and under and pursuant hereto and shall have been provided for by a Supplemental Agreement which shall specify the following:

The purpose for which such Additional Bonds are to be issued; provided, that the proceeds of the sale of such Additional Bonds shall be applied only for the purpose of (i) providing funds to refund any Bonds issued hereunder, (ii) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and (iii) providing funds to make any deposit to the Reserve Fund required pursuant to paragraph (6) below;

The principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds;

The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, that (i) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on September 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on September 1, (ii) the Additional Bonds shall be payable as to interest semiannually on March 1 and September 1 of each year, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve months and the interest shall be payable thereafter semiannually on March 1 and September 1, (iii) all Additional Bonds of a Series of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

The redemption premiums and terms, if any, for such Additional Bonds;

The form of such Additional Bonds;

The amount to be deposited from the proceeds of sale of such Additional Bonds in the Reserve Fund; provided, that the Reserve Fund shall be increased at the time that such Additional Bonds become Outstanding to an amount at least equal to the Reserve Requirement, and an amount at least equal to the Reserve Requirement shall thereafter be maintained in the Reserve Fund; and

Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

Upon the issuance of such Additional Bonds, the District shall be in compliance with all agreements, conditions, covenants and terms contained herein required to be observed or performed by it; and

Annual Debt Service in each Bond Year, calculated for all Bonds to be Outstanding after the issuance of such Additional Bonds, shall be less than or equal to Annual Debt Service in such Bond Year, calculated for all Bonds Outstanding immediately prior to the issuance of such Additional Bonds.

Nothing contained herein shall limit the issuance of any special tax bonds payable from Special Taxes if, after the issuance and delivery of such special tax bonds, none of the Bonds theretofore issued hereunder will be Outstanding.

At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the District for issuance hereunder and shall be delivered to the Fiscal Agent and thereupon shall be authenticated and delivered by the Fiscal Agent, but only upon receipt by the Fiscal Agent of the following:

A certified copy of the Supplemental Agreement authorizing the issuance of such Additional Bonds;

A Written Request of the District as to the delivery of such Additional Bonds;

An opinion of Bond Counsel substantially to the effect that (i) this Fiscal Agent Agreement and all Supplemental Agreements have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the District, enforceable in accordance with their terms (except as enforcement may be limited by, bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), (ii) such Additional Bonds constitute valid and binding special obligations of the District payable solely from Net Special Tax Revenues as provided herein and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on the Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

The proceeds of the sale of such Additional Bonds; and

Such further documents or money as are required by the provisions hereof or by the provisions of the Supplemental Agreement authorizing the issuance of such Additional Bonds.

So long as any of the Bonds remain Outstanding, the District shall not issue any Additional Bonds or obligations payable from Net Special Tax Revenues on a parity with the Bonds, except pursuant to the Agreement, So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any obligations payable from Net Special Tax Revenues on a basis senior or subordinate to the Bonds.

COVENANTS OF THE DISTRICT

Punctual Payment. The District will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of the Agreement.

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the District shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest is extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded shall not be entitled, in case of default thereunder, to the benefits of the Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest that have not been so extended or funded.

Against Encumbrances. The District shall not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts or funds pledged to the Bonds superior to or on a parity with the pledge and lien therein created for the benefit of the Bonds, except as permitted by the Agreement.

Books and Records. The District shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Fund and the Special Tax Fund, and to the Special Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing during business hours with reasonable notice.

Protection of Security and Rights of Owners. The District shall preserve and protect the security of the Bonds and the rights of the Owners, and shall warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the District, the Bonds shall be incontestable by the District.

Collection of Special Taxes. The District shall comply with all requirements of the Act so as to assure the timely collection of Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

Covenant to Foreclose. The District covenants that it shall order, and cause to be commenced, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the Fiscal Agent Agreement.

Further Assurances. The District shall adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Agreement.

Private Activity Bond Limitations. The District shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Rebate Requirement. The District shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section applies to the Bonds. The Fiscal Agent may rely conclusively upon the District's determinations, calculations and certifications required by this Section. The Fiscal Agent shall have no responsibility to independently make any calculation or determination or to review the District's calculations hereunder.

If necessary, the District may use amounts in the Reserve Fund, amounts on deposit in the Administrative Expense Fund, and any other funds available to the District (except amounts required to pay Debt Service on the Bonds, including amounts advanced by the District, in its sole discretion, to be repaid by the District as soon as practicable from amounts described in the preceding clauses, to satisfy its obligations under the Agreement. An Authorized Officer shall take note of any investment of monies hereunder in excess of the yield on the Bonds, and shall take such actions as are necessary to ensure compliance, such as increasing the portion of the Special Tax levy for Administrative Expenses as appropriate to have funds available in the Administrative Expense Fund to satisfy any rebate liability under the Agreement.

No Arbitrage. The District shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Yield of the Bonds. In determining the yield of the Bonds, the District will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the District, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments for redemption of the Bonds, without regard to whether or not prepayments are received or Bonds redeemed.

Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Continuing Disclosure to Owners. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered a default hereunder; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the District of its obligations thereunder, including seeking mandate or specific performance by court order.

Reduction of Special Taxes. The District covenants and agrees to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the District below an amount, for any Fiscal Year, equal to 110% of the aggregate of the debt service due on the Bonds in such Fiscal Year, plus a reasonable estimate of Administrative Expenses for such Fiscal Year. It is hereby acknowledged that Bondowners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds. The District shall not initiate proceedings under the Act to modify the Rate and Method of Apportionment if such modification would adversely affect the security for the Bonds. If an initiative or referendum is proposed that purports to modify the Rate and Method of Apportionment in a manner that would adversely affect the security for the Bonds, the District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method of Apportionment in a manner that would adversely affect the security for the Bonds.

Limits on Special Tax Waivers and Bond Tenders. The District covenants not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare a Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of Owners of the Bonds and further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the District having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds remaining Outstanding following such tender, assuming Special Taxes are levied in the future, as provided hereunder.

INVESTMENTS

Monies in any fund or account created or established by the Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Authorized Investments, as directed pursuant to the written direction of an Authorized Officer. In the absence of any such written direction, the Fiscal Agent shall invest, to the extent reasonably practicable, any such monies in the Authorized Investment described in paragraph (f) of the definition thereof, and otherwise hold such amounts uninvested. Obligations purchased as an investment of monies in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of the Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

LIABILITY OF THE DISTRICT

The District shall not incur any responsibility in respect of the Bonds or the Agreement other than in connection with the duties or obligations explicitly therein or in the Bonds assigned to or imposed upon it. The District shall not be liable in connection with the performance of its duties thereunder, except for its own negligence or willful default. The District shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent therein or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder. No provision of the Agreement shall require the District to expend or risk its own general funds or otherwise incur any financial liability in the performance of any of its obligations thereunder, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

MODIFICATION OR AMENDMENT OF THE AGREEMENT

The Agreement and the rights and obligations of the District and of the Owners may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting of the Owners, of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the District of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Agreement), or (iii) reduce the percentage of Bonds required for the amendment thereof. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Agreement and the rights and obligations of the District and of the Owners may also be modified or amended at any time by a Supplemental Agreement without the consent of any Owners only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the District in the Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power therein reserved to or conferred upon the District;

(B) to make modifications not adversely affecting any outstanding series of Bonds of the District in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Agreement, or in regard to questions arising under the Agreement, as the District and the Fiscal Agent may deem necessary or desirable, so long as the provisions are not inconsistent with the Agreement and do not adversely affect the rights of the Owners in any material respect;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from gross federal income taxation of interest on the Bonds; and

(E) to modify, alter or amend the rate and method of apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum annual Special Taxes that may be levied in each year on developed property within the District to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the Bonds Outstanding as of the date of such amendment and any Parity Bonds reasonably expected to be issued.

DISCHARGE OF AGREEMENT

The District has the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money that, together with the amounts then on deposit in the funds and accounts provided for in the Bond Fund and the Reserve Fund, is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the District determines as confirmed by Bond Counsel or an independent certified public accountant, will, together with the interest to accrue thereon and monies then on deposit in the fund and accounts provided for in the Bond Fund and the Reserve Fund, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the District takes any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof and notice of such redemption has been given as provided in the Agreement or the District has made provision for the giving of such notice satisfactory to the Fiscal Agent, then, at the election of the District, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Agreement and all other obligations of the District under the Agreement with respect to such Outstanding Bonds shall cease and terminate. The District shall file notice of such election with the Fiscal Agent. Notwithstanding the foregoing, the District will still be obligated to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, all amounts owing to the Fiscal Agent and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Upon compliance by the District with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent that are not required for the purposes of the preceding paragraph shall be paid over to the District and any Special Taxes thereafter received by the District shall not be remitted to the Fiscal Agent but shall be retained by the District to be used for any purpose permitted under the Act.

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APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Securities (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the "Agent") takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated

subsidiaries. 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 a Standard & Poor's rating of AA+. 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. *The information contained on this Internet site is not incorporated herein by reference.*

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

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the 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 Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

$7,335,000
COMMUNITY FACILITIES DISTRICT NO. 2002-2
OF THE MENIFEE UNION SCHOOL DISTRICT
2013 SPECIAL TAX REFUNDING BONDS

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by Community Facilities District No. 2002-2 of the Menifee Union School District (the "District") in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds are being issued pursuant to a Fiscal Agent Agreement dated as of January 1, 2013 (the "Fiscal Agent Agreement"), by and between the District and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"). The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is six months after the end of the District's fiscal year (currently December 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means Dolinka Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement dated January 22, 2013, executed by the District in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing December 31, 2013, with the report for the 2012-13 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. The audited financial statements of the District may be included within or constitute a portion of the audited financial statements of the Menifee Union School District. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the District does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following documents and information:

(a) The Menifee Union School District's audited financial statements for the most recently completed fiscal year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, together with the following statement:

THE SCHOOL DISTRICT'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE DISTRICT OR THE SCHOOL DISTRICT, OTHER THAN NET SPECIAL TAXES, ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND NEITHER THE DISTRICT NOR THE SCHOOL DISTRICT IS OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE DISTRICT OR THE SCHOOL DISTRICT IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) To the extent not included in the audited financial statements, the following information:

(i) Total assessed value (per the County Assessor's records) of all parcels currently subject to the Special Tax within the District, showing the total assessed valuation for all land and the total assessed valuation for all improvements within the District and distinguishing between the assessed value of improved and unimproved parcels. Parcels are considered improved if there is an assessed value for the improvements in the Assessor's records.

(ii) Information regarding the annual special taxes levied in the District (which is to include the maximum annual special tax and the actual annual special tax levy) in the current fiscal year, the amount collected with respect to the prior fiscal year, the total dollar amount of delinquencies, if any, in the District as of August 1 of the prior calendar year and, in the event that the total delinquencies within the District as of August 1 in the prior calendar year exceed 5% of the Special Tax for the previous fiscal year, delinquency information for each parcel responsible for more than $7,500 in the payment of Special Tax, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

(iii) The amount of prepayments of the Special Tax with respect to the District for the prior Fiscal Year.

(iv) A land ownership summary listing property owners responsible for more than 5% of the annual Special Tax levy, as shown on the County Assessor's last equalized tax roll prior to the September next preceding the Annual Report Date.

(v) The principal amount of the Bonds outstanding and the balance in the Reserve Fund (along with a statement of the Reserve Requirement) as of the September 30 next preceding the Annual Report Date.

(vi) The balance in the Special Tax Fund as of a date within 60 days preceding the date of the Annual Report.

(vii) An updated table in substantially the form of the table in the Official Statement entitled "Table 4, Assessed Values and Value-to-Burden Ratios Allocated by Value-to-Burden Category" based upon the most recent equalized tax roll prior to the September next preceding the Annual Report Date.

(viii) Any changes to the Rate and Method of Apportionment of Special Tax for the District.

(ix) A copy of the most recent annual information required to be filed by the District with the California Debt and Investment Advisory Commission pursuant to the Act and relating generally to outstanding District bond amounts, fund balances, assessed values, special tax delinquencies and foreclosure information.

(c) In addition to any of the information expressly required to be provided under paragraph (b) above, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District, or the sale of all or substantially all of the assets of the District (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.

(b) Upon the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above 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 under the Fiscal Agent Agreement.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be Dolinka Group, LLC.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. If the District 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 Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its 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 negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Property Owner, the Fiscal Agent, the Bond owners or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: February 6, 2013

COMMUNITY FACILITIES DISTRICT NO. 2002-2
OF THE MENIFEE UNION SCHOOL DISTRICT

By: ______________________________

Robert Wolfe
Assistant Superintendent, Business Services
Menifee Union School District, on behalf
of Community Facilities District No. 2002-2
of the Menifee Union School District

AGREED AND ACCEPTED:
Dolinka Group, LLC
as Dissemination Agent

By: ______________________________
Name: ______________________________
Title: ______________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Community Facilities District No. 2002-2 of the Menifee Union School District (the "District")
Name of Bond Issue:	Community Facilities District No. 2002-2 of the Menifee Union School District 2013 Special Tax Refunding Bonds
Date of Issuance:	February 6, 2013

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated February 6, 2013, executed by the District and countersigned by Dolinka Group, LLC, as dissemination agent. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______

DISSEMINATION AGENT:

Dolinka Group, LLC

By: ___________________________
Its: ___________________________

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

February 6, 2013

Board of Education
Menifee Union School District
30205 Menifee Road
Menifee, California 92584

Re: Community Facilities District No. 2002-2 of the Menifee Union School District, 2013 Special Tax Refunding Bonds (Final Opinion)

Dear Board Members:

We have acted as bond counsel for the Menifee Union School District (the "District") in connection with proceedings for the issuance and sale of $7,335,000 aggregate principal amount of 2013 Special Tax Refunding Bonds (the "Bonds") of Community Facilities District No. 2002-2 of the District (the "CFD"). The Bonds are designated 2013 Special Tax Refunding Bonds; are in the denomination of $5,000, or any integral multiple thereof; are dated February 6, 2013; bear interest payable semiannually at the rates and mature on September 1 in the years and in the amounts, as follows:

Maturity Date (September 1)	Principal Amount	Interest Rate
Serial Bonds:		
2013	$215,000.00	1.000%
2014	250,000.00	1.375
2015	250,000.00	1.750
2016	255,000.00	2.000
2017	260,000.00	2.375
2018	265,000.00	3.000
2019	275,000.00	3.000
2020	285,000.00	3.000
2021	290,000.00	3.250
2022	300,000.00	3.500
2023	310,000.00	3.625
2024	325,000.00	3.750

Maturity Date (September 1)	Principal Amount	Interest Rate
2025	335,000.00	4.000
2026	350,000.00	4.000
2027	365,000.00	4.000
2028	375,000.00	4.125
2029	395,000.00	4.125
2030	410,000.00	4.250
2031	425,000.00	4.250
Term Bonds:		
2034	1,400,000.00	5.000
	$7,335,000.00	

Both the principal of and interest on the Bonds are payable in lawful money of the United States of America. Interest on the Bonds is payable to the registered owner on March 1 and September 1 of each year commencing September 1, 2013, by check of the Fiscal Agent, U.S. Bank National Association, at the address shown on the registration books as of the fifteenth day of the month preceding such payment date. Principal and interest at maturity are payable upon surrender at the principal corporate trust office of the Fiscal Agent in Los Angeles, California.

The Bonds are issued pursuant to the provisions of Title 5, Division 2, Part 1, Chapter 2.5 of the Government Code, authorized by a resolution adopted on January 8, 2013 (the "Resolution") of the Board of Education of the District acting as the legislative body of the CFD, and a Fiscal Agent Agreement, dated as of January 1, 2013, by and between the CFD and the Fiscal Agent (the "Fiscal Agent Agreement").

We have examined the Resolution, the Fiscal Agent Agreement, and other legal proceedings required for the issuance of the Bonds. Based on such review, in our opinion such proceedings show lawful authority for the issuance of the Bonds by the CFD under the Constitution and laws of the State of California now in force, and the Bonds are valid and legally binding obligations of the CFD, enforceable in accordance with their terms, except as moratorium, reorganization or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases. The Bonds are payable from the proceeds of a special tax to be levied by the CFD and other amounts as provided in the Fiscal Agent Agreement.

We are of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of California, and, assuming compliance by the CFD with the covenants in the Fiscal Agent Agreement designed to meet the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), we are further of the opinion that, under existing law, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code on individuals and corporations.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken or do occur.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

Very truly yours,

RUTAN & TUCKER, LLP

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APPENDIX G

COMMUNITY FACILITIES DISTRICT BOUNDARY MAP

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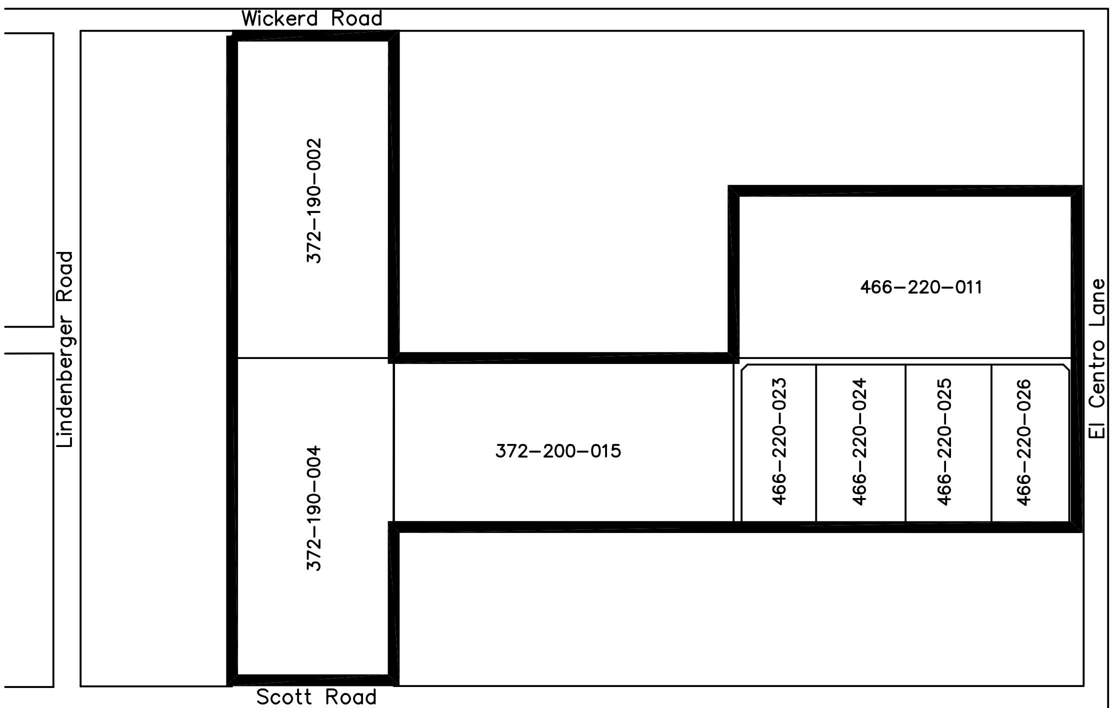
PROPOSED BOUNDARIES OF

MENIFEE UNION SCHOOL DISTRICT

COMMUNITY FACILITIES DISTRICT NO. 2002-2

RIVERSIDE COUNTY
STATE OF CALIFORNIA



(1) Filed in the office of the Clerk of the Board this ____ day of ________, 20____.

____

Clerk of the Board

(2) I hereby certify that the within map showing the proposed boundaries of Community Facilities District No. 2002-2, Riverside County, State of California, was approved by the Governing Board at a regular meeting thereof, held on this______ day of _________, 20____, by its Resolution No. __________.

____

Clerk of the Board

(3) Filed this _____ day of _________, 20____, at the hour of _____ o'clock __m, in Book ______ of Maps of Assessment and Community Facilities Districts at page ______ and as Instrument No. ______, in the office of the County Recorder of Riverside County, State of California.

____

County Recorder of Riverside County

Reference is hereby made to the Assessor maps of the County of Riverside for an exact escription of the lines and dimensions of each lot and parcel.

N

LEGEND

(thick line)	Boundaries of Community Facilities District No. 2002-2
(thin line)	Assessor Parcel Boundaries
nnn-nnn-nnn	Assessor Parcel Number

PREPARED BY
DAVID TAUSSIG & ASSOCIATES, INC.

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APPENDIX H

PARCEL LISTING

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Menifee Union School District
Community Facilities District No. 2002-2
Parcel by Parcel Listing

APN	Property Owner	Property Owner	Asessed Value Land	Asessed Value Improvement	Asessed Value Other	Asessed Value Total	Value to Burden Ratio [1]	Year of Last Transfer
372-320-001-8	GABRIEL V GONZALES	NICOLE R GONZALES	$75,000.00	$226,000.00	$0.00	$301,000.00	8.01	2008
372-320-002-9	WILLIAM J EDWARDS	JILLIAN A EDWARDS	$76,000.00	$235,000.00	$0.00	$311,000.00	8.28	2009
372-320-003-0	ELIZABETH C VARELA		$79,000.00	$237,000.00	$0.00	$316,000.00	7.90	2008
372-320-004-1	JOHN VALLEY	SHIRLEY M VALLEY	$80,000.00	$246,000.00	$0.00	$326,000.00	8.15	2010
372-320-005-2	RAM RAJU	SUMAN L RAJU	$71,937.00	$215,812.00	$0.00	$287,749.00	7.66	2009
372-320-006-3	MARK JOSEPH WEBER	KIMBERLY JEANETTE WEBER	$65,000.00	$182,000.00	$0.00	$247,000.00	8.41	2005
372-320-007-4	MARIO GONZALEZ		$74,000.00	$177,000.00	$0.00	$251,000.00	7.90	2007
372-320-008-5	SKY MESA PARTNERSHIP		$70,000.00	$150,000.00	$0.00	$220,000.00	7.50	2012
372-320-009-6	IOANNIS TSAKONAS		$76,000.00	$198,000.00	$0.00	$274,000.00	7.97	2005
372-320-010-6	GREG JEFFORY STUCKY		$77,000.00	$224,000.00	$0.00	$301,000.00	8.01	2005
372-320-011-7	MICHAEL G RIZZO II		$84,000.00	$176,000.00	$0.00	$260,000.00	6.92	2008
372-320-012-8	STEVEN R MARASCO		$66,000.00	$208,000.00	$0.00	$274,000.00	7.97	2005
372-320-013-9	ALISA RENEE MIRANDA		$75,000.00	$236,000.00	$0.00	$311,000.00	8.28	2010
372-320-014-0	BANK OF NEW YORK MELLON		$71,400.00	$224,400.00	$0.00	$295,800.00	7.87	2012
372-320-015-1	HOMER P LAYUG	MERLITA D LAYUG	$78,000.00	$238,000.00	$0.00	$316,000.00	7.90	2005
372-320-016-2	ROBERT FANZO	JESSICA FANZO	$74,000.00	$227,000.00	$0.00	$301,000.00	8.01	2012
372-320-017-3	SHELIA STEVENS DUFFEY		$75,000.00	$226,000.00	$0.00	$301,000.00	8.01	2005
372-320-018-4	AURORA S FONG		$82,214.00	$231,227.00	$0.00	$313,441.00	7.84	2010
372-320-019-5	RITA DEBENEDICTIS		$70,000.00	$179,000.00	$0.00	$249,000.00	8.48	2011
372-320-020-5	RONALD D MARTIN	BEVERLY MARTIN	$71,937.00	$154,151.00	$0.00	$226,088.00	7.12	2009
372-320-021-6	MICHAEL D HODGE	JOCELYN C HODGE	$78,000.00	$158,000.00	$0.00	$236,000.00	8.04	2005
372-320-022-7	UBENSE PEREZ	WENDY PEREZ	$81,000.00	$220,000.00	$0.00	$301,000.00	8.01	2012
372-320-023-8	JOSE M ANGELES	JOAN C ANGELES	$79,000.00	$237,000.00	$0.00	$316,000.00	7.90	2005
372-320-024-9	GRACELLEN C GOODMAN		$60,000.00	$251,000.00	$0.00	$311,000.00	8.28	2009
372-320-025-0	DAT QUANG HO	ROCIO LLANES RUBALCABA	$72,000.00	$239,000.00	$0.00	$311,000.00	8.28	2005
372-320-026-1	KEVIN PHUC LE	NIKOLE NHA TONG	$69,000.00	$257,000.00	$0.00	$326,000.00	8.15	2005
372-320-027-2	JULIO E METRA	ROSALINDA M METRA	$80,000.00	$221,000.00	$0.00	$301,000.00	8.01	2005
372-320-028-3	FRANCO S HERRERO	SHEILA A HERRERO	$90,000.00	$209,000.00	$0.00	$299,000.00	7.96	2011
372-320-029-4	KAREN MUI VONG		$78,000.00	$248,000.00	$0.00	$326,000.00	8.15	2010
372-320-030-4	WILLIAM ROSCOE DAUGHERTY II	JOSEPH R DAUGHERTY	$71,937.00	$215,812.00	$0.00	$287,749.00	7.66	2009
372-320-031-5	DAVID PRICE	CHRISTINE PRICE	$107,000.00	$194,000.00	$0.00	$301,000.00	8.01	2008
372-320-032-6	NATHAN A JOHNSON	APRIL L JOHNSON	$74,000.00	$163,000.00	$0.00	$237,000.00	8.07	2005
372-320-033-7	MARVIN R OLSEN	CHRIS OLSEN	$77,000.00	$161,000.00	$0.00	$238,000.00	7.49	2005
372-320-034-8	SGC INV		$70,000.00	$150,000.00	$0.00	$220,000.00	7.50	2012
372-320-035-9	LYDA SANG KITHIRAJ		$81,000.00	$193,000.00	$0.00	$274,000.00	7.97	2010
372-320-036-0	JUSTIN RAY VANDERWOUDE	YVONNE B VANDERWOUDE	$76,000.00	$240,000.00	$0.00	$316,000.00	7.90	2005
372-320-037-1	JOSEPH COUSIMANO II		$88,000.00	$213,000.00	$0.00	$301,000.00	8.01	2009
372-320-038-2	JOHN D ULRICH	TRUDY C ULRICH	$76,000.00	$225,000.00	$0.00	$301,000.00	8.01	2005
372-320-039-3	MICHAEL SCOTT HEUER		$76,000.00	$184,000.00	$0.00	$260,000.00	8.18	2005
372-320-040-3	JOSAN FENTY		$70,000.00	$213,500.00	$0.00	$283,500.00	8.92	2011
372-320-041-4	SHAWN P HUDELSON	ANGELIC M HUDELSON	$72,000.00	$239,000.00	$0.00	$311,000.00	8.28	2005
372-320-042-5	CHRISTOPHER FARAH		$70,000.00	$241,000.00	$0.00	$311,000.00	8.28	2009
372-320-043-6	DANILO M MONZON	ELOISA S MONZON	$82,000.00	$234,000.00	$0.00	$316,000.00	7.90	2009
372-320-044-7	GILBERTO NAVARRO	ARACELI NAVARRO	$78,000.00	$206,000.00	$0.00	$284,000.00	8.26	2005
372-320-045-8	ANNA MARIE KIMBLE		$72,000.00	$181,000.00	$0.00	$253,000.00	7.36	2006
372-320-046-9	WILLIAM R WILLOUGHBY		$92,271.00	$143,533.00	$0.00	$235,804.00	8.03	2008
372-320-047-0	JOHN HUECKER	AMY HUECKER	$75,000.00	$234,000.00	$0.00	$309,000.00	8.22	2008
372-320-048-1	RANDY C HUGHES	ROBIN A LANGDON	$71,937.00	$200,911.00	$0.00	$272,848.00	7.26	2009

372-320-049-2	TYSON P HAMMANG	NATASHIA M HAMMANG	$66,000.00	$245,000.00	$0.00	$311,000.00	8.28	2010
372-320-050-2	SAUL SANTOS	BERTHA CRUZ	$69,000.00	$181,000.00	$0.00	$250,000.00	7.87	2005
372-320-051-3	GAUDENCIO E METRA	CORAZON E METRA	$82,000.00	$219,000.00	$0.00	$301,000.00	8.01	2005
372-320-052-4	ROBERT M RAMIREZ	CLORINDA E RAMIREZ	$90,000.00	$226,000.00	$0.00	$316,000.00	7.90	2012
372-320-053-5	JOHN RUNDELL		$76,000.00	$225,000.00	$0.00	$301,000.00	8.01	2006
372-320-054-6	ROBERT MURRAY	MARILYN B MURRAY	$65,000.00	$261,000.00	$0.00	$326,000.00	8.15	2012
372-320-055-7	GEORGE A RAMIREZ	LINDA G RAMIREZ	$72,000.00	$202,000.00	$0.00	$274,000.00	7.97	2006
372-320-056-8	CLELIA I FLESHER		$80,000.00	$194,000.00	$0.00	$274,000.00	7.97	2010
372-320-057-9	BRADLEY KELLEY OLSON		$72,000.00	$163,000.00	$0.00	$235,000.00	8.01	2010
372-330-001-9	JOEL BUTTON	LYNNE BUTTON	$40,000.00	$205,000.00	$0.00	$245,000.00	8.35	2006
372-330-002-0	ERNESTO OROSCO		$84,000.00	$217,000.00	$0.00	$301,000.00	8.01	2008
372-330-003-1	JOHN MCCAFFERY		$71,766.00	$223,501.00	$0.00	$295,267.00	7.86	2009
372-330-004-2	REFUGIO R ESTRADA	GRISELDA P ESTRADA	$69,000.00	$239,000.00	$0.00	$308,000.00	8.20	2012
372-330-005-3	SUSAN MCCOY		$70,000.00	$241,000.00	$0.00	$311,000.00	8.28	2007
372-330-006-4	MOHAMMAD ABDELKARIM	NAJIAH ABDELKARIM	$100,000.00	$201,000.00	$0.00	$301,000.00	8.01	2008
372-330-007-5	VICTOR D GOOCHEY	DONNA GOOCHEY	$67,000.00	$235,000.00	$0.00	$302,000.00	7.55	2005
372-330-008-6	CADE BURNS	KRISTIN ANKRUM	$56,000.00	$194,000.00	$0.00	$250,000.00	7.87	2008
372-330-009-7	CHARLES KNAPP	CHARLES G KNAPP	$70,000.00	$210,000.00	$0.00	$280,000.00	7.45	2011
372-330-010-7	AYYOUB SABRI AWWAD		$81,000.00	$222,000.00	$0.00	$303,000.00	8.06	2006
372-330-011-8	WESLEY HANKINS		$75,000.00	$177,000.00	$0.00	$252,000.00	7.93	2007
372-330-012-9	ABDELHAFIZ AWAD	JALILAH AWAD	$76,000.00	$225,000.00	$0.00	$301,000.00	8.01	2006
372-330-013-0	JAMES L TAYLOR	CELESTE TAYLOR	$69,000.00	$205,000.00	$0.00	$274,000.00	7.97	2006
372-330-014-1	UMBERTO CANO	MARTHA P CANO	$63,000.00	$211,000.00	$0.00	$274,000.00	7.97	2012
372-330-015-2	ALI OMAR		$79,000.00	$222,000.00	$0.00	$301,000.00	9.36	2008
372-330-016-3	MARC T FERGUSON	SARAH R CALER	$61,000.00	$213,000.00	$0.00	$274,000.00	7.97	2008
372-330-017-4	CHARLES SCHMIDT	ELIZABETH SCHMIDT	$69,000.00	$232,000.00	$0.00	$301,000.00	8.01	2006
372-330-018-5	DONALD H AMIGLIORE	MARIE AMIGLIORE	$76,000.00	$225,000.00	$0.00	$301,000.00	8.01	2006
372-330-019-6	RONILO T CAYANAN SR		$69,000.00	$205,000.00	$0.00	$274,000.00	7.97	2009
372-330-020-6	ELVIS P SOLIVEN	JULIA V SOLIVEN	$69,000.00	$233,000.00	$0.00	$302,000.00	8.04	2006
372-330-021-7	MICHAEL R FUENTES		$73,000.00	$228,000.00	$0.00	$301,000.00	8.01	2006
372-330-022-8	CRYSTAL S NASIO		$55,000.00	$180,000.00	$0.00	$235,000.00	8.01	2007
372-330-023-9	JAMES KHANH PHAT TRUONG		$76,000.00	$225,000.00	$0.00	$301,000.00	9.47	2010
372-330-024-0	BANK OF NEW YORK MELLON		$71,400.00	$260,100.00	$0.00	$331,500.00	8.29	2012
372-330-025-1	THOMSON MANIVANH	SAY SENGSOUNY	$68,000.00	$233,000.00	$0.00	$301,000.00	8.01	2009
372-330-026-2	DANIEL RODRIGUEZ	JASMINE RODRIGUEZ	$75,000.00	$236,000.00	$0.00	$311,000.00	8.28	2006
372-330-027-3	ANTONIO DIMARCO PATINO		$69,000.00	$247,000.00	$0.00	$316,000.00	7.90	2006
372-330-028-4	MARVIN I FORMOSO	MARICAR R FORMOSO	$75,000.00	$226,000.00	$0.00	$301,000.00	8.01	2006
372-330-029-5	GEORGE J ACEBEDO	TERESITA B ACEBEDO	$72,000.00	$202,000.00	$0.00	$274,000.00	7.97	2006
372-330-030-5	GLORIA L BONGOLAN	BERNABE A BONGOLAN	$70,000.00	$180,000.00	$0.00	$250,000.00	7.87	2006
372-330-031-6	ORHAN SENGUL	MARY ROSE SENGUL	$76,000.00	$235,000.00	$0.00	$311,000.00	8.28	2006
372-330-032-7	ISIDRO GOMEZ	HILDA GOMEZ	$74,000.00	$238,000.00	$0.00	$312,000.00	8.30	2006
372-330-033-8	FRANK SARTINI		$73,000.00	$201,000.00	$0.00	$274,000.00	7.97	2006
372-330-034-9	NICOLA K GUNIEMS		$71,400.00	$282,402.00	$0.00	$353,802.00	8.84	2011
372-330-035-0	ROBERT CHAD STUART	DIANNE CARMEN STUART	$71,400.00	$234,498.00	$0.00	$305,898.00	9.63	2011
372-330-036-1	VICTOR J ANDRADE	MARTHA ANDRADE	$84,000.00	$227,000.00	$0.00	$311,000.00	8.28	2009
372-330-037-2	MICHELLE GOLD		$72,000.00	$239,000.00	$0.00	$311,000.00	8.28	2006
372-330-038-3	JOHN DEWAYNE ANDERSON		$83,000.00	$229,000.00	$0.00	$312,000.00	8.30	2009
372-331-001-2	LESLIE EUGENE MCINTOSH II	VELMA RENEE MCINTOSH	$71,000.00	$241,000.00	$0.00	$312,000.00	8.30	2006

372-331-002-3	JUNE TEECHER		$71,000.00	$230,000.00	$0.00	$301,000.00	8.01	2006
372-331-003-4	DAN PARKER		$73,000.00	$203,000.00	$0.00	$276,000.00	8.03	2006
372-331-004-5	MOHAMMAD ABDELKARIM	NAJIH ABDELKARIM	$78,000.00	$223,000.00	$0.00	$301,000.00	8.01	2006
372-331-005-6	VIRETTA P PERRY		$67,000.00	$217,000.00	$0.00	$284,000.00	8.26	2006
372-331-006-7	BART G DESIRELLO	KAREN D DESIRELLO	$67,000.00	$235,000.00	$0.00	$302,000.00	8.04	2006
372-331-007-8	GREGORY DAVID MOORE	TOI LAJUNE MOORE	$77,000.00	$225,000.00	$0.00	$302,000.00	8.04	2006
372-331-008-9	PERRY WILLIAM ROUMBOS	VICKY I ROUMBOS	$83,000.00	$219,000.00	$0.00	$302,000.00	8.04	2008
372-331-009-0	MATTHEW D WEISE	JENNIFER HOLLINGSWORTH	$79,000.00	$247,000.00	$0.00	$326,000.00	8.15	2008
372-331-010-0	WILMA Q DIVINAGRACIA	PERCIVAL A DIVINAGRACIA	$80,000.00	$222,000.00	$0.00	$302,000.00	8.04	2012
372-331-011-1	ROLAND DILLON	SANDRA DILLON	$70,000.00	$175,000.00	$0.00	$245,000.00	8.35	2011
372-331-012-2	MICHAEL L MIZAK	JERI L MIZAK	$78,000.00	$224,000.00	$0.00	$302,000.00	8.04	2006
372-331-013-3	GEORGE H BURGHART	NANCY M BURGHART	$66,000.00	$171,000.00	$0.00	$237,000.00	8.07	2008
372-331-014-4	JOSEPH DIMAANO	STELLA DIMAANO	$68,000.00	$233,000.00	$0.00	$301,000.00	8.01	2006
372-331-015-5	ROXANNA M GALEANO CABRERA	JUAN F CABRERA	$67,000.00	$245,000.00	$0.00	$312,000.00	8.30	2006
372-331-016-6	JOHN MICHAEL HUGHES	SHIRLEY ANN HUGHES	$71,400.00	$165,240.00	$0.00	$236,640.00	7.45	2011
372-331-017-7	LIELAND JARAVATA	ALMA JARAVATA	$78,000.00	$223,000.00	$0.00	$301,000.00	8.01	2006
372-331-018-8	US BANK NATL ASSN		$75,000.00	$241,000.00	$0.00	$316,000.00	7.90	2008
372-331-019-9	SUSANNA FLORES		$68,000.00	$182,000.00	$0.00	$250,000.00	7.87	2006
372-340-001-0	DEAN WILSON		$82,214.00	$208,618.00	$0.00	$290,832.00	7.74	2010
372-340-002-1	SCOTT MICHAEL JENSEN	KATIESHA JENSEN	$71,400.00	$216,240.00	$0.00	$287,640.00	7.19	2011
372-340-003-2	YU ZHANG	LING SHAO	$90,000.00	$211,000.00	$0.00	$301,000.00	8.01	2009
372-340-004-3	CRISTINA GONZALEZ	LAWRENCE HUGGINS	$76,000.00	$225,000.00	$0.00	$301,000.00	8.01	2010
372-340-005-4	HAZEL MILES		$67,000.00	$235,000.00	$0.00	$302,000.00	8.04	2008
372-340-006-5	GARY M HOWELL	PATRICIA K HOWELL	$73,000.00	$201,000.00	$0.00	$274,000.00	7.97	2010
372-340-007-6	ARCHIE RODIA	SABRINA RODIA	$67,000.00	$234,000.00	$0.00	$301,000.00	8.01	2009
372-340-008-7	FRANCIS VALLIER	SANDRA L VALLIER	$83,000.00	$228,000.00	$0.00	$311,000.00	8.28	2006
372-340-009-8	JAMES L DURRETT	KAY L DURRETT	$73,000.00	$229,000.00	$0.00	$302,000.00	8.04	2006
372-340-010-8	RYAN DABE	CHARITY DABE	$71,400.00	$234,600.00	$0.00	$306,000.00	8.14	2011
372-340-011-9	GREGORY MAYO	DEBORAH MAYO	$71,000.00	$190,000.00	$0.00	$261,000.00	8.21	2006
372-340-012-0	JOSEPH LOUIS RESKO		$70,000.00	$225,000.00	$0.00	$295,000.00	7.85	2011
372-340-013-1	GLORIA J DUMAS	FREDERIC W DUMAS	$73,000.00	$238,000.00	$0.00	$311,000.00	8.28	2006
372-340-014-2	PAUL DALE LINDLEY	WANDA VERUE LINDLEY	$66,000.00	$241,000.00	$0.00	$307,000.00	8.17	2009
372-340-015-3	STELLA V HERRERA	BARBARA SOLIMENO	$70,000.00	$200,000.00	$0.00	$270,000.00	7.85	2011
372-340-016-4	SARA FLORES RUBIO		$85,000.00	$223,000.00	$0.00	$308,000.00	8.20	2005
372-340-017-5	DAVID KURYLOWICZ		$76,000.00	$235,000.00	$0.00	$311,000.00	8.28	2005
372-340-018-6	GEMMA PHILBERT		$76,000.00	$240,000.00	$0.00	$316,000.00	7.90	2008
372-340-019-7	DANIEL CHRISTOPHER NUNEZ	DANIELLE MORGAN NUNEZ	$71,400.00	$248,880.00	$0.00	$320,280.00	8.52	2011
372-340-020-7	RICHARD RODRIGUEZ	FRANCISCA RODRIGUEZ	$74,000.00	$200,000.00	$0.00	$274,000.00	7.97	2006
372-340-021-8	ROMEO H MOE	ANGELINA C MOE	$76,000.00	$225,000.00	$0.00	$301,000.00	8.01	2006
372-341-001-3	EDUARDO G VILLEGAS		$70,000.00	$180,000.00	$0.00	$250,000.00	7.87	2009
372-341-002-4	W PAULETTE POWELL	MICHAEL POWELL	$65,000.00	$195,000.00	$0.00	$260,000.00	8.18	2005
372-341-003-5	DANIEL HARPER	PEPERR HARPER	$76,000.00	$235,000.00	$0.00	$311,000.00	8.28	2005
372-341-004-6	MONET J ENTRICAN	ROBERT J ENTRICAN	$72,000.00	$254,000.00	$0.00	$326,000.00	8.15	2005
372-341-005-7	JUSTINA THUYEN PHOMPHAKDY	NARM PHOMPHAKDY	$77,000.00	$239,000.00	$0.00	$316,000.00	7.90	2005
372-341-006-8	ANDRES MENDOZA	MARIA D MENDOZA	$76,000.00	$225,000.00	$0.00	$301,000.00	8.01	2007
372-341-007-9	SCOTT R FULLMER		$81,000.00	$220,000.00	$0.00	$301,000.00	8.01	2005
372-341-008-0	DALIP SINGH SETHI		$70,000.00	$190,000.00	$0.00	$260,000.00	6.92	2011

372-341-009-1	DENNIS TAKCHUEN WONG	SIU YIN CHOI	$81,000.00	$220,000.00	$0.00	$301,000.00	8.01	2005
372-341-010-1	GLORIA JEAN COMMISSO		$70,000.00	$209,000.00	$0.00	$279,000.00	8.87	2011
372-341-011-2	CARL W COLEMAN	DOROTHY J COLEMAN	$76,000.00	$240,000.00	$0.00	$316,000.00	7.90	2006
372-341-012-3	JOHN RESKO	MICHELLE RESKO	$73,000.00	$245,000.00	$0.00	$318,000.00	8.46	2006
372-341-013-4	DONALD J LEICHT	LYNN A LEICHT	$75,000.00	$199,000.00	$0.00	$274,000.00	7.97	2006
372-341-014-5	JASON W MOORE	BLAIR E MOORE	$78,000.00	$243,000.00	$0.00	$321,000.00	8.02	2010
372-341-015-6	JEFFRY L BOWMAN	SHARON BOWMAN	$131,816.00	$197,730.00	$0.00	$329,546.00	8.77	2006
372-341-016-7	EULOGIO ARIZALA	LUZ MARIA ARIZALA	$77,000.00	$197,000.00	$0.00	$274,000.00	7.97	2010
466-370-001-9	MELISSA A BURNELL	MATT G BURNELL	$48,000.00	$249,000.00	$0.00	$297,000.00	7.90	2009
466-370-002-0	LINA L GLORE		$54,000.00	$191,000.00	$0.00	$245,000.00	8.48	2009
466-370-003-1	HEATH A DALEY	GRETCHEN A DALEY	$63,000.00	$219,000.00	$0.00	$282,000.00	7.50	2008
466-370-004-2	LUIS E CONSTANTE JR	CAROLINE CONSTANTE	$81,000.00	$174,000.00	$0.00	$255,000.00	7.41	2007
466-370-005-3	BRIAN LYNN	KIMBERLY LYNN	$52,000.00	$193,000.00	$0.00	$245,000.00	7.71	2009
466-370-006-4	JUNE A SZUEBER		$51,000.00	$249,900.00	$0.00	$300,900.00	8.00	2011
466-370-007-5	THINH V NGUYEN	LAURA NGUYEN	$90,000.00	$192,000.00	$0.00	$282,000.00	7.50	2007
466-370-008-6	JEFFREY SCOTT GUTMAN	SYLVIA THOMPSON GUTMAN	$80,000.00	$175,000.00	$0.00	$255,000.00	7.41	2007
466-370-009-7	RYAN C TIEGS		$93,000.00	$189,000.00	$0.00	$282,000.00	7.50	2007
466-370-010-7	FRANK J SANICOLA	PAMELA A SANICOLA	$53,000.00	$202,000.00	$0.00	$255,000.00	7.41	2007
466-370-011-8	MPBG		$50,000.00	$228,000.00	$0.00	$278,000.00	7.39	2012
466-370-012-9	ROSALYN OMOYELE		$87,000.00	$200,000.00	$0.00	$287,000.00	7.63	2007
466-370-013-0	SECRETARY OF VETERANS AFFAIRS		$47,000.00	$235,000.00	$0.00	$282,000.00	7.50	2012
466-370-014-1	JOSEPH A MORBO	MARILEE R MORBO	$50,000.00	$210,000.00	$0.00	$260,000.00	8.18	2011
466-370-015-2	JOEL AGUAYO	LETICIA C AGUAYO	$88,000.00	$194,000.00	$0.00	$282,000.00	7.50	2007
466-370-016-3	JOSEPH L POPP JR	MARIA K POPP	$89,000.00	$166,000.00	$0.00	$255,000.00	7.41	2007
466-370-017-4	DENISE JENNIFER MIARS	SCOTT PAUL GERALD	$75,000.00	$207,000.00	$0.00	$282,000.00	7.50	2007
466-370-018-5	ANATOLIO P AYALA	DOROTHY L AYALA	$74,000.00	$171,000.00	$0.00	$245,000.00	7.71	2007
466-370-019-6	VICENTE C CALDERA	ELIZABETH M CALDERA	$98,000.00	$184,000.00	$0.00	$282,000.00	7.50	2007
466-370-020-6	KENNETH A DIXON	ANDREA DIXON	$85,000.00	$161,000.00	$0.00	$246,000.00	7.74	2007
466-370-021-7	PHILLIP T CADY	CRESENCIA T CADY	$60,000.00	$222,000.00	$0.00	$282,000.00	7.50	2008
466-370-022-8	ANTHONY VALENTIN	HOLLY M HUMPHREYS	$51,000.00	$231,000.00	$0.00	$282,000.00	7.50	2010
466-370-023-9	TEANG T GOV	YU Q LIN	$50,000.00	$250,000.00	$0.00	$300,000.00	7.98	2011
466-371-001-2	GREY W MAASBERG	LAURA C MAASBERG	$55,000.00	$190,000.00	$0.00	$245,000.00	7.71	2012
466-371-003-4	DANIEL HAUER	TAMRA CONSTANCIO	$48,000.00	$234,000.00	$0.00	$282,000.00	7.50	2008
466-371-004-5	ANDERSON L COMPALAS	CRISTINA C COMPALAS	$51,000.00	$231,000.00	$0.00	$282,000.00	7.50	2009
466-371-005-6	SYLMA ANGELES	GREGORY V ANGELES	$50,000.00	$205,000.00	$0.00	$255,000.00	7.41	2009
466-371-006-7	MAHER K AWWAD	MONA M CAHLA	$44,000.00	$238,000.00	$0.00	$282,000.00	7.50	2009
466-371-007-8	SHADI KHASATI		$43,000.00	$235,000.00	$0.00	$278,000.00	7.39	2009
466-371-010-0	THOMAS A HUERTA	LYDIA M HUERTA	$48,000.00	$234,000.00	$0.00	$282,000.00	7.50	2009
466-371-015-5	RANDY C WARFIELD	YVONNE S WARFIELD	$42,000.00	$207,000.00	$0.00	$249,000.00	7.83	2009
466-371-016-6	DANIEL C NICKERSON	DENISE J NICKERSON	$44,000.00	$211,000.00	$0.00	$255,000.00	7.41	2009
466-371-017-7	DONALD B GOHEEN	MARTA M GOHEEN	$49,000.00	$206,000.00	$0.00	$255,000.00	7.41	2009
466-371-018-8	ROBERT L HUNT		$50,000.00	$232,000.00	$0.00	$282,000.00	7.50	2009
466-371-019-9	AMANDA J GASKIN	JAMES S GASKIN	$49,000.00	$233,000.00	$0.00	$282,000.00	7.50	2009
466-371-020-9	ERIC R PATE		$49,000.00	$233,000.00	$0.00	$282,000.00	7.50	2009
466-372-001-5	ANTHONY C TRIPOLI	KRISTEN A TRIPOLI	$47,000.00	$198,000.00	$0.00	$245,000.00	7.71	2009
466-372-002-6	RANDY J SCIFO	ROSALIA SCIFO	$50,000.00	$232,000.00	$0.00	$282,000.00	7.50	2009
466-372-003-7	PAUL ALLEN RUTHERFORD	LAUREN CAROLE RUTHERFORD	$48,000.00	$198,000.00	$0.00	$246,000.00	7.74	2009

466-372-004-8	DOUTE S KASAGO		$49,000.00	$233,000.00	$0.00	$282,000.00	7.50	2009
466-372-005-9	ROBERT REEVES	NOBEL REEVES	$53,000.00	$202,000.00	$0.00	$255,000.00	7.41	2009
466-372-007-1	THOMAS SHOEMAKER	RENEE SHOEMAKER	$49,000.00	$233,000.00	$0.00	$282,000.00	7.50	2009
466-372-008-2	ROBERTO NAVARRETE		$58,000.00	$224,000.00	$0.00	$282,000.00	7.50	2012
466-372-009-3	JENICE HATHAWAY	ARTHUR L HATHAWAY	$80,000.00	$165,000.00	$0.00	$245,000.00	7.71	2007
466-372-010-3	MOHAMMAD ALI MAZAREI	ZAHRA YAZANI	$57,000.00	$225,000.00	$0.00	$282,000.00	7.50	2007
466-372-011-4	EDGAR GONZALEZ	ALEJANDRO GONZALEZ	$50,000.00	$205,000.00	$0.00	$255,000.00	7.41	2011
466-372-012-5	ANTHONY LEON JEFFERSON	LINDA MARIA JEFFERSON	$93,000.00	$189,000.00	$0.00	$282,000.00	7.50	2007
466-372-013-6	SEAN E MARSHALL		$46,000.00	$251,000.00	$0.00	$297,000.00	7.90	2010
466-372-014-7	DANA KAY WICKLUND	BRYAN KEITH BURNETT	$56,000.00	$199,000.00	$0.00	$255,000.00	7.41	2008
466-372-015-8	CHRISTOPHER WAYNE WILLIAMS	CHERI RENEE WILLIAMS	$101,000.00	$181,000.00	$0.00	$282,000.00	7.50	2008
466-372-016-9	PETER ZAFERIS	CHRISTY ZAFERIS	$50,000.00	$230,000.00	$0.00	$280,000.00	7.45	2011
466-372-017-0	CORRINNE MILLER		$55,000.00	$190,000.00	$0.00	$245,000.00	7.71	2007
466-372-018-1	ROSANNE CARMONA		$57,000.00	$198,000.00	$0.00	$255,000.00	7.41	2008
466-372-019-2	HOLLY J BIONDI		$73,000.00	$172,000.00	$0.00	$245,000.00	7.71	2012
466-372-020-2	THEODORE G SMYKLA	MIALISA R SMYKLA	$84,000.00	$198,000.00	$0.00	$282,000.00	7.50	2006
466-372-021-3	ZHIAN ZHANG	XUI LING ZHANG	$55,000.00	$200,000.00	$0.00	$255,000.00	7.41	2009
466-372-022-4	TUAN M LE	CAM GIANG T HO	$50,000.00	$232,000.00	$0.00	$282,000.00	7.50	2010
466-372-023-5	JEMARL BAKER	PORTIA BAKER	$74,000.00	$223,000.00	$0.00	$297,000.00	7.90	2007
466-380-001-0	TOSHARRA N SHERMAN		$55,000.00	$230,000.00	$0.00	$285,000.00	7.60	2009
466-380-002-1	TROY M BOWDEN	CHERRI A BOWDEN	$61,513.00	$215,300.00	$0.00	$276,813.00	7.38	2009
466-380-003-2	SCOTT M CARTER	DANIELLE D TORRES	$85,000.00	$197,000.00	$0.00	$282,000.00	7.52	2006
466-380-004-3	RANCHO HORIZON		$50,000.00	$190,000.00	$0.00	$240,000.00	6.99	2012
466-380-005-4	BRYAN LAMONT WALKER	SUBRINA FAYE NICHOLS	$84,000.00	$198,000.00	$0.00	$282,000.00	7.52	2006
466-380-006-5	GRAHAM SMALL	REMEDIOS SMALL	$61,000.00	$184,000.00	$0.00	$245,000.00	7.73	2008
466-380-007-6	HERMINIO SANCHEZ	GIOVANNA C SANCHEZ	$81,000.00	$201,000.00	$0.00	$282,000.00	7.52	2012
466-380-008-7	JASON MILLER	LOLITA BALLESTEROS	$68,000.00	$177,000.00	$0.00	$245,000.00	7.73	2006
466-380-009-8	MIGUEL A PATINO	AMALIA R PATINO	$74,000.00	$208,000.00	$0.00	$282,000.00	7.52	2006
466-380-010-8	VICTOR M HERRERA		$59,000.00	$223,000.00	$0.00	$282,000.00	7.52	2009
466-380-011-9	SOLRICK		$50,000.00	$201,000.00	$0.00	$251,000.00	7.92	2009
466-380-012-0	CLIFFORD A CRAFT	KERRY ANN CRAFT	$63,000.00	$219,000.00	$0.00	$282,000.00	7.52	2012
466-380-013-1	IRINEO G ORTEGA	VERONICA GARCIA	$76,000.00	$206,000.00	$0.00	$282,000.00	7.52	2006
466-380-014-2	ARNEL C LASQUETE	MARIA PILAR LASQUETE	$71,000.00	$186,000.00	$0.00	$257,000.00	7.49	2006
466-380-015-3	ALFRED A MCGUIRE	BRENDA C MCGUIRE	$71,000.00	$214,000.00	$0.00	$285,000.00	7.60	2006
466-380-016-4	AHMAD F QUTAMI		$68,000.00	$214,000.00	$0.00	$282,000.00	7.52	2008
466-380-017-5	MANUEL D ALVAREZ		$50,000.00	$231,500.00	$0.00	$281,500.00	7.50	2011
466-380-018-6	FRIEDRICH S OLIVA	ERMI TORRES	$74,000.00	$181,000.00	$0.00	$255,000.00	7.43	2006
466-380-019-7	JOHN E WODTLY	MAY T WODTLY	$68,000.00	$214,000.00	$0.00	$282,000.00	7.52	2006
466-380-020-7	JAMES DAVID STEEDLY		$48,000.00	$234,000.00	$0.00	$282,000.00	7.52	2010
466-380-021-8	SAMUEL A ANDERSON	SHARON M ANDERSON	$51,000.00	$193,800.00	$0.00	$244,800.00	7.13	2011
466-380-022-9	MARCOS PEREZ	ROSANNA CORREA	$66,000.00	$216,000.00	$0.00	$282,000.00	7.52	2006
466-380-023-0	MATIAS R CARIN JR	ROSEMARIE D CARIN	$78,000.00	$204,000.00	$0.00	$282,000.00	7.52	2005
466-380-024-1	RACE TO WIN		$50,000.00	$235,000.00	$0.00	$285,000.00	7.60	2011
466-380-025-2	JIA MAN HU	JIA QI ZHUANG	$79,000.00	$176,000.00	$0.00	$255,000.00	7.43	2005
466-380-026-3	PLUTARCO HERRERA		$72,000.00	$225,000.00	$0.00	$297,000.00	7.92	2005
466-380-027-4	RAMON E DELAO	DELIA A DELAO	$51,000.00	$231,000.00	$0.00	$282,000.00	7.52	2008
466-380-028-5	RACHEL BRENNAN		$64,000.00	$218,000.00	$0.00	$282,000.00	7.52	2008
466-380-029-6	YOLANDA CASTILLO		$75,000.00	$207,000.00	$0.00	$282,000.00	7.52	2006

466-380-030-6	ARTURO MOTA		$77,000.00	$220,000.00	$0.00	$297,000.00	7.92	2005
466-380-031-7	CAROLYN BOWEN		$69,000.00	$176,000.00	$0.00	$245,000.00	6.53	2006
466-380-032-8	SOTHY S IN		$47,000.00	$209,000.00	$0.00	$256,000.00	7.46	2010
466-381-003-5	JOSELITO SY	MARIA C SY	$61,660.00	$198,239.00	$0.00	$259,899.00	6.93	2009
466-381-004-6	CLAUDIA BELTRAN		$53,000.00	$202,000.00	$0.00	$255,000.00	7.43	2008
466-381-005-7	EDWARD C PACHECO	DIANE PACHECO	$71,000.00	$226,000.00	$0.00	$297,000.00	7.92	2005
466-381-008-0	ENRIQUE ANTONIO QUINONES		$70,000.00	$229,000.00	$0.00	$299,000.00	7.97	2011
466-381-009-1	FAHED A OTHMAN		$58,000.00	$197,000.00	$0.00	$255,000.00	7.43	2008
466-381-010-1	ALFREDO MEDINA	LETICIA MEDINA	$53,000.00	$203,000.00	$0.00	$256,000.00	7.46	2008
466-381-011-2	JERRY L COLE		$85,000.00	$197,000.00	$0.00	$282,000.00	7.52	2005
466-381-012-3	GREGORIO R LEON	GUADALUPE LEON	$80,000.00	$202,000.00	$0.00	$282,000.00	7.52	2012
466-381-013-4	RANDAL A DREYER	LISA DREYER	$47,000.00	$208,000.00	$0.00	$255,000.00	7.43	2010
466-381-014-5	ROSA CANDELA		$77,000.00	$205,000.00	$0.00	$282,000.00	7.52	2006
466-381-015-6	DOUGLAS ALFRED FARLAND	CHRISTINE FARLAND	$51,000.00	$199,920.00	$0.00	$250,920.00	6.69	2011
466-381-016-7	THERESSIA HOLLIS		$78,000.00	$204,000.00	$0.00	$282,000.00	7.52	2005
466-381-017-8	KEVIN MCNEELEY	DEBORAH J MCNEELEY	$75,000.00	$185,000.00	$0.00	$260,000.00	8.20	2005
466-381-020-0	DAVID J GILL	CYNTHIA R GILL	$56,000.00	$204,000.00	$0.00	$260,000.00	8.20	2005
466-381-021-1	US BANK NATL ASSN		$61,200.00	$218,280.00	$0.00	$279,480.00	7.45	2012
466-381-022-2	CARLOS MAURICIO LINO RIOS		$46,000.00	$209,000.00	$0.00	$255,000.00	6.80	2010
466-381-023-3	ANTHONY GABRIEL V	LEILA R GABRIEL	$70,000.00	$232,000.00	$0.00	$302,000.00	8.05	2005
466-382-001-6	BANK OF NEW YORK MELLON		$40,800.00	$214,200.00	$0.00	$255,000.00	6.80	2012
466-382-002-7	NORMAN A KULA	GAYLE J HOBSON	$66,000.00	$189,000.00	$0.00	$255,000.00	8.86	2011
466-382-003-8	DAVID BARTL	MARTHA C CAMPOS	$74,000.00	$208,000.00	$0.00	$282,000.00	7.52	2012
466-382-004-9	JAMES A TRUAX	MELISSA M TRUAX	$102,000.00	$150,000.00	$0.00	$252,000.00	7.95	2007
466-382-005-0	JOHN R DALY	PAMELA J DALY	$69,000.00	$228,000.00	$0.00	$297,000.00	7.92	2006
466-382-006-1	CLAUDE FOREMAN JR	KENDRA T DORSEY	$67,000.00	$218,000.00	$0.00	$285,000.00	7.60	2006

[1] Burden represents overlapping assessment district and other community facilities district debt outstanding as of November 30, 2012 in addition to the applicable debt of the Bonds. Allocated based on actual Fiscal Year 2012-2013 levy. See "Direct and Overlapping Debt" report for a description of overlapping liens.

Source: Dolinka Group, LLC; Riverside County Assessor's Roll as of January 1, 2012.