PRELIMINARY OFFICIAL STATEMENT DATED JULY 31, 2014

NEW ISSUE – BOOK ENTRY ONLY

INSURED RATING: Standard & Poor's: "AA"
UNDERLYING RATING: Standard & Poor's: "A-" (Stable Outlook)
See "LEGAL MATTERS - Rating" herein)

In the opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum taxes imposed on individuals and corporations, although Bond Counsel observes that such interest is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liabilities. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxation. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "LEGAL MATTERS – Tax Exemption" herein.

$10,500,000[*]
COMMUNITY FACILITIES DISTRICT NO. 4 OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT SERIES 2014 SPECIAL TAX REFUNDING BONDS
(San Diego County, California)

Dated: Date of Delivery **Due: September 1, as shown below**

The Community Facilities District No. 4 of the San Marcos Unified School District Series 2014 Special Tax Refunding Bonds (the "Bonds") are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the California Government Code), and the Fiscal Agent Agreement (the "2002 Fiscal Agent Agreement"), dated as of August 1, 2002, by and between Community Facilities District No. 4 of the San Marcos Unified School District (the "District") and MUFG Union Bank, N.A., as successor to BNY Western Trust Company, as fiscal agent (the "Fiscal Agent"), as amended and supplemented by the First Supplemental Fiscal Agent Agreement (the "First Supplemental Fiscal Agent Agreement"), dated as of August 1, 2004, by and between the District and the Fiscal Agent, the Second Supplemental Fiscal Agent Agreement, dated as of August 1, 2006 (the "Second Supplemental Fiscal Agent Agreement"), by and between the District and the Fiscal Agent, and the Third Supplemental Fiscal Agent Agreement, dated as of August, 1, 2014 (the "Third Supplemental Fiscal Agent Agreement"), by and between the District and the Fiscal Agent (collectively, the "Fiscal Agent Agreement"). The Bonds are being issued by the District to: (i) refund the Community Facilities District No. 4 of the San Marcos Unified School District Series 2002 Special Tax Bonds (the "2002 Bonds") and the Community Facilities District No. 4 of the San Marcos Unified School District Series 2004 Special Tax Bonds (the "2004 Bonds," together with the 2002 Bonds, the "Prior Bonds") as more fully described herein; (ii) purchase a reserve surety bond to be deposited into the reserve account for the Bonds; and (iii) pay certain costs of issuance associated with the issuance of the Bonds. The Bonds are being issued on a parity basis with the District's 2006 Special Tax Bonds (the "2006 Bonds"). The Bonds are payable from and secured by a pledge of certain Net Taxes (as defined and discussed herein) and certain other funds held by the Fiscal Agent. Pursuant to the supplemented terms of the Fiscal Agent Agreement, the District may not issue any additional bonds, notes, or other similar evidences of indebtedness payable, in whole or in part, out of Net Taxes (as defined in the Fiscal Agent Agreement) except: (i) bonds issued to fully or partially refund the Outstanding Bonds (as defined in the Fiscal Agent Agreement); and (ii) subordinate bonds, notes, or other similar evidences of indebtedness. See "SECURITY FOR THE BONDS ─ Parity Obligations" herein.

The Bonds will be issued in the denominations of $5,000 or any integral multiple thereof. Interest on the Bonds is payable on March 1, 2015, and semiannually thereafter on March 1 and September 1 each year. The Bonds will be initially issued only in book-entry form and registered to Cede & Co. as nominee of The Depository Trust Company ("DTC"), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Fiscal Agent, as registrar, paying agent and fiscal agent for the Bonds to DTC, which remits such payments to its Participants for subsequent distribution to the registered owners as shown on the Fiscal Agent's books as of the fifteenth day of the calendar month immediately preceding each interest payment date. See "THE BONDS" herein and in APPENDIX G – "Book-Entry-Only Provisions."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company.

BAM
BUILD AMERICA MUTUAL

The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid special taxes as described herein. See "THE BONDS — Redemption" herein.[*]

See "SPECIAL RISK FACTORS" herein for a discussion of the risk factors that should be considered in evaluating the investment quality of the Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT (THE "SCHOOL DISTRICT"), THE COUNTY OF SAN DIEGO (THE "COUNTY"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE Bonds. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE SCHOOL DISTRICT NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED BY THE DISTRICT IN THE BOND FUND, REDEMPTION FUND AND THE 2014 ACCOUNT OF THE RESERVE FUND AS MORE FULLY DESCRIBED HEREIN.

This cover page contains certain information for quick reference only. It is not a complete summary of the terms of this Bond issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

Maturity Schedules
(See inside cover page.)

The Bonds are being offered when, as, and if issued by the District, subject to the approval as to their legality by Bowie, Arneson, Wiles & Giannone, Newport, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon by Best Best and Krieger LLP, San Diego, California, as Disclosure Counsel and as counsel to the School District, and by McFarlin & Anderson LLP, Laguna Hills, California, as Underwriter's Counsel. Delivery of the Bonds is expected to occur through the facilities of DTC on or about August 27, 2014.

STIFEL

Dated: August __, 2014

[*] Preliminary, subject to change.

$10,500,000*
COMMUNITY FACILITIES DISTRICT NO. 4
OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT
SERIES 2014 SPECIAL TAX REFUNDING BONDS

MATURITY SCHEDULE

Base CUSIP® No. _________†

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP© No.†
2015	$	%	%	
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				

$_________ – _____% Term Bond due September 1, 2034 Yield ______% CUSIP© No.† ___

†CUSIP® Copyright 2014, CUSIP Global Services, and a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. CUSIP® numbers are provided for convenience of reference only. Neither the Underwriter nor the District assumes any responsibility for the accuracy of the CUSIP data

*Preliminary, subject to change.

SAN MARCOS UNIFIED SCHOOL DISTRICT
GOVERNING BOARD

Beckie C. Garrett, *President*
Janet McClean, *Vice President*
Jay Petrek, *Clerk*
Pam Lindamood, *Member*
Randy Walton, *Member*

SCHOOL DISTRICT STAFF

Kevin D. Holt, Ed.D., *Superintendent*
Gary Hamels, *Assistant Superintendent, Business Services*

PROFESSIONAL SERVICES

Financial Advisor/Special Tax Consultant/
Community Facilities District Administrator/Dissemination Agent

Dolinka Group, LLC
Irvine, California

Bond Counsel
Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Disclosure Counsel and School District Counsel

Best Best & Krieger LLP
San Diego, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

Fiscal Agent/Escrow Agent

MUFG Union Bank, N.A.
Los Angeles, California

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GENERAL INFORMATION ABOUT THE OFFICIAL STATEMENT

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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.THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and any continuing disclosure documents of the District are intended to be made available through the School District at the address indicated below. The District has undertaken to provide certain continuing disclosure pursuant to a Continuing Disclosure Certificate, as described herein. Copies of the resolutions and other documents relating to the issuance of the Bonds are available upon request, and upon payment to the District of a charge for copying, mailing and handling, from the office of the Assistant Superintendent, Business Services of the School District at 255 Pico Avenue, Suite 250, San Marcos, California 92069.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or Stifel, Nicolaus & Company, Incorporated (the "Underwriter").

The information set forth herein has been obtained from the District and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a representation by, the Underwriter. This information is not guaranteed as to accuracy and is not to be construed as a representation by the District or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

All summaries of the Fiscal Agent Agreement or supplement thereof (as defined herein), and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Bond and the District or the School District.

FORWARD-LOOKING STATEMENTS

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 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 and include, but are not limited to, statements under the captions "THE DISTRICT."

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.

By placing an order for the Bonds with an Underwriter, you agree that if you are allocated Bonds, the Underwriter may disclose your identity to the District as an initial purchaser of the Bonds, unless you advise your sales representative otherwise.

The achievement of certain results or other expectations contained in such forward-looking statements involves 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. No assurance is given that actual results will meet the forecasts of the District or School District in any way regardless of the optimism communicated in the information and such statements only speak as of the date of this Official Statement. While the District has agreed to provide certain on-going financial and operating data, except as specifically described under the caption "LEGAL MATTERS – Continuing Disclosure," the 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 change.

The information set forth herein has been obtained from the School District for the District, and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a representation by, the School District or the Underwriter. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the District since the date hereof. All summaries contained herein of any resolutions, each respective Fiscal Agent Agreement, or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all such provisions.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE POLICY" and "APPENDIX F – Form of Specimen Municipal Bond Insurance Policy."

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OFFICIAL STATEMENT

$10,500,000[*]
COMMUNITY FACILITIES DISTRICT NO. 4 OF THE
SAN MARCOS UNIFIED SCHOOL DISTRICT
SERIES 2014 SPECIAL TAX REFUNDING BONDS

INTRODUCTION

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 and appendices hereto, and the documents summarized or described herein. 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.

General

The purpose of this Official Statement, which includes the cover page and Appendices hereto (the "Official Statement"), is to provide certain information concerning the sale and issuance of the Community Facilities District No. 4 of the San Marcos Unified School District Series 2014 Special Tax Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (section 53311 *et seq.* of the California Government Code) (the "Act"), a Resolution of Issuance adopted by the Board of Trustees (the "Governing Board") of the San Marcos Unified School District (the "School District") on July 15, 2014, and the Fiscal Agent Agreement (the "2002 Fiscal Agent Agreement"), dated as of August 1, 2002, by and between Community Facilities District No. 4 of the San Marcos Unified School District (the "District") and MUFG Union Bank, N.A., as successor to BNY Western Trust Company, as fiscal agent (the "Fiscal Agent"), as amended and supplemented by the First Supplemental Fiscal Agent Agreement (the "First Supplemental Fiscal Agent Agreement"), dated as of August 1, 2004, by and between the District and the Fiscal Agent, and the Second Supplemental Fiscal Agent Agreement, dated as of August 1, 2006 (the "Second Supplemental Fiscal Agent Agreement"), by and between the District and the Fiscal Agent, and the Third Supplemental Fiscal Agent Agreement, dated as of August 1, 2014 (the "Third Supplemental Fiscal Agent Agreement"), collectively, (the "Fiscal Agent Agreement").

The Bonds are being issued by the District to: (i) refund the Community Facilities District No. 4 of the San Marcos Unified School District Series 2002 Special Tax Bonds (the "2002 Bonds") and the Community Facilities District No. 4 of the San Marcos Unified School District Series 2004 Special Tax Bonds (the "2004 Bonds," together with the 2002 Bonds, the "Prior Bonds") as more fully described herein; (ii) purchase a reserve surety bond to be deposited into the reserve account for the Bonds; and (iii) pay certain costs of issuance associated with the issuance of the Bonds. The Bonds are payable from and secured by a pledge of certain Net Taxes (as defined and discussed herein) and certain other funds held by the Fiscal Agent. See "THE BONDS – Authority for Issuance" herein.

The School District

The School District was established in 1976 and comprises approximately 49 square miles of territory in the northern portion of the County. The School District includes the City of San Marcos ("City"), portions of the incorporated cities of Carlsbad, Escondido and Vista and portions of unincorporated territory in the County. Approximately 60% of the territory of the School District is within the jurisdictional limits and the sphere of influence of the City. The School District currently administers eleven elementary schools providing instruction in grades kindergarten through five, three middle schools, two comprehensive high schools, one continuation high school, one alternative high school, and one charter school. The School District's 2012-13 student

[*] Preliminary, subject to change.

enrollment was 19,617, the 2013-14 student enrollment is estimated to be 20,116, and the 2014-15 enrollment is projected to be 20,400.

The District

The District was formed by the School District pursuant to proceedings taken pursuant to the Act. The Governing Board acts as the legislative body (the "Legislative Body") of the District. Once duly established, a community facilities district is a legally constituted governmental entity established for the purpose of financing specific facilities and services within defined boundaries. Subject to approval by a two-thirds vote of the qualified voters within a community facilities district and compliance with the provisions of the Act, a community facilities district may issue bonds and may levy and collect special taxes to repay such bonded indebtedness.

Pursuant to the Act, in establishing the District, the Governing Board adopted resolutions stating its intent to form the District, to authorize the levy of special taxes on land within the District and to authorize the District to incur bonded indebtedness. Following public hearings conducted pursuant to the Act, the Governing Board adopted resolutions establishing the District and calling a special election to submit the levy of the special taxes and the incurring of bonded indebtedness to the qualified voters of the District. On June 23, 1998, at a special election held pursuant to the Act, the qualified voters of the District (being the sole landowners at the time of the election) authorized the District to incur bonded indebtedness in an amount not to exceed $50,000,000 and approved the Rate and Method of Apportionment of the Special Tax (the "Rate and Method of Apportionment") pursuant to which special taxes are levied to pay the principal of, and interest on, such bonded indebtedness.

The original boundaries of the District constitute Zone A of the District under the Rate and Method of Apportionment, in which there are four neighborhoods. The Rate and Method of Apportionment anticipated the possible annexation of additional territory to the District. As described herein, there have been annexations of territory to the District which constitute Zone B of the District under the Rate and Method of Apportionment. See "THE DISTRICT" herein. Property within the boundaries of the Community Facilities District at the time of its formation is referred to on the Map of the Community Facilities District as Zone A and is subject to the Zone A Special Taxes. Property which was previously annexed to the Community Facilities District constitutes Zone B property and is subject to the Zone B Special Taxes. See "THE DISTRICT – Summary of Formation Proceedings." All property within the District has been developed. For purposes hereof, the Special Taxes levied within Zone A and Zone B are collectively referred to as "Special Taxes." The last annexation of territory to the District was completed in June 2004. Community Facilities District No. 6 of the San Marcos Unified School District ("Community Facilities District No. 6"), which was formed in November of 2004, is the new core annexable community facilities district.

The 2006 Bonds and the Bonds are issued on a parity basis and are payable from Special Taxes of Zone A and Zone B. See Table 1 under the caption "SECURITY FOR THE BONDS – Estimated Debt Service Coverage." There are overlapping community facilities districts formed under the Act by other public entities including, but not limited to, the City of San Marcos for facilities and services on properties within the District. See "THE DISTRICT – Direct and Overlapping Debt" herein. The Bonds will be issued in the amount set forth on the inside cover of this Official Statement. See "REFUNDING PLAN."

Sources of Payment for the Bonds

The Bonds will be secured by Net Taxes received by the District and pledged to repay the outstanding Bonds, a reserve surety bond (the "Reserve Surety Bond"), and by moneys in the Special Tax Fund, the Bond Fund, the Redemption Fund and the 2014 Account of the Reserve Fund, as established under the Fiscal Agent Agreement. "Net Taxes" are comprised of Special Taxes levied and collected on parcels of real property in the District less Administrative Expenses (as defined in "SECURITY FOR THE BONDS ─ Special Taxes" below) up to the Administrative Expense Requirement. The Special Taxes are included on the *ad valorem* property tax bills set by the County of San Diego (the "County") each year to the owners of record of property within the District. See "SECURITY FOR THE BONDS."

A 2014 Account of the Reserve Fund will be established in the Reserve Fund in an amount equal to the Reserve Requirement (as defined herein). Reserve Requirement will be satisfied by the Reserve Fund Surety Bond. The Fiscal Agent Agreement defines the Reserve Requirement with respect to the Bonds as an amount as of any date of calculation, equal to the least of (i) 10% of the original principal amount of the Bonds (less original issue discount, if any, plus original issue premium, if any), (ii) Maximum Annual Debt Service, or (iii) 125% of average Annual Debt Service on the Bonds. See APPENDIX E – "Summary of Certain Provisions of the Fiscal Agent Agreement, First Supplemental Fiscal Agent Agreement, Second Supplemental Fiscal Agent Agreement, and Third Supplemental Fiscal Agent Agreement." The ability of the Governing Board, in its capacity as the Legislative Body of the District, to increase the annual Special Taxes levied to replenish the 2014 Account of the Reserve Fund is subject to the maximum annual amount of Special Taxes authorized by the qualified voters of the District. The moneys in the 2014 Account of the Reserve Fund will only be used for payment of principal of, interest and any redemption premium on, the Bonds, and at the direction of the District, for deposit in the Rebate Fund. See "SECURITY FOR THE BONDS – 2014 Account of the Reserve Fund."

The District has covenanted for the benefit of the owners of the Bonds (the "Bondowners") that the District will take action with respect to delinquencies in the payment of Special Taxes, including commencing foreclosure action, all as set forth in the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure."

Based on the assessed values of the properties within the District, the ratio of the total amount of the assessed value of property in the District, based on the January 2013, County Assessor's information, updated based on ownership information as of April 2014, to the amount of bonded indebtedness of the District (the "Assessed Value-to-Debt Ratio") which will be outstanding and secured by Special Taxes levied on the property in the District upon the issuance of the Bonds will be approximately 16.40 to 1.[*] See "SPECIAL RISK FACTORS – Reduction of Assessed Values." In addition, see "SECURITY FOR THE BONDS – Parity Obligations" and "SECURITY FOR THE BONDS – Direct and Overlapping Debt" for a discussion of additional debt payable on a parity with the Bonds. See APPENDIX H ─ "Community Facilities District No. 4 of the San Marcos Unified School District Parcel Listing of Assessed Value and Value to Lien Ratios."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COUNTY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE SCHOOL DISTRICT NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED IN THE BOND FUND, THE SPECIAL TAX FUND, THE REDEMPTION FUND AND THE 2014 ACCOUNT OF THE RESERVE FUND AND FROM AMOUNTS AVAILABLE PURSUANT TO THE RESERVE FUND SURETY BOND AS MORE FULLY DESCRIBED HEREIN.

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[*] Preliminary, subject to change.

Parity Obligations

The Fiscal Agent Agreement, as supplemented, provides that the District may not issue any additional bonds, notes or other similar evidences of indebtedness payable, in whole or in part, out of Net Taxes (as defined in the Fiscal Agent Agreement) except: (i) bonds issued to fully or partially refund the Outstanding Bonds (as defined in the Fiscal Agent Agreement); and (ii) subordinate bonds, notes or other similar evidences of indebtedness. See "SECURITY FOR THE BONDS – Parity Obligations."

Description of the Bonds

Purpose. The net proceeds of the Bonds, along with other available funds, will be used to: (i) refund the Prior Bonds; (ii) acquire the Reserve Fund Surety Bond in an amount equal to the Reserve Requirement for the Bonds; and (iii) pay certain costs of issuance associated with the issuance of the Bonds. See "REFUNDING PLAN" herein.

Payments. Interest on the Bonds is payable on March 1, 2015, and semiannually thereafter on March 1 and September 1 each year. Principal of and premium, if any, on the Bonds shall be payable by the Fiscal Agent, as registrar, transfer agent and fiscal agent. See "THE BONDS" and APPENDIX G – "Book-Entry-Only Provisions" herein.

Redemption.[*] The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Tax revenues. See "THE BONDS – Redemption" herein.

Registration, Transfers and Exchanges. The Bonds will be issued as fully-registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") under the book-entry system maintained by DTC. See "THE BONDS" and APPENDIX G – "Book-Entry-Only Provisions."

Tax Exemption

In the opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum taxes imposed on individuals and corporations, although Bond Counsel observes that such interest is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liabilities. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxation. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "LEGAL MATTERS – Tax Exemption" herein.

Professionals Involved in the Offering

All proceedings in connection with the issuance of the Bonds are subject to the approval of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel. MUFG Union Bank, N.A., Los Angeles, California, will act as the Fiscal Agent. Best Best & Krieger LLP, San Diego, California, is acting as Disclosure Counsel and counsel to the School District. Dolinka Group, LLC, Irvine, California is acting as Financial Advisor, Special Tax Consultant, District Administrator, and Dissemination Agent. Causey Demgen & Moore P.C., Denver, Colorado, is acting as verification Agent. McFarlin & Anderson, LLP, Laguna Hills,

[*] Preliminary, subject to change.

California, is acting as Underwriter's Counsel. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, School District Counsel, and the Financial Advisor is contingent upon the issuance of the Bonds.*

Special Risks

See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of special factors which should be considered, in addition to the other materials set forth herein, in considering the investment quality of the Bonds.

Municipal Bond Insurance

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company, a New York mutual insurance corporation ("BAM" or the "Bond Insurer"). See "MUNICIPAL BOND INSURANCE POLICY" and APPENDIX F – "Form of Specimen Municipal Bond Insurance Policy."

Continuing Disclosure

In order to assist Stifel, Nicolaus & Company, Incorporated, the underwriter of the Bonds (the "Underwriter"), in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"), the District will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain enumerated events. See "LEGAL MATTERS ─ Continuing Disclosure" herein. The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth below in APPENDIX C – "Form of Continuing Disclosure Certificate."

Forward-Looking Statements

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," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "THE DISTRICT."

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 SCHOOL DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Bonds, certain sections of the Fiscal Agent Agreement, security for the Bonds, special risk factors, the District, the School District, the development projects, and other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the Bonds, the Fiscal Agent Agreement, and other resolutions and documents referenced herein are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Bonds, the Fiscal Agent Agreement, such resolutions and other documents. All such descriptions are further qualified in their entirety by reference to laws and to principles of equity relating to or affecting generally the enforcement of creditors' rights. Copies of documents referred to herein and information concerning the Bonds are available from the School District by contacting: San Marcos Unified School District, 255 Pico Avenue, Suite 250, San Marcos, California 92069, Attention: Assistant Superintendent, Business Services. The School District may impose a charge for copying, handling and mailing such requested documents.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein, other than that provided by the School District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. 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.

REFUNDING PLAN

Refunding of the Prior Bonds

A portion of the proceeds of the Bonds, together with other available Special Tax funds, will be used to provide for the refunding of the Prior Bonds. Funds will be deposited into the Escrow Fund (and allocated among the accounts thereof) which will be held under an Escrow Agreement dated as of the Closing Date, between the District and MUFG Union Bank, N.A., as Escrow Agent (the "Escrow Agreement"). In the opinion of Causey Demgen & Moore P.C., Denver, Colorado, the Verification Agent, the foregoing deposit with the Escrow Agent will result in the defeasance of the Prior Bonds, in full, pursuant to the provisions of the financing documents (including the Fiscal Agent Agreement) under which the Prior Bonds were issued, as of the date of issuance of the Bonds. See the caption "LEGAL MATTERS – Verification of Mathematical Computations" herein.

As a result of the deposit and application of funds as provided in the Escrow Agreement, the obligation to make payments of the principal of, premium, if any, and interest on, as the case may be, the Prior Bonds will be defeased on such date of deposit. Moneys in the Escrow Fund will be used to pay and redeem the Prior Bonds on September 1, 2014. Moneys in the Escrow Fund are not available for the payment of principal and/or interest on the Bonds. The Bonds, together with moneys held in certain funds of the Prior Bonds, will be held as cash (uninvested) by the Fiscal Agent.

Estimated Sources and Uses

The proceeds to be received from the sale of the Bonds, are estimated to be applied as follows:

Estimated Sources and Uses[1]

Sources of Funds:	
Par Amount of the Bonds	$
Less Underwriter's Discount	
Net Original Issue Premium	
Funds Relating to Prior Bonds	
Total Sources	$
Uses of Funds:	
Escrow Fund[2]	$
Costs of Issuance Account[3]	
Total Uses	$

(1) The Reserve Requirement will be separately satisfied with a Reserve Fund Surety Bond. See "SECURITY FOR THE BONDS – 2014 Account of the Reserve Fund" herein.
(2) Moneys deposited into the Escrow Fund will be allocated among the accounts thereof under the terms of the Escrow Agreement.
(3) Costs of Issuance include Financial Advisor/Special Tax Consultant fees, legal fees, Bond Counsel fees, Disclosure Counsel fees, Fiscal Agent/Escrow Agent fees, rating agency fees, premium for Municipal Bond Insurance Policy and Reserve Fund Surety Bond, verification agent fees, printing costs and other costs associated with issuance of the Bonds. See "SECURITY FOR THE BONDS – Costs of Issuance Account" herein.

THE BONDS

The Bonds will be dated the date of delivery thereof, and will be issued in the aggregate principal amount set forth on the inside cover hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing March 1, 2015 (each, an "Interest Payment Date"), and will mature in the amounts and on the dates set forth on the inside cover page hereof. The Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof. The Bonds will be issued on a parity with the outstanding 2006 Bonds.

Principal and premium, if any, on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the principal corporate trust office of the Fiscal Agent. Interest on the Bonds (including the final interest payment upon maturity or early redemption) is payable by check of the Fiscal Agent mailed by first class mail to the registered owners as shown on the Fiscal Agent's books as of the fifteenth day of the calendar month immediately preceding each interest payment date (whether or not such day is a business day).

Authority for Issuance

The Bonds are issued pursuant to the Act, proceedings for the formation of the District and annexations thereto, a Resolution of Issuance and the Fiscal Agent Agreement. The Bonds are issued upon and primarily secured by certain Special Taxes levied against taxable parcels of real property within the District.

Redemption[*]

Optional Redemption. Bonds maturing on or after September 1, 2025, may be redeemed, at the option of the District from any source of funds other than from Special Tax prepayments on any date on or after September 1, 2024, in whole, or in part in the order of maturity as selected by the District and by lot within a maturity, at a redemption price equal to the principal amount thereof, without premium, together with accrued interest to the date set for redemption.

Mandatory Sinking Fund Redemption. Bonds maturing on September 1, 20___, are subject to mandatory sinking fund redemption in part by lot, on September 1 of each year, commencing September 1, 20___, and on each September 1 thereafter in accordance with the schedule set forth below. The Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest, without premium.

Redemption Year	Principal Amount
20__	$
20__ (maturity)	

Mandatory Redemption from Prepaid Special Taxes. The Bonds are subject to mandatory redemption prior to their stated maturities, in whole, or in part, on any Interest Payment Date for which timely notice can be given, in integral multiples of $5,000 from monies on deposit in the Prepayment Account of the Special Tax Fund upon payment of the redemption prices, expressed as a percentage of the principal amount thereof, plus accrued interest to the dated fixed for redemption. The Special Tax Administrator will administer and allocate prepayments of Special Taxes among Outstanding Bonds to maintain the pro rata allocation of such prepayments as provided for in the Fiscal Agent Agreement and as provided for in the Rate and Method of Apportionment.

Redemption Date	Redemption Prices
March 1, 2015 through March 1, 2022	103%
September 1, 2022 and March 1, 2023	102
September 1, 2023 and March 1, 2024	101
September 1, 2024 and thereafter	100

Amounts designated for mandatory sinking fund redemption will be reduced in the manner specified in the Fiscal Agent Agreement as a result of any partial optional redemption or partial mandatory special redemption of the Bonds.

The District has covenanted that, in the event of a full or partial prepayment of Special Taxes pursuant to the Rate and Method of Apportionment, where such full or partial prepayment involves the payment of $5,000 or more by one property owner, the District will provide BAM with written confirmation, by an independent Financial Consultant, that such prepayment(s) have been calculated and made pursuant to the requirements and provisions of the Rate and Method of Apportionment. See APPENDIX E — "Summary of Certain Provisions of the Fiscal Agent Agreement, First Supplemental Fiscal Agent Agreement, Second Supplemental Fiscal Agent Agreement, and Third Supplemental Fiscal Agent Agreement," and APPENDIX F — "Form of Specimen Municipal Bond Insurance Policy."

Selection of Bonds for Redemption. If less than all of the Bonds are to be redeemed, the Fiscal Agent shall select the Bonds to be redeemed pro rata among maturities and by lot within a single maturity, and in the case of mandatory redemption, by lot within the maturity being called for redemption, all as so to maintain, as close as practicable, level annual debt service after redemption. Upon surrender of Bonds redeemed in part only, the District will execute and the Fiscal Agent will authenticate and deliver to the registered Owner, at the

[*] Preliminary, subject to change.

expense of the District, a new Bond or Bonds, of authorized denominations equal in aggregate principal amount and maturity to the unredeemed portion of the Bond or Bonds.

Purchase of Bonds In Lieu of Redemption. In lieu of, or partially in lieu of, any optional redemption or mandatory sinking fund redemption, monies deposited in an account of the Redemption Fund may be used to purchase the Outstanding Bonds that were to be redeemed with such funds. Purchases of Bonds may be made by the District prior to the selection of the Bonds for redemption by the Fiscal Agent, at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, and, in the case of funds in the Optional Redemption Account, the applicable premium to be paid in connection with the proposed redemption. Any accrued interest payable upon the purchase of Bonds may be paid from the Interest Account of the Bond Fund for payment of interest on the next following Interest Payment Date.

Notice of Redemption. When the Fiscal Agent receives notice from the District of its election to redeem Bonds, or when the Fiscal Agent is required to redeem Bonds, the Fiscal Agent must give notice of the redemption of such Bonds. Notice of redemption, containing the information required by the Fiscal Agent Agreement will be mailed to the respective Owners of the Bonds by first class mail, postage prepaid, by the Fiscal Agent at least 30 days but not more than 60 days prior to the redemption date. The Fiscal Agent must also give notice of redemption to each of certain Securities Depositories and Information Services specified in the Fiscal Agent Agreement. The notice of redemption must state: (i) the date of issue of the Bonds as originally issued; (ii) the rate of interest borne by each Bond being redeemed; and (iii) any other descriptive information needed to identify accurately the Bonds being redeemed. The actual receipt by any Bondowner of such notice of redemption shall not be a condition precedent to redemption, and neither the failure to receive such notice nor any defect therein shall affect the validity of the proceedings for redemption or the cessation of interest on the redemption date.

Effect of Notice of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, 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 from and after the redemption date specified in such notice.

Circumstances Leading to Redemption of Bonds Prior to Maturity. Bond purchasers should be aware of the following circumstances, among others, that may lead to redemption of Bonds prior to maturity:

(i) Prepayment of all or part of any Special Taxes as the result of development in the District or otherwise;

(ii) Issuance of Refunding Bonds; and

(iii) Accumulation of investment income in the Bond Fund.

Contingent Redemption; Rescission of Redemption. Any optional redemption notice may specify that redemption of the Bonds designated for redemption on the specified date will be subject to the receipt by the District and/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 District nor the Fiscal Agent will have any liability to the Owners of any Bonds, or any other party, as a result of the District's failure to redeem the Bonds designated for redemption as a result of insufficient moneys therefor.

Additionally, the 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 shall 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 shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. Neither the District nor the Fiscal Agent will have an liability to the Owners of any Bonds, or any other party, as a result of the District's decision to rescind a redemption of any Bonds pursuant to the provisions of the Fiscal Agent Agreement.

Transfer and Exchange of Bonds

Any Bond may be transferred upon the registration books by the Fiscal Agent upon surrender of such Bond for cancellation, together with a written instrument of transfer approved by the Fiscal Agent. The Fiscal Agent may charge a reasonable fee for any transfer or exchange and may charge the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange. A new Bond, or Bonds of like aggregate principal amount, maturity and Series, shall be delivered in exchange for any Bond or Bonds thus surrendered. The Fiscal Agent may decline to make such transfers or exchanges (i) fifteen days prior to any date established for selection of Bonds for redemption or (ii) with respect to any Bond which has been selected for redemption. The Bonds cannot be exchanged for 2006 Bonds and the 2006 Bonds cannot be exchanged for Bonds.

The Fiscal Agent

MUFG Union Bank, N.A., has been appointed as the Fiscal Agent for the Bonds under the Fiscal Agent Agreement. See APPENDIX E – "Summary of Certain Provisions of the Fiscal Agent Agreement, First Supplemental Fiscal Agent Agreement, Second Supplemental Fiscal Agent Agreement, and Third Supplemental Fiscal Agent Agreement" hereto for a further description of the rights and obligations of the Fiscal Agent under the Fiscal Agent Agreement.

Debt Service Schedule*

Debt Service for the Bonds. The following table sets forth the annual debt service for the Bonds based on the maturity schedule and interest rates set forth on the inside cover page of this Official Statement.

* Preliminary, subject to change.

Year Ending (September 1)	Principal	Interest	Total
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
Totals	$	$	$

Combined Debt Service Schedule. After the Bonds are issued, the District will have two outstanding series of bonds. The following table presents the combined debt service schedule for the Bonds and the 2006 Bonds, assuming no redemptions are made:

Year Ending (September 1)	Outstanding 2006 Bonds	Bonds*	Total Annual Debt Service*
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
Totals	$	$	$

SECURITY FOR THE BONDS

General

The Bonds and the interest thereon are secured and payable primarily from the Special Taxes to be levied and collected on all the real property within the District subject to the Special Taxes, including certain proceeds, if any, of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, less Administrative Expenses ("Net Taxes"), and amounts held in certain funds pursuant to the Fiscal Agent Agreement. The Bonds and the interest thereon are secured by any Net Taxes which may be levied on property in Zone A, and property in Zone B, as of the date of issuance of the Bonds which is subject to the Special Taxes under the Rate and Method of Apportionment. The Bonds stand on a parity basis with the 2006 Bonds. As described in "INTRODUCTION – The District," the annexation in June, 2004, was the last annexation to the District and there will be no additional annexations to the District. Community Facilities District No. 6, which was formed in November of 2004, is the new School District core annexable community facilities district.

The amount of Special Taxes that the District may levy within the boundaries of the District in any year is strictly limited by the maximum rates approved by the qualified electors within the District at the time of formation of the District and by Government Code Section 53321. The District is legally authorized under the Act, and has covenanted in the Fiscal Agent Agreement, to annually cause the levy of the Special Taxes in an amount determined according to the Rate and Method of Apportionment. See "Special Taxes" below. The Rate and Method of Apportionment apportions the total amount of Special Taxes to be collected among the taxable parcels in the District as more particularly described herein. See "THE DISTRICT – Rate and Method of Apportionment of Special Tax" and APPENDIX D – "Rate and Method of Apportionment of the Special Tax" hereto.

Under existing laws, regulations, rulings and judicial decisions, the Special Taxes are exempt from the tax rate limitations of California Constitution Article XIIIA pursuant to Section 4 thereof as "special tax" authorized by a two-thirds vote of the qualified electors of the District. Consequently, the District has the power and is obligated to cause the levy and collection of the Special Taxes in an amount determined according to a methodology which the Governing Board and the qualified electors in the District have approved the Special Taxes. See "Special Taxes" below. However, Article XIIIC of the California Constitution may allow the voters in the District (or perhaps in the School District), under certain conditions, to adopt an ordinance by initiative which would reduce or appeal the Special Taxes. See "THE DISTRICT – Rate and Method of Apportionment of Special Tax." See "SPECIAL RISK FACTORS – Right to Vote on Taxes Act."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE SCHOOL DISTRICT BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE FISCAL AGENT AGREEMENT AS MORE FULLY DESCRIBED HEREIN.

Special Taxes

The levy of the Special Taxes was authorized by the landowners within the territory included in the District, as the then qualified electors of the District, at a special election held on June 23, 1998. Pursuant to the Act, the District caused a Notice of Special Tax Lien to be recorded on June 26, 1998, in the Official Records of San Diego County, California, Recorder's Office, as Document No. 1998-0394009. Subsequent thereto, there have been annexations to the District and Amended Notices of Special Tax Lien recorded in connection with each such annexation.

The Bonds are secured by, among other things, a pledge of Net Taxes which include the scheduled payments for the Bonds and any prepayments of Special Taxes received by the District and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of Special Taxes. Net Taxes pledged to the repayment of the Bonds are Special Taxes net of Administrative Expenses of the District. Administrative Expenses include the cost of calculation and collection of the Special Taxes in each fiscal year and any other costs relating to the Bonds, including the fees and costs of the Fiscal Agent. The District has covenanted in the Fiscal Agent Agreement to levy the Special Taxes in each fiscal year that the Bonds are outstanding. The Special Taxes are to be apportioned, levied and collected according to the Rate and Method of Apportionment approved by the qualified electors of the District. The Special Taxes will be levied each year in accordance with the Rate and Method of Apportionment, including amounts sufficient to cover debt service on the 2006 Bonds and the Bonds, to pay Administrative Expenses and to restore the Reserve Accounts of the Reserve Fund, including the 2014 Account of the Reserve Fund for the Bonds, to the corresponding Reserve Requirements, if necessary. See "THE DISTRICT – Rate and Method of Apportionment of Special Tax."

The District has covenanted to levy Special Taxes in an amount not less than an amount sufficient, in addition to debt service on the Bonds and other requirements of the Special Taxes, to provide for the payment of the annual bond insurance premiums required by the terms of the municipal bond insurance policy and the Reserve Surety Bond, subject only to the maximum tax limitations applicable to the Special Taxes. See APPENDIX E — "Summary of Certain Provisions of the Fiscal Agent Agreement, First Supplemental Fiscal Agent Agreement, Second Supplemental Fiscal Agent Agreement, and Third Supplemental Fiscal Agent Agreement," and APPENDIX F — "Form of Specimen Municipal Bond Insurance Policy."

The levies of Special Taxes are subject to certain limitations. Certain properties are exempt from the Special Taxes pursuant to law or the Rate and Method of Apportionment. See "SPECIAL RISK FACTORS – Payment of Special Taxes." The annual levy of Special Taxes on each parcel within the District is constrained by the Special Tax rate applicable to such parcel and by the limitation that Special Taxes levied on residential developed property shall not increase more than 10% as a result of Special Taxes delinquencies of other property owners. See "THE DISTRICT – Rate and Method of Apportionment of Special Tax" and "SPECIAL RISK FACTORS – Payment of Special Taxes" herein.

The amount of the Special Taxes that can be levied and collected in future years will be dependent upon, among other factors, the Special Tax rates imposed, and the level of delinquent Special Tax installments. Although the Special Taxes, when levied, will constitute a lien on parcels subject to taxation within the District, it does not constitute a personal indebtedness of the owners of property within the District. There is no assurance that the owners of real property in the District will be financially able to pay the annual Special Taxes or that they will pay such tax even if financially able to do so. See "SPECIAL RISK FACTORS" herein.

Special Tax Fund

Special Taxes include all scheduled payments and prepaid Special Taxes received by the District and the proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of Special Taxes. As received, the Special Taxes will be deposited in the Special Tax Fund held by the Fiscal Agent.

Priority of Transfers from the Special Tax Fund. Not later than 10 days after the District's receipt of Special Taxes, the District shall transfer them to the Fiscal Agent for deposit into the Special Tax Fund and from the Special Tax Fund the Fiscal Agent shall transfer the amounts received in the following order of priority:

(a) To the Administrative Expense Fund in an amount equal to the Administrative Expense Requirement as defined in the Fiscal Agent Agreement, up to a maximum of $40,000.00.

(b) To the Interest Account of the Bond Fund an amount such that the balance in the Interest Account one business day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and the 2006 Bonds on said Interest Payment Date. Monies in the Interest Account shall be used for the payment of interest on the Bonds and the 2006 Bonds as the same become due.

(c) To the Principal Account of the Bond Fund, an amount up to the amount needed to make the principal payment due on the Bonds and the 2006 Bonds during the current Bond Year.

(d) To the Sinking Fund Redemption Account of the Redemption Fund an amount up to the amount needed to make the Mandatory Sinking Payments due on the Bonds and the 2006 Bonds during the current Bond Year.

(e) To the Reserve Fund and the accounts therein, pro rata among the Reserve Fund and the accounts therein based upon the corresponding Reserve Requirements, the amount(s), if any, necessary to replenish the Reserve Fund and the accounts therein to the corresponding Reserve Requirement(s), taking into account all interest earnings on funds held in the Reserve Fund and the accounts therein. This includes amounts necessary to satisfy any obligations to any provider of a reserve fund surety in place of all or a portion of the corresponding Reserve Requirement.

(f) To the extent the Administrative Expense Requirement is not fully satisfied in (a) above, to the Administrative Expense Fund in the amount required to bring the balance therein to the Administrative Expense Requirement as defined in Fiscal Agent Agreement.

(g) Any remaining Special Taxes and other amounts constituting Gross Taxes (as defined in the Fiscal Agent Agreement) shall remain in the Special Tax Fund, subject to the provisions of (h), below.

(h) Any remaining Special Taxes and other amounts constituting Gross Taxes, if any, will remain in the Special Tax Fund until the end of the Bond Year. At the end of the Bond Year any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Bonds and the 2006 Bonds (including payment of Mandatory Sinking Fund Payments due during the current Bond Year), to restore the Reserve Fund as provided for in (e), above, or to pay current or pending Administrative Expenses as provided for in (a) and (f), above, shall, without further action by any party, be transferred by the Fiscal Agent to the District free and clear of any lien thereon and may be applied by the District for authorized purposes in accordance with the Formation Resolution. Any funds which are required to cure any such delinquency shall be retained in the Special Tax Fund and expended or transferred, at the earliest possible date, for such purpose.

At the date of the redemption, defeasance or maturity of the last Bond, including any 2006 Bond, and after all principal and interest then due on any Bond and any 2006 Bond has been paid or provided for, all other covenants are complied with and all fees and expenses of the Fiscal Agent have been paid, monies in the Special Tax Fund will be transferred to the District by the Fiscal Agent and may be used by the District for any lawful purpose. Funds in the Special Tax Fund will be invested in accordance with Fiscal Agent Agreement. Investment earnings on amounts in the Special Tax Fund, if any, will be retained therein.

Pursuant to the Fiscal Agent Agreement, moneys in the Administrative Expense Fund will not be construed as a trust fund held for the benefit of the Owners of the Bonds and will not be available for the payment of debt service on the Bonds.

Prepayment Account of the Special Tax Fund. Prepaid Special Taxes collected by the District (net of any costs of collection) will be transferred, no later than 10 days after receipt thereof, to the Fiscal Agent and the District will direct the Fiscal Agent to deposit the Prepaid Special Taxes in the Prepayment Account of the Special Tax Fund. The Prepaid Special Taxes will be held in the Prepayment Account for the benefit of the Outstanding Bonds and will be transferred by the Fiscal Agent to the Mandatory Redemption Account of the Redemption Fund to call Bonds and 2006 Bonds on the next Interest Payment Date for which notice can be given in accordance with the special mandatory redemption provisions of the Fiscal Agent Agreement. The Prepaid Special Taxes will be transferred to the Mandatory Redemption Account and applied to call Outstanding Bonds on a pro rata basis. Moneys representing the Prepaid Special Taxes will be invested in accordance with the Fiscal Agent Agreement. Investment earnings on amounts in the Prepayment Account not needed to redeem the Bonds pursuant to special mandatory redemption provisions of the Fiscal Agent Agreement will be transferred to the Special Tax Fund by the Fiscal Agent at the time of transfer of the Prepaid Special Taxes to the Redemption Fund.

Redemption Fund

One business day prior to March 1 or September 1 of each year beginning February 28, 20___, after the deposits have been made to the Bond Fund, the Fiscal Agent shall next transfer into the Sinking Fund Redemption Account of the Redemption Fund from the Special Tax Fund an amount equal to one-half of the Mandatory Sinking Payments due on the next September 1. Moneys so deposited in the Sinking Fund Redemption Account of the Redemption Fund shall be used and applied by the Fiscal Agent to call and redeem the Bonds, in accordance with the Fiscal Agent Agreement.

One business day prior to September 1 of each year, after making the deposits to the Bond Fund and to the Sinking Fund Redemption Account of the Redemption Fund for Mandatory Sinking Payments then due, and after making any deposits to the Reserve Fund and accounts therein to bring the balance to the corresponding Reserve Requirement, the District may elect to deposit money to the Redemption Fund to call the Bonds for optional redemption as set forth in Fiscal Agent Agreement. The Fiscal Agent, at the direction of the District, shall transfer from the Special Tax Fund and deposit in the Optional Redemption Account of the Redemption Fund moneys available for the purpose and sufficient to redeem, at the premiums payable as provided in the Fiscal Agent Agreement, the Outstanding Bonds called for optional redemption.

Moneys set aside in the Optional Redemption Account of the Redemption Fund shall be used solely for the purpose of redeeming the Outstanding Bonds and shall be applied on or after the redemption date to the payment of principal of and premium on the Outstanding Bonds to be redeemed upon presentation and surrender of such Outstanding Bonds.

Prior to any special mandatory redemption pursuant to the Fiscal Agent Agreement, the Fiscal Agent, at the direction of the District, shall deposit in the Mandatory Redemption Account of the Redemption Fund monies from the Prepayment Account of the Special Tax Fund sufficient to redeem at the premiums, payable as provided in this Fiscal Agent Agreement, the Outstanding Bonds designated in the notice of redemption. The Fiscal Agent shall transfer such amounts from the Prepayment Account of the Special Tax Fund to the Mandatory Redemption Account on or prior to the designated redemption date.

If there are moneys remaining in the Redemption Fund after any of the Outstanding Bonds so designated for redemption have been redeemed and canceled or paid and canceled, such monies shall be transferred to the Special Tax Fund; provided that, if such monies are part of the proceeds of refunding any Outstanding Bonds, such monies shall be transferred to the fund or account created for the payment of principal of and interest for the refunding of the Outstanding Bonds. Moneys held in any account of the Redemption Fund shall be invested in accordance with Fiscal Agent Agreement. Investment earnings on amounts in the Redemption Fund, if any, shall be retained therein.

Costs of Issuance Account

Monies in the 2014 Costs of Issuance Account shall be disbursed from time to time to pay or reimburse Costs of Issuance. Upon receipt of a duly executed payment request in substantially the form attached hereto as Exhibit "C," which may be in the form of a facsimile confirmed promptly in writing by mail, the Fiscal Agent shall pay the Costs of Issuance from amounts in the 2014 Costs of Issuance Account directly to the District or other person, corporation or entity designated as the payee on such form. Any such amounts remaining in the 2014 Costs of Issuance Account on a date six months from the Delivery Date shall be transferred to the Interest Account of the Bond Fund. The Fiscal Agent shall thereafter close the 2014 Costs of Issuance Account. All investment earnings on amounts in the 2014 Costs of Issuance Account shall be retained therein.

2014 Account of the Reserve Fund

The Fiscal Agent Agreement provides that the 2014 Account of the Reserve Fund must be maintained in an amount equal to the Reserve Requirement for the Bonds. The Fiscal Agent Agreement provides that the Bonds Reserve Requirement means, as of any date of calculation, an amount equal to the least of: (i) 10% of the original principal amount of Bonds (less original issue discount, if any, plus original issue premium, if any); (ii) maximum annual debt service for the Bonds; or (iii) 125% of average Annual Debt Service on the Bonds. Initially, the Reserve Requirement for the Bonds will be satisfied with the Reserve Fund Surety Bond.

Notwithstanding any provision in the Fiscal Agent Agreement to the contrary, moneys in the 2014 Account of the Reserve Fund in excess of the Reserve Requirement for the Bonds (exclusive of Excess Investment Earnings) shall be withdrawn on or prior to 15 days prior to each Interest Payment Date and applied as follows: all investment earnings on amounts in the 2014 Account of the Reserve Fund since the previous Interest Payment Date (exclusive of Excess Investment Earnings) shall be transferred to the Interest Account of the Bond Fund, and any remaining excess shall be transferred to the Principal Account of the Bond Fund, or to the Sinking Fund Redemption Account of the Redemption Fund to the extent required to make any principal payment or Mandatory Sinking Payments on the next following September 1. The Fiscal Agent shall transfer Excess Investment Earnings from the 2014 Account of the Reserve Fund earnings upon written direction of the District pursuant to the Tax Certificate.

The Reserve Requirement for the Bonds, or any portion thereof, may, with the prior written consent of the Bond Insurer, be satisfied by crediting to the 2014 Account of the Reserve Fund moneys, a letter of credit, a bond insurance policy, or any other comparable credit facility or any combination thereof, which in the aggregate make funds available in the 2014 Account of the Reserve Fund in an amount equal to the Reserve Requirement for the Bonds; however, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such letter of credit, bond insurance policy or any other comparable credit facility, must have a rating of at least "A" by one or more of the Rating Agencies (as defined in the Fiscal Agent Agreement) at the date of delivery of said reserve surety policy or equivalent, is deposited into the 2014 Account of the Reserve Fund. In the event of the use of such a surety, the Fiscal Agent shall be provided with copies of all documents in regard thereto and shall, to the extent not in conflict with the provisions of this Fiscal Agent Agreement, conform to the forms thereof for purposes of submitting draws, and making reimbursements, thereon. In the event of the use of such a surety, the Rating Agencies shall, if such Rating Agencies shall then rating the Bonds, or the Bonds and the 2006 Bonds, as shall be applicable, be provided written notice, by the Fiscal Agent, of (i) any draw on such surety at the time such occurs; and (ii) any substitution or replacement of the then-current surety or surety provider.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX F to this Official Statement. See "MUNICIPAL BOND INSURANCE POLICY" herein.

Parity Obligations

Pursuant to the Fiscal Agent Agreement, the District may not issue any additional bonds, notes, or other evidences of indebtedness payable, in whole or in part, out of Net Taxes (as defined in the Fiscal Agent Agreement) except: (i) bonds issued to fully or partially refund the Outstanding Bonds (as defined in the Fiscal Agent Agreement); and (ii) subordinate bonds, notes, or other similar evidences of indebtedness. See APPENDIX E – "Summary of Certain Provisions of the Fiscal Agent Agreement, First Supplemental Fiscal Agent Agreement, Second Supplemental Fiscal Agent Agreement, and Third Supplemental Fiscal Agent Agreement."

Estimated Debt Service Coverage

The following table illustrates the estimated coverage for the debt service on the 2006 Bonds and the Bonds. In the event of delinquencies in Special Tax payments received by the District, the estimated coverage ratios may not be achieved. See Table 4 captioned "Historic Special Tax Levies and Delinquencies" under "THE DISTRICT" for information regarding historic Special Tax delinquencies in the District.

Table 1
Community Facilities District No. 4
of the San Marcos Unified School District
Estimated Debt Service Coverage for the Bonds*

Bond Year	Assigned Special Taxes from Developed Property(1)	No. of Units Taxed(2)	Administrative Expense Requirement	Net Special Tax Revenues	2006 Bonds Debt Service	Bonds Debt Service*	Total Debt Service*	Debt Service Coverage*
2015	$2,250,662.74	1,227	$40,000.00	$2,210,662.74	$681,960.00	$895,945.83	$1,577,905.83	140.10%
2016	2,250,662.74	1,227	40,000.00	2,210,662.74	686,095.00	893,450.00	1,579,545.00	139.96
2017	2,250,662.74	1,227	40,000.00	2,210,662.74	684,615.00	897,450.00	1,582,065.00	139.73
2018	2,250,662.74	1,227	40,000.00	2,210,662.74	688,015.00	890,650.00	1,578,665.00	140.03
2019	2,250,662.74	1,227	40,000.00	2,210,662.74	680,510.00	898,450.00	1,578,960.00	140.01
2020	2,250,662.74	1,227	40,000.00	2,210,662.74	682,335.00	890,250.00	1,572,585.00	140.58
2021	2,250,662.74	1,227	40,000.00	2,210,662.74	688,197.50	887,000.00	1,575,197.50	140.34
2022	2,250,662.74	1,227	40,000.00	2,210,662.74	688,017.50	887,750.00	1,575,767.50	140.29
2023	2,250,662.74	1,227	40,000.00	2,210,662.74	686,997.50	892,250.00	1,579,247.50	139.98
2024	2,250,662.74	1,227	40,000.00	2,210,662.74	685,497.50	895,250.00	1,580,747.50	139.85
2025	2,250,662.74	1,227	40,000.00	2,210,662.74	682,947.50	896,750.00	1,579,697.50	139.94
2026	2,250,662.74	1,227	40,000.00	2,210,662.74	684,722.50	891,750.00	1,576,472.50	140.23
2027	2,250,662.74	1,227	40,000.00	2,210,662.74	680,597.50	895,500.00	1,576,097.50	140.26
2028	2,250,662.74	1,227	40,000.00	2,210,662.74	680,797.50	892,500.00	1,573,297.50	140.51
2029	2,250,662.74	1,227	40,000.00	2,210,662.74	684,522.50	893,000.00	1,577,522.50	140.14
2030	2,250,662.74	1,227	40,000.00	2,210,662.74	687,091.26	886,750.00	1,573,841.26	140.46
2031	2,250,662.74	1,227	40,000.00	2,210,662.74	688,503.76	909,000.00	1,597,503.76	138.38
2032	2,250,662.74	1,227	40,000.00	2,210,662.74	823,760.00	493,250.00	1,317,010.00	167.85
2033	1,933,007.14	1,033	40,000.00	1,893,007.14	681,616.26	371,250.00	1,052,866.26	179.80
2034	1,643,787.20	855	40,000.00	1,603,787.20	684,560.00	299,250.00	983,810.00	163.02
2035	1,578,477.80	816	40,000.00	1,538,477.80	620,655.00	0.00	620,655.00	247.88
2036	1,152,594.14	577	40,000.00	1,112,594.14	298,395.00	0.00	298,395.00	372.86
Total	NA	NA	NA	NA	$12,009,723.78	$12,779,950.00	$24,789,673.78	NA

(1) Includes only parcels classified as Developed Property as of January 1, 2014 for the Fiscal Year 2014/2015 Special Tax Levy.
(2) Pursuant to the Rate and Method of Apportionment, the Special Taxes shall be levied on each Assessor's Parcel of Developed Property for a period not to exceed thirty (30) years.
Source: Dolinka Group, LLC.

* Preliminary, subject to change.

In the event that delinquencies occur in the receipt of the District's Special Taxes in any fiscal year, the District may increase its Special Tax levy in the following fiscal year up to maximum amount permitted under the Rate and Method of Apportionment. Although the Special Tax levy may be increased, Net Special Tax Revenues resulting from the increase would not be available to cure any delinquencies for a period of one year or more. In addition, an increase in the Special Tax rates may adversely affect the ability or willingness of property owners to pay their Special Taxes. In the event the District were to levy Special Taxes on Developed Property at less than the Annual Special Tax – Developed Property (as defined in the Rate and Method of Apportionment), pursuant to Section 53321 of the Act and a resolution adopted by the District, under no circumstances will the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the District by more than 10%. For such purposes, a parcel will be considered used for private residential purposes not later than the date on which an occupancy permit for private residential use is issued. See "THE DISTRICT – Rate and Method of Apportionment" below, "SPECIAL RISK FACTORS" and APPENDIX D – "Rate and Method of Apportionment of the Special Tax" hereto for a description of the District's procedures for levying Special Taxes.

Authorized Investments

Funds and accounts established under the Fiscal Agent Agreement are held by the Fiscal Agent. Moneys in any of the funds and accounts under the Fiscal Agent Agreement held by the Fiscal Agent, and amounts in the Special Tax Fund held by the Fiscal Agent, shall be invested at the direction of the District in Authorized Investments which shall be deemed at all times to be a part of such funds and accounts. See APPENDIX E – "Summary of Certain Provisions of the Fiscal Agent Agreement, First Supplemental Fiscal Agent Agreement, Second Supplemental Fiscal Agent Agreement, and Third Supplemental Fiscal Agent Agreement" for a list of Authorized Investments.

Moneys in the 2014 Account of the Reserve Fund may be invested in Authorized Investments which provide liquidity needed to satisfy any calls on funds in the 2014 Account of the Reserve Fund. Such liquidity shall provide that at least one half of the moneys in the 2014 Account of the Reserve Fund shall be available for draw in advance of any Interest Payment Date. Such Authorized Investments shall not have a final maturity of greater than three years (except for guaranteed investment contracts through which monies in the 2014 Account of the Reserve Fund may be invested for a longer period). No such investment shall mature later than 15 days prior to the final maturity of the Bonds.

Moneys in the Rebate Fund shall be invested only in Authorized Investments of the type described in clause (a) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States pursuant to the Fiscal Agent Agreement

Covenant for Superior Court Foreclosure

In the event of the delinquency in the payment of any installment of Special Taxes, the District is authorized by the Act to order institution of an action in the superior court of the State to foreclose any lien therefor. In such action the real property subject to the Special Taxes may be sold at a judicial foreclosure sale. The ability of the 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 in the event that the property is owned by any receivership or the Federal Deposit Insurance Corporation (the "FDIC"). See "SPECIAL RISK FACTORS – Special Tax Delinquencies," " – Bankruptcy," "– Payments by FDIC and other Federal Agencies," and "– Insufficiency of Foreclosure Sales Proceeds."

On or about March 1 and July 1 of each fiscal year, the District will compare the amount of Special Taxes levied in the District to the amount of Special Taxes received by the District and (A) if the District determines that (i) any single parcel within the District is subject to a Special Tax delinquency in the aggregate amount of $10,000 or more or (ii) any owner owns one or more parcels subject to a Special Tax delinquency in an aggregate amount of $10,000 or more, then the District shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 60 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the District within 120 days of such determination to the extent permissible under applicable law; and (B) if the District determines that the total amount of delinquent Special Taxes for the prior fiscal year for the District (including the total of delinquencies under (A) above) exceeds 5% of the total Special Taxes due and payable for the prior fiscal year, the District shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 60 days of such determination, and shall commence foreclosure proceedings within 120 days of such determination against each parcel of land within the District with a Special Tax delinquency.

No assurances can be given that a judicial foreclosure action, once commenced, will be completed or that it will be completed in a timely manner. See "SPECIAL RISK FACTORS – Special Tax Delinquencies," "– Bankruptcy," "– Payments by FDIC and other Federal Agencies," and "– Insufficiency of Foreclosure Sales Proceeds." If a judgment of foreclosure and order of sale is obtained, the judgment creditor (the District) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (property owner) has 120 days from the date of service of the Notice of Levy and 20 days from the subsequent notice of sale in which to redeem the property to be sold. If a judgment debtor fails to so redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made. The constitutionality of the aforementioned legislation, which repeals the former one-year redemption period, has not been tested; and there can be no assurance that, if tested, such legislation will be upheld. Any parcel subject to foreclosure sale must be sold at the minimum bid price unless a lesser minimum bid price is authorized by the Owners of 75% of the principal amount of Bonds Outstanding.

No assurances can be given that the real property subject to sale or foreclosure 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 School District or the District to purchase or otherwise acquire any lot or parcel of property offered for sale or subject to foreclosure if there is no other purchaser at such sale. The Act does specify that the Special Taxes will have the same lien priority in the case of delinquency as for *ad valorem* property taxes.

If the 2014 Account of the Reserve Fund is depleted and delinquencies in the payment of Special Taxes exist, there could be a default or delay in payments to the Bondowners pending prosecution of foreclosure proceedings and receipt by the District of foreclosure sale proceeds, if any. However, within the limits of the Rate and Method of Apportionment and the Act, the District may adjust the Special Taxes levied on all property within the District in future fiscal years to provide an amount, taking into account such delinquencies, required to pay debt service on the Bonds and the 2006 Bonds and to replenish the Reserve Fund. There is, however, no assurance that the maximum Special Tax rates will be at all times sufficient to pay the amounts required to be paid on the Bonds by the Fiscal Agent Agreement.

Special Taxes and the Teeter Plan

The County has adopted a Teeter Plan as provided for in Section 4701 *et seq*. of the California Revenue and Taxation Code, under which a tax distribution procedure is implemented and secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. **By policy, the County does not include assessments, reassessments and special taxes of the District in its Teeter program.**

Rebate Fund

The District is required to calculate excess investment earnings ("Excess Investment Earnings") in accordance with the requirements set forth in the Fiscal Agent Agreement. The District shall calculate Excess Investment Earnings and shall deposit the same into the Rebate Fund to the extent funds are available from any revenues which are legally available for such purpose. The Fiscal Agent is then required to use such amounts to make any required rebate payments to the United States Treasury which are necessary for the District to comply with the requirements of Section 148(f) of the Code. The Fiscal Agent Agreement establishes a separate Rebate Fund for the Bonds (which also applies to the 2006 Bonds). Moneys in the Rebate Fund are not pledged to the payment of the Bonds or the 2006 Bonds.

No Acceleration

The principal of the Bonds will not be subject to acceleration under the provisions of the Fiscal Agent Agreement.

MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Policy

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy (the "Policy") to be issued concurrently with the delivery of the Bonds by BAM. See APPENDIX F – "Form of Specimen Municipal Bond Insurance Policy." The following information has been furnished by BAM.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions, or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is 212-235-2500, and its website is located at www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P. An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2014, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services, were $478.6 million, $12.7 million, and $465.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE POLICY."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (This reference is for convenience only and not considered to be incorporated as part of the Official Statement.)

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/. (This reference is for convenience only and not considered to be incorporated as part of the Official Statement.)

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM and have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and they assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

THE DISTRICT

Description

The District is comprised of approximately 89.6 net taxable acres in Zone A and approximately 291.46 net taxable acres in Zone B annexed through 2004. These acreages include the several annexations that occurred commencing June 24, 2002, through June, 2004. The District is completely developed. As of the date of this Official Statement there are 1,227 taxable residential units within the District. The District is not contiguous. Most of the lots are in the City of San Marcos and the City of Carlsbad. There are 40 lots within the Hidden Meadows development and all are located within the City of Vista.

The District was formed to provide a means of financing the mitigation costs of elementary, middle and senior high school facilities. See "– Summary of Formation Proceedings" below.

Summary of Formation Proceedings

Pursuant to the Act, on March 23, 1998, the Governing Board of the School District (the "Governing Board") adopted Resolution # 67-97/98 declaring its intention to establish the District and to authorize the levy of a special tax and Resolution # 78-97/98 declaring its intention that the District incur a bonded indebtedness in an aggregate principal amount not to exceed $50,000,000. At the conclusion of the public hearings on June 15, 1998, the Governing Board adopted Resolution # 77-97/98 establishing the District and its boundaries and approving the Rate and Method of Apportionment for the District. The Governing Board also adopted Resolution #78-97/98 determining the necessity of the District to incur a bonded indebtedness. Both of these resolutions called a special election to submit propositions to authorize the levy of the Special Taxes and incurring the bonded indebtedness to the qualified voters of the District. The Bonds will be issued in the amount set forth on the inside cover of the Official Statement.

At a special election held on June 23, 1998, the owners of the property within the boundaries of the District (comprising the landowners at that time) authorized the District to incur a bonded indebtedness in an amount not to exceed $50,000,000 and approved the Rate and Method of Apportionment to pay the principal of and interest on the Bonds of the District and to pay for certain services to be provided within the District. See APPENDIX D – "Rate and Method of Apportionment of the Special Tax". The Prior Bonds, and the 2006 Bonds, were issued for the purpose of financing the acquisition or construction of school facilities located in or serving the District. On June 26, 1998, a Notice of Special Tax Lien was recorded in the office of the County Recorder of the County. On July 20, 1998, Ordinance # 98-01 authorizing the levy of special taxes within the District was adopted.

At special elections held on the dates indicated in Table 2 below, the applicable owner or owners of the lots approved annexation to the District. Following each annexation, an Amendment to Notice of Special Tax Lien was recorded in the office of the County Recorder of the County. See "SPECIAL RISK FACTORS – District Formation," and "– Disclosure to Future Purchasers."

Table 2
Community Facilities District No. 4
of the San Marcos Unified School District
Formation and Annexation Information

Election Date	Description	Total Units[(1)]	Total Net Taxable Acres	Location
June 23, 1998	Rancho Dorado	275	90	San Marcos
June 15, 2000	Hidden Meadows	40	21	Vista
November 6, 2000	Richland View Estates	9	32	San Marcos
January 23, 2001	Mission Cove	28	5	San Marcos
October 22, 2001	Granite Homes	25	6	San Marcos
June 24, 2002	Olive Hills	96	33	San Marcos
June 24, 2002	Sage Canyon Ranch Estates	84	40	San Marcos
September 23, 2002	Loma Alta	94	14	San Marcos
September 23, 2002	Pinehurst	33	19	San Marcos
April 28, 2003	Silver Crest	129	29	San Marcos
July 14, 2003	Rock Springs Ranch	12	3	San Marcos
July 14, 2003	Vistancia	39	3	San Marcos
June 14, 2004	La Costa Greens	363	86	Carlsbad
Total		1,227	381	

(1) Number of Units and Net Taxable Acres based on Fiscal Year 2013-14 Special Tax Levy.
Source: Dolinka Group, LLC.

Rate and Method of Apportionment of Special Tax

The Rate and Method of Apportionment is set forth in its entirety in APPENDIX D – "Rate and Method of Apportionment of the Special Tax."

The Governing Board, acting as the Legislative Body of the District, will levy and collect the Special Taxes applicable to each assessor's parcel located within the boundaries of the District according to the Rate and Method of Apportionment.

Pursuant to the Rate and Method of Apportionment, the District classifies all property within the boundaries of the District as either Developed Property or Undeveloped Property, each as defined in the Rate and Method of Apportionment as of January 1 of each year. Through the initial year in which a parcel is categorized as Developed Property, the annual special tax rate which would be applicable to that parcel as Developed Property increases. Once a parcel is classified as Developed Property, the Annual Special Tax-Developed Property for such parcel is fixed and is no longer subject to escalation. See APPENDIX D – "Rate and Method of Apportionment of the Special Tax." All development within the District has been completed.

For Fiscal Year 2014-15, the proposed Annual Special Tax for Developed Property is estimated to range from approximately $1,072.48 to $2,169.76 per Dwelling Unit, depending on the year in which a property became Developed Property and the building square footage. In addition, all of the Special Tax obligations of 4 properties have been prepaid.

Pursuant to the Rate and Method of Apportionment, the Special Tax will be levied in each fiscal year on parcels of taxable property in the District to pay debt service on the Bonds and any parity obligaitons, as described below. The terms appearing below with initial letters capitalized are defined terms in the Rate and Method of Apportionment.

First: The Annual Special Tax shall be levied on all Taxable Property that is Developed Property in the District.

Second: If additional funds are needed, the Annual Special Tax will be levied on all Taxable Property that is Undeveloped Property in the District, as necessary, to pay debt service on the Bonds and expenses relating to the District and to replenish the Reserve Fund.

The Special Tax may be levied on parcels of Taxable Property in the District in each fiscal year to pay (i) debt service on the Bonds, (ii) the administrative expenses of the District and (iii) any amount required to maintain or replenish the Reserve Fund. The Special Tax may also be levied to pay for authorized school facilities.

The above discussion is only a summary of some of the operational sections of the Rate and Method of Apportionment. Investors should rely on this summary only as an aide to a careful review of the Rate and Method of Apportionment which is contained in APPENDIX D – "Rate and Method of Apportionment of the Special Tax" hereto.

No assurance can be given that homeowners will be able and willing to pay Special Taxes, which will be levied on properties within the District.

The Projects

The District is located in the County, primarily located in the cities of San Marcos and Carlsbad. See APPENDIX A – "General Information About the City of San Marcos and the City of Carlsbad" for information about the City of San Marcos, the City of Carlsbad, and the County. The District consists of approximately 621 gross acres. The property has been developed as 1,231 single family residential units. All building permits had been pulled for the project as of May 14, 2007. The balance of the acreage in the District represents parcels which are exempt from the levy of the Special Tax and includes, slopes, open space, and public rights-of-way. The District encompassed portions of 13 developments:

(i) *Rancho Dorado*: Rancho Dorado, which comprises approximately 90 net acres of residential housing consisting of 276 single-family homes and an approximate 6-acre community park. All of the 276 homes have been built and sold to residential homeowners according to the County of San Diego Assessor's records. The homes are located in the City of San Marcos.

(ii) *Hidden Meadows*: Hidden Meadows, which comprises approximately 21 net acres of residential housing consists of 40 (including 1 prepaid) single-family homes. All of the 40 homes have been built and sold to residential homeowners according to the County of San Diego Assessor's records. The homes are located on half-acre lots in the City of Vista.

(iii) *Richland View Estates*: Richland View Estates, which comprises approximately 32 net acres of residential housing, consists of 11 single-family homes. 11 homes have been built and sold to residential homeowners according to the County of San Diego Assessor's records. Two of the 11 homes have prepaid their Special Taxes. The homes are located in the City of San Marcos.

(iv) *Mission Cove*: Mission Cove, which comprises approximately 5 net acres, consists of a 28-unit development. All of the 28 units have been sold according to the County of San Diego Assessor's records. The homes are located in the City of San Marcos.

(v) *Granite Homes*: Granite Homes, which comprises approximately 6 net acres, is a 25-unit development. All of the 25 homes have been built and sold to residential homeowners. The homes are located in the City of San Marcos.

(vi) *Olive Hills*: Olive Hills, which comprises approximately 33 net acres of residential housing, consists of 96 single-family residential homes. All of the 96 homes have been built and sold to residential homeowners according to the County of San Diego Assessor's records. The homes are located in the City of San Marcos.

(vii) *Sage Canyon Ranch Estates*: Sage Canyon, which comprises approximately 40 net acres of residential housing consisting of 84 single-family homes. All of the 84 homes have been built and sold to residential homeowners according to the County of San Diego Assessor's records. The homes are located in the City of San Marcos.

(viii) *Loma Alta*: Loma Alta, which comprises approximately 14 net acres of residential housing consists of approximately 94 single-family homes. All of the 94 homes have been built and sold to residential homeowners according to the County of San Diego Assessor's records. The homes are located in the City of San Marcos.

(ix) *Pinehurst*: Pinehurst, which comprises approximately 19 net acres of residential housing, consists of 33 single-family homes. All of the 33 homes have been built and sold to residential homeowners according to the County of San Diego Assessor's records. The homes are located in the City of San Marcos.

(x) *Silver Crest*: Silver Crest, which comprises approximately 29 net acres of residential housing, consists of 129 single-family homes. All of the 129 homes have been built and sold to residential homeowners according to the County of San Diego Assessor's records. The homes are located in the City of San Marcos.

(xi) *Rock Springs Ranch*: Rock Springs Ranch, which comprises approximately 3 net acres of residential housing and consists of 12 single-family homes. All of the 12 homes have been built and sold to residential homeowners according to the County of San Diego Assessor's records. The homes are located in the City of San Marcos.

(xii) *Vistancia*: Vistancia, which comprises approximately 3 net acres of residential housing and consists of 39 residential units. All of the 39 homes have been built and sold to residential homeowners according to the County of San Diego Assessor's records. The property is located in the City of San Marcos.

(xiii) *La Costa Greens*: La Costa Greens, which comprises approximately 86 net acres of residential housing and consists of 363 single-family homes. All of the 363 homes have been built and sold to residential homeowners according to the County of San Diego Assessor's records. The property is located in the City of Carlsbad. The last building permit was issued on May 14, 2007.

A summary of the projected Fiscal Year 2014-15 Special Tax levy by tax classification is set forth in the table below.

Table 3
Community Facilities District No. 4
of the San Marcos Unified School District
Summary of Fiscal Year 2014-15 Projected Special Tax Levy

Property Classification	Tax Class	Livable Square Footage	Number of Units/Acres	Average Annual Special Tax Rate[1]	Total Annual Special Taxes	Percentage Share of Special Tax
SFD	A-1	> 2,800	205 Units	$1,762.88 per Unit	$361,389.58	16.06%
SFD	A-2	2,401 - 2,800	58 Units	$1,586.68 per Unit	92,027.56	4.09
SFD	A-3	2,001 - 2,400	12 Units	$1,426.10 per Unit	17,113.20	0.76
SFD	A-4	≤ 2,000	0 Units	N/A	0.00	0.00
Senior	A-5	NA	0 Units	N/A	0.00	0.00
SFD	B-1	> 1,600	952 Units	$1,869.89 per Unit	1,780,132.40	79.09
MFA	B-2	≤ 1,600	0 Units	N/A	0.00	0.00
Senior	B-3	NA	0 Units	N/A	0.00	0.00
Prepaid	NA	NA	4 Units	$0.00 per Unit	0.00	0.00
Developed Property			*1,231 Units*	*NA*	*$2,250,662.74*	*100.00*
Undeveloped Property			*5.58 Acres*	*$0.00 per Acre*	*$0.00*	0.00
Total					$2,250,662.74	100.00%

(1) The average Annual Special Tax Rate is the average of all the Special Tax rates in each Special Tax class, therefore they may not reflect the actual assigned Annual Special Tax Rate for each parcel in a given Special Tax class.
Source: Dolinka Group, LLC.

Land Ownership in the District

The land in the District is currently owned by individual homeowners. "Major Taxpayers" are those property owners responsible for more than 5% of the annual Special Tax levy. There currently are no property owners responsible for more than 5% of the annual Special Taxes levied in the District. The City owns a 6-acre park site and that site is exempt from the payment of Special Taxes. A Homeowners Association site for each development is also exempt from the payment of Special Taxes.

Historic Special Tax Levies and Delinquencies

The estimated Fiscal Year 2014-15 Special Taxes allocated to the Developed Properties (as defined in the Rate and Method of Apportionment) within the District are approximately $2,250,662.74. The Special Taxes are not a personal obligation of any of the current owners of the property or of any subsequent landowners. See "SPECIAL RISK FACTORS – Payment of Special Taxes" herein. The Bonds are secured solely by the Net Taxes pledged therefor under the Fiscal Agent Agreement and the District's sole collection remedy is judicial foreclosure. See "SECURITY FOR THE BONDS – Special Taxes" and " – Covenant for Superior Court Foreclosure" herein.

The historic Special Tax levies and delinquencies for the District are set forth in the table below.

Table 4
Community Facilities District No. 4
of the San Marcos Unified School District
Historic Special Tax Levies and Delinquencies

	Subject Fiscal Year [(1)]				As of June 23, 2014	
Fiscal Year	Aggregate Special Tax	Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Amount Delinquent	Remaining Delinquency Rate
2008-09	$2,252,449.36	63	$88,709.50	3.94%	$11,432.18	0.51%
2009-10	2,252,449.36	36	56,112.19	2.49	0.00	0.00
2010-11	2,252,449.36	20	28,053.28	1.25	0.00	0.00
2011-12	2,252,449.36	23	30,572.08	1.36	0.00	0.00
2012-13	2,252,449.36	19	22,258.84	0.99	3,009.35	0.13
2013-14	2,250,662.74	35	38,761.93	1.72	28,607.29	1.27

(1) Delinquencies as of June 30th, except for Fiscal Year 2013-14 which is as of April 10th.
Source: Dolinka Group, LLC.

Direct and Overlapping Debt

Table 5 below sets forth the existing authorized indebtedness payable from taxes and assessments that may be levied within the District prepared by California Municipal Statistics, Inc., and dated as of June 12, 2014 (the "Debt Report"). The Debt Report is included for general information purposes only. In certain cases, the percentages of debt calculations are based on assessed values, which will change significantly as sales occur and assessed values increase or decrease to reflect housing values. The School District believes the information is current as of its date, but makes no representation as to its completeness or accuracy. Other public agencies, such as the City of San Marcos, may issue additional indebtedness at any time, without the consent or approval of the School District or the District. See "SPECIAL RISK FACTORS – Parity Taxes and Special Assessments."

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long term obligations generally are not payable from property taxes, assessment or special taxes on land in the District. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. Additional indebtedness could be authorized by the School District, the City of San Marcos or other public agencies at any time.

There are several overlapping community facilities districts and assessment districts. The District has no control over the amount of additional debt payable from taxes or assessments levied on all or a portion of the property within the District which may be incurred in the future by other governmental agencies, including, but not limited to, the City of San Marcos, the County or any other governmental agency having jurisdiction over all or a portion of the property within the District. Furthermore, nothing prevents the owners of property within the District from consenting to the issuance of additional debt by other governmental agencies which would be secured by taxes or assessments on a parity with the Special Taxes. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Act or taxes, such assessments, special taxes and taxes will be secured by liens on the property within the District on a parity with a lien of the Special Taxes.

Accordingly, the debt on the property within the District could increase, without any corresponding increase in the value of the property therein, and thereby severely reduce the ratio that exists at the time the Bonds are issued between the value of the property and the debt secured by the Special Taxes and other taxes and assessments which may be levied on such property. The incurring of such additional indebtedness could also affect the ability and willingness of the property owners within the District to pay the Special Taxes when due. See "SPECIAL RISK FACTORS – Parity Taxes and Special Assessments."

Moreover, in the event of a delinquency in the payment of Special Taxes, no assurance can be given that the proceeds of any foreclosure sale of the property with delinquent Special Taxes would be sufficient to pay the delinquent Special Taxes. See "SPECIAL RISK FACTORS – Special Tax Delinquencies."

The District has not undertaken to commission annual appraisals of the market value of property in the District for purposes of its Annual Reports pursuant to the Continuing Disclosure Certificate, and information regarding property values for purposes of a direct and overlapping debt analysis which may be contained in such reports will be based on assessed values as determined by the County Assessor. See APPENDIX C hereto for the form of the Continuing Disclosure Certificate. See APPENDIX H ─ "Community Facilities District No. 4 of the San Marcos Unified School District Parcel Listing of Assessed Value and Value to Lien Ratios" for a list of the current assessed value and value to lien ratio of parcels within the District.

Table 5
Community Facilities District No. 4
of the San Marcos Unified School District
Detailed Direct and Overlapping Debt Summary

I. Assessed Value						
2013-2014 Secured Roll Assessed Value						**$726,571,069**
II. Secured Property Taxes						
Description on Tax Bill	**Type**	**Total Parcels**	**Total Levy**	**% Applicable**	**Parcels**	**Levy**
Basic 1% Levy	PROP13	962,867	$3,775,811,595.09	0.19061%	1,235	$7,197,156.85
Voter Approved Debt	VOTER	962,763	461,884,715.79	0.11576	1,235	534,663.01
Buena Sanitation District Sewer Service Charge	SANITATION	5,838	7,615,916.00	0.38484	41	29,309.00
City of Carlsbad AD No. 2002-01	1915	1,439	1,662,297.52	14.24106	363	236,728.72
City of Carlsbad LLMD No. 2, Zone 7	LLMD	782	35,210.50	43.01092	363	15,144.36
City of San Marcos CFD 91-2	CFDPAYG	1,768	483,847.68	6.00095	147	29,035.44
City of San Marcos CFD No. 2001-01	CFDPAYG	3,558	1,003,346.66	4.15350	282	41,673.96
City of San Marcos CFD No. 98-01	CFDPAYG	4,365	1,856,614.78	6.54555	393	121,525.70
City of San Marcos CFD No. 98-01, IA 1	CFDPAYG	3,255	972,909.08	4.53499	276	44,121.36
City of San Marcos CFD No. 98-02	CFDPAYG	8,006	2,706,108.96	6.75734	816	182,860.96
City of San Marcos CFD No. 98-02, IA F11	CFDPAYG	276	86,404.56	100.00000	276	86,404.56
City of San Marcos CFD No. 98-02, IA F15	CFDPAYG	25	23,384.00	100.00000	25	23,384.00
City of San Marcos CFD No. 98-02, IA F21	CFDPAYG	84	58,325.30	100.00000	84	58,325.30
City of San Marcos CFD No. 98-02, IA F22	CFDPAYG	96	78,983.04	100.00000	96	78,983.04
City of San Marcos CFD No. 98-02, IA F26	CFDPAYG	94	18,196.52	100.00000	94	18,196.52
City of San Marcos CFD No. 98-02, IA F27	CFDPAYG	33	41,717.28	100.00000	33	41,717.28
City of San Marcos CFD No. 98-02, IA F29	CFDPAYG	129	111,685.62	100.00000	129	111,685.62
City of Vista City-Wide LLD	LLMD	21,366	1,268,229.74	0.09240	35	1,171.80
City of Vista Street Maintenance District	1982BA	21,306	300,386.16	0.04334	35	130.20
County of San Diego Street Lighting, Zone A	LLMD	97,061	710,749.60	0.01312	14	93.28
County of San Diego Vector Control, Zone A	VECTOR	533,424	1,498,024.20	0.07270	363	1,089.00
County of San Diego Vector Control, Zone B	VECTOR	360,965	752,852.54	0.26378	871	1,985.88
County of San Diego Vector Disease Control	VECTOR	948,993	5,275,209.40	0.13699	1,234	7,226.58
Leucadia County Water District Sewer Service Charge	SWR/WTR	20,221	7,074,768.90	0.83582	229	59,132.38
Metropolitan Water District of Southern California Standby Charge	STANDBY	29,589	411,447.30	0.44595	158	1,834.84
Metropolitan Water District of Southern California Standby Charge	STANDBY	25,537	436,863.76	1.95719	712	8,550.26
Metropolitan Water District of Southern California Standby Charge	STANDBY	29,317	386,279.42	1.08069	363	4,174.50
Palomar Pomerado Health GOB 2004	GOB	189,043	14,348,008.51	0.70698	872	101,437.74
San Diego County Water Authority Standby Charge	STANDBY	46,010	$344,289.26	1.05435	363	$3,630.00
San Diego County Water Authority Standby Charge	STANDBY	26,072	388,289.36	2.24019	831	8,698.40
San Diego County Water Authority Standby Charge	STANDBY	29,573	357,788.90	0.11459	41	410.00
San Marcos Unified School District CFD No. 4	CFD	1,344	2,250,662.74	100.00000	1,227	2,250,662.74
2013-2014 TOTAL PROPERTY TAX LIABILITY						**$11,301,143.28**
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2013-2014 ASSESSED VALUATION						**1.56%**
III. Land Secured Bond Indebtedness						
Outstanding Direct and Overlapping Bonded Debt	**Type**	**Issued**	**Outstanding**	**% Applicable**	**Parcels**	**Amount**
City of Carlsbad AD No. 2002-01	1915	$33,085,000	$ 28,010,000	14.24106%	363	$3,988,921.00
San Marcos Unified School District CFD No. 4	CFD	29,515,000	20,965,000	100.00000	1,227	20,965,000.00
TOTAL LAND SECURED BOND INDEBTEDNESS (1)						24,953,921.00
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						$24,953,921.00
IV. General Obligation Bond Indebtedness						
Outstanding Direct and Overlapping Bonded Debt	**Type**	**Issued**	**Outstanding**	**% Applicable**	**Parcels**	**Amount**
Metropolitan Water District of Southern California GOB 1966	GOB	$850,000,000	$ 132,275,000	0.03328%	1,235	$44,017.00
Palomar Community College District GOB 2006	GOB	334,998,901	315,828,901	0.80288	1,235	2,535,714.00
Palomar Pomerado Health GOB 2004	GOB	495,999,997	471,823,577	0.70436	872	3,323,319.00
San Marcos Unified School District GOB 2010	GOB	281,744,795	281,096,744	4.91846	1,235	13,825,626.00
San Marcos Unified School District SFID 1	GOB	21,848,019	6,503,019	4.91846	1,235	319,848.00
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)						20,048,525.00
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						$20,048,525.00
TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT						**$45,002,445.97**

(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.

Table 6 below provides a representative property tax bill for a single family detached unit within the District for Fiscal Year 2013-14.

Table 6
Community Facilities District No. 4
of the San Marcos Unified School District
Representative Property Tax Bill for Fiscal Year 2013-14

Assessed Valuations and Property Taxes		**Percent of Total AV**	**Amount**
Assessed Value [1]	$532,000		
Less: Homeowner's Exemption	$7,000		
Net Assessed Value [2]	$525,000		
Ad Valorem Property Taxes			
General Purposes		1.000000%	$5,250.00
Ad Valorem Tax Overrides			
Palomar Health 2005A		0.023500	123.38
Unif Bond San Marcos SFID#1		0.014190	74.50
Unif Bond San Marcos Prop K Series 2010A		0.043870	230.32
Unif Bond San Marcos Prop K Series 2010B		0.000130	0.68
Palomar Community College Prop M 2006A		0.008920	46.83
Palomar Community College Prop M 2006B		0.003680	19.32
MWD Remainder of SDCWA		0.003500	18.38
Total Ad Valorem Property Taxes		**1.097790%**	**$5,763.39**
Assessments, Special Taxes and Parcel Charges [3]			
Mosquito Surveillance			$2.28
City of San Marcos CFD No. 98-02 IA #F-11			313.06
Vector Disease Control			5.86
San Marcos Unified School District CFD No. 4			1,584.64
City of San Marcos CFD No. 98-02			223.82
CWA Water Availability			10.00
City of San Marcos CFD No. 91-02			197.52
Metropolitan Water District Water Standby Charge			11.50
Total Assessments, Special Taxes and Parcel Charges			**$2,348.68**
Total Property Taxes			**$8,112.07**
Total Effective Tax Rate			**1.52%**

(1) Fiscal Year 2013-14 assessed valuation for a Single Family Detached unit containing 2,540 building square feet, selected to represent the median effective tax rate for a Single Family Detached Unit within the 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 (1) acre.
Source: Dolinka Group, LLC, County Treasurer/Tax Collector.

Table 7 shows the assessed values and value to lien ratios by tax class within the District.

Table 7
Community Facilities District No. 4
of the San Marcos Unified School District
Fiscal Year 2013-14
Assessed Value-to-Lien Debt Ratio

Special Tax Class	Building Square Footage	Unit Count	Assessed Value[1]	Land Secured Debt: CFD No. 4 Bonds (Combined 2006 Bonds and Bonds)*	Land Secured Debt: City of Carlsbad 2002-1 Bonds	Land Secured Debt: Combined Overlapping Value-To-Lien[2]*	Fiscal Year 2013/2014 Special Tax Levy	Percentage Share of Special Tax*
Zone A								
1	> 2,800	205	$125,873,323.00	$3,224,251.52	$0.00	39.04:1	$361,389.58	16.06%
2	2,401 - 2,800	58	26,664,650.00	821,053.00	0.00	32.48:1	92,027.56	4.09
3	2,001 - 2,400	12	5,250,517.00	152,680.83	0.00	34.39:1	17,113.20	0.76
4	≤ 2,000	0	0.00	0.00	0.00	NA	0.00	0.00
5	NA	0	0.00	0.00	0.00	NA	0.00	0.00
Subtotal, Zone A		275	$157,788,490.00	$4,197,985.36	$0.00	37.59:1	$470,530.34	20.91%
Zone B								
1	> 1,600	952	$563,792,068.00	$15,882,014.64	$3,998,921.00	28.36:1	$1,780,132.40	79.09%
2	≤ 1,600	0	0.00	0.00	$0.00	NA	0.00	0.00
3	NA	0	0.00	0.00	0.00	NA	0.00	0.00
Subtotal, Zone B		952	$563,792,068.00	$15,882,014.64	$3,998,921.00	28.36:1	$1,780,132.40	79.09%
Total		1,227	$721,580,558.00	$20,080,000.00	$3,998,921.00	29.97:1	$2,250,662.74	100.00%

(1) Source: County Assessor's Roll, date of Value as of January 1, 2013.
(2) Source: Detailed Direct and Overlapping Debt Report provided by National Tax Data, Inc. Debt has been proportionately allocated to all parcels based on the Fiscal Year 2013/2014 Annual Tax. Excludes general obligation bonded indebtedness. See APPENDIX H ─ "Community Facilities District No. 4 of the San Marcos Unified School District Parcel Listing of Assessed Value and Value to Lien Ratios."
Source: Dolinka Group, LLC, County Assessor, National Tax Data, Inc.

* Preliminary, subject to change.

Historic Assessed Values

The most recent assessed value reported by the County Assessor for the property in the District was as of January 2013, which assessed value totaled $724,918,727, including the four parcels which have prepaid their Special Tax obligation. The assessed values of property in the District discussed in this Official Statement are from the County Assessor's assessment roll for Fiscal Year 2013-14 (as of January 1, 2013). See APPENDIX H ─ "Community Facilities District No. 4 of the San Marcos Unified School District Parcel Listing of Assessed Value and Assessed Value to Lien Ratios" for listing by parcel within the District of current assessed values. These assessed values represent the "full cash value" of such property as determined by the County Assessor. Pursuant to rules of the State Board of Equalization that govern the County Assessor's valuation of property in the District, "full cash value" of real property means the price at which the unencumbered or unrestricted fee simple interest in the real property (subject to any enforceable governmental restrictions) would transfer for cash or its equivalent under prevailing market conditions. These rules also provide that when valuing property as a result of a change in ownership for consideration it shall be rebuttably presumed that the consideration valued in money (i.e., the purchase price), whether paid in money or otherwise, is the full cash value of the property. Pursuant to the California Constitution, the full cash value of property may reflect from year to year the inflationary rate not to exceed two percent for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced to reflect substantial damage, destruction or other factors causing a decline in value.

No assurance can be given, therefore, that the assessed value of property in the District will not be reduced by the County Assessor for Fiscal Year 2014-15 or for any subsequent fiscal year. See "SPECIAL RISK FACTORS – Reduction of Assessed Values."

Assessed values, as determined by the County Assessor, may not reflect the actual market value of property in the District (e.g., homes in the District might sell for more or less than the County Assessor's assessed value). The District does not intend to have an appraisal prepared to estimate the market value of any property in the District.

The following table provides the historic assessed values of parcels located within the District subject to the Special Tax.

Table 8
Community Facilities District No. 4
of the San Marcos Unified School District
Historic Assessed Values

Fiscal Year(1)	Assessed Value – Land	Assessed Value - Improvement	Total Assessed Value of Taxable Property (2)	Percentage Change
2010-11	$306,116,339	$428,953,420	$735,069,759.00	N/A
2011-12	302,165,733	429,096,143	731,261,876.00	-0.52%
2012-13	294,105,712	416,874,324	710,980,036.00	-2.77
2013-14	302,172,295	422,746,432	724,918,727.00	1.96

(1) Source: County Assessor Roll as of January 1 of the preceding Fiscal Year.
(2) Excludes exempt parcels, but includes those classified as prepaid, which are not taxable under the Rate and Method of Apportionment.
Source: Dolinka Group, LLC, County Assessor.

SPECIAL RISK FACTORS

Investment in the Bonds involves risks which may not be appropriate for certain investors. The following is a discussion of certain risk factors, in no particular order of importance, all of which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of existing or future property owners within the District to pay the Special Taxes levied in the District when due. Such failure to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District.

Risks of Real Estate Secured Investments Generally

The Owners of the Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, fires and floods), which may result in uninsured losses.

No assurance can be given that the individual homeowners will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See "SPECIAL RISK FACTORS – Insufficiency of Foreclosure Sale Proceeds" below, for a discussion of certain limitations on the District's ability to pursue judicial proceedings with respect to delinquent parcels.

Limited Obligations

The Bonds and interest thereon are not payable from the general funds of the School District. Except with respect to the Special Taxes, neither the credit nor the taxing power of the District or the School District is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Fiscal Agent Agreement, no owner of the Bonds may compel the exercise of any taxing power by the District or the School District or force the forfeiture of any School District or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the School District or a legal or equitable pledge, charge, lien or encumbrance upon any of the School District's or the District's property or upon any of the School District's or the District's income, receipts or revenues, except the Special Taxes and other amounts pledged under the Agreement.

Property Values

The value of property within the District is an important factor in evaluating the investment quality of the Bonds. If a property owner defaults in the payment of an installment of Special Taxes, the District's only remedy is to judicially foreclose the lien of the Special Taxes on the delinquent parcel. Prospective purchasers of the Bonds should not assume that the property within the District could be sold for the assessed values described herein at a foreclosure sale for delinquent Special Taxes or for an amount adequate to pay delinquent Special Taxes. See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure" and "– Property Assessed Values." Also, property values are not evenly distributed throughout the District. This disparity of values across the District is significant because if property owners become delinquent in the payment of Special Taxes, the District's only remedy is to foreclose against delinquent parcels. See "THE DISTRICT – Historic Assessed Values" and " – Direct and Overlapping Debt." See APPENDIX H — "Community Facilities District No. 4 of the San Marcos Unified School District Parcel Listing of Assessed Value and Value to Lien Ratios" for a list of the current assessed value of parcels within the District.

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, are customarily billed to the properties within the District on the *ad valorem* property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do ad valorem property tax installments. See "SECURITY FOR THE BONDS – Special Taxes," for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Fiscal Agent Agreement, in the event of delinquencies in the payment of Special Taxes. See "– Insufficiency of Foreclosure Sale Proceeds" below, for a discussion of the policy of the Federal Deposit Insurance Corporation (the "FDIC") regarding the payment of special taxes and assessment and limitations on the District's ability to foreclose on the lien of the Special Taxes in certain circumstances. For Fiscal Year 2013-14 Special Taxes were levied on 1,227 parcels, within the District, for a total of $2,250,662.74. For Fiscal Year 2014-15, a total of $2,250,662.74 in Special Taxes is expected to be levied on parcels in the District.

The value of the land within the District is an important factor in determining the investment quality of the Bonds. If a property owner within the District is delinquent in the payment of the Special Taxes, the District's only remedy is to commence foreclosure proceedings on such taxable property on behalf of the District in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes.

Reduction of Assessed Values

The District does not make any representation as to whether the assessed value of property in the District or the value-to-lien ratios for such property will remain at the assessed values or the ratios discussed in this Official Statement.

The assessed values of property in the District, as discussed herein, are from the County Assessor's assessment roll for Fiscal Year 2013-14 (as of January 1, 2013). These assessed values represent the County Assessor's determination of the "full cash value" of property in the District. Pursuant to the California Constitution, the full cash value of property may reflect from year to year the inflationary rate not to exceed two percent for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced to reflect substantial damage, destruction or other factors causing a decline in value.

Pursuant to rules of the California State Board of Equalization that govern the County Assessor's valuation of property in the District, "full cash value" of real property means the price at which the unencumbered or unrestricted fee simple interest in the real property (subject to any enforceable governmental restrictions) would transfer for cash or its equivalent under prevailing market conditions. These rules also provide that when valuing property as a result of a change in ownership for consideration it shall be rebuttably presumed that the consideration valued in money (i.e., the purchase price), whether paid in money or otherwise, is the full cash value of the property. This presumption may, however, be rebutted (e.g., in an assessment appeal by a property owner) by evidence that the full cash value of property is significantly more or less than the total cash equivalent of the consideration paid for the property. A significant deviation means a deviation of more than five percent of the total consideration. The Board of Equalization rules also provide that in estimating value, the assessor shall consider one or more valuation approaches, including the comparative sales approach, which is the preferred method of valuation. The rule further provides that when reliable marked data are available, the preferred method of valuation is by reference to sales prices.

Accordingly, the assessed values of the property in the District could be reduced if sales prices of property in the District decline. Recent reports by real estate industry reporting services indicate that home sales prices are increasing in some parts of Southern California.

No assurance can be given that the assessed value of property in the District will not be reduced by the County Assessor for Fiscal Year 2014-15 or for any subsequent fiscal year.

The County Assessor's assessed values may not reflect the actual market value of property in the District (e.g., homes in the District might sell for more or less than the County Assessor's assessed value). The District does not intend to have an appraisal prepared to estimate the market value of any property in the District. See APPENDIX H — "Community Facilities District No. 4 of the San Marcos Unified School District Parcel Listing of Assessed Value and Value to Lien Ratios" for listing by parcel of the assessed value of parcels within the District.

Depletion of Reserve Fund

In order to pay debt service on the Bonds, it is necessary that the Special Tax levied within the District be paid in a timely manner. Should the Special Tax not be paid on time, the District has established a 2014 Account of the Reserve Fund with respect to the Bonds in the initial amount specified under the heading to pay debt service on the Bonds to the extent other funds are not available therefore. Under the Fiscal Agent Agreement, the District has covenanted to maintain in the 2014 Account of the Reserve Fund an amount equal to the Reserve Requirement of the Bonds, with the sole source of moneys to replenish the Reserve Fund being Special Tax Revenues collected that are in excess of Bond debt service and Administrative Expenses. See APPENDIX E hereto. If a sufficient number of property owners in the District are delinquent in the payment of the Special Tax, the District may be unable to replenish the 2014 Account of the Reserve Fund to the Reserve Requirement. If such defaults were to continue in successive years, the 2014 Account of the Reserve Fund would soon be depleted and a default on the Bonds would occur.

Insufficiency of Foreclosure Sale Proceeds

The District has covenanted to institute foreclosure proceedings to sell the property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds, subject to the limitations set forth in the Fiscal Agent Agreement. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder with respect to a deed of trust on property within the District could, but would not be required to, advance the amount of delinquent Special Taxes to protect its security interest. See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure" for provisions which apply in the event foreclosure is required and which the District is required to follow in the event of delinquency in the payment of Special Taxes. In the event such superior court foreclosure or foreclosures are necessary, there could be a delay in payments to Bondowners pending prosecution of the foreclosure sale, if the 2014 Account of the Reserve Fund were depleted.

No assurances can be given that the property subject to foreclosure and sale at a judicial foreclosure sale will be sold, or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not specify the obligations of the District with regard to purchasing or otherwise acquiring any property at the execution sale pursuant to the judgment in any such action if there is no other purchaser at such sale. The District has no obligation to be a bidder at a foreclosure sale.

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties in the District on the regular property tax bills sent to owners of such properties. The Special Tax installments are due and payable on the same dates, and bear the same penalties and interest for non-payment, as general ad valorem property tax installments. Special Tax installments cannot be paid separately from general ad valorem property tax payments. Therefore, the unwillingness or inability of a property owner to pay general property tax bills, as evidenced by property tax delinquencies, may also indicate an unwillingness or inability to make general property tax payments and Special Tax installment payments in the future.

The total amount of the Special Taxes levied on property in the District for Fiscal Year 2013-14 was $2,250,662.74. As of June 23, 2014, these Special Taxes were delinquent in the amount of $28,607.29 for a delinquency rate of 1.27%.

See "THE DISTRICT – Historic Special Tax Levies and Delinquencies." See also "SECURITY FOR THE BONDS – 2014 Account of the Reserve Fund" and "– Covenant for Superior Court Foreclosure," for a discussion of the obligations of the District in the event of delinquency in the payment of Special Tax installments.

Payment of Special Taxes

The levy of special taxes can result in a significantly greater property tax burden being imposed upon properties within a community facilities district than in other areas of a city, county, or school district, and this added burden can result in problems in the collection of the special taxes. In some community facilities districts, the property owners have refused to pay the special taxes and have commenced litigation challenging the special taxes, the establishment of the community facilities district and the bonds issued by the community facilities district.

The Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties in the District on the regular property tax bills sent to owners of such properties. Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills, as evidenced by property tax delinquencies, may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. See "THE DISTRICT – Historic Special Tax Levies and Delinquencies."

Within the limits of the Rate and Method, the District may adjust the Special Taxes levied on all property within the District to provide an amount required to pay debt service on the Bonds and other obligations of the District, and the amount, if any, necessary to replenish the 2014 Account of the Reserve Fund to an amount equal to the Reserve Requirement and to pay all annual Administrative Expenses and make rebate payments to the United States government. However, the amount of the Special Taxes that may be levied against particular categories of property within the District is subject to the maximum rates provided in the Rate and Method. There is no assurance that the maximum rates will at all times be sufficient to pay the amounts required to be paid by the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS – Special Taxes" and THE DISTRICT – Rate and Method of Apportionment of Special Tax."

An owner of a taxable parcel is not personally obligated to pay the Special Taxes which are levied on his or her parcel. Rather, the Special Taxes are an obligation which is secured only by a lien upon the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to fully secure the Special Taxes, the District has no recourse against the owner.

See "SECURITY FOR THE BONDS – 2014 Account of the Reserve Fund" and "– Covenant for Superior Court Foreclosure," for a discussion of the obligations of the District in the event of delinquency in the payment of Special Tax installments.

The ability of the District to increase the amount of Special Taxes which may be levied and to pay costs of foreclosure proceedings may be limited by voter initiative. See "– Constitutional Amendment" and "– Limitations on Remedies" below.

Bankruptcy

The payment of property owners' taxes and the ability of the District to foreclose the lien of delinquent unpaid Special Taxes pursuant to the foreclosure covenant, may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a judicial foreclosure may be delayed due to congested local court calendars or procedural delays. See "Limitations on Remedies" below and "SECURITY FOR THE BONDS – Covenant for Superior Court 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 documents, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or of a partner or other equity owner of a property owner, could result in a stay of enforcement of the lien for the Special Taxes, a delay in prosecuting Superior Court foreclosure proceedings or adversely affect the ability or willingness of a property owner to pay the Special Taxes and could result in the possibility of delinquent Special Taxes not being paid in full. 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. The amount of the delinquent Special Taxes in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such a delay 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 tax installments not being paid in full. The prosecution of foreclosure proceedings could also be delayed for other reasons, including crowded court calendars and procedural delaying tactics. See "Limitations on Remedies" below.

The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as ad valorem taxes. Pursuant to the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, enacted by Congress on April 14, 2005, the lien for special taxes established after the filing of a petition in bankruptcy will be treated thereafter as a lien for ad valorem taxes.

Payments by FDIC and Other Federal Agencies

The ability of the District to collect interest and penalties allowed by State law and to foreclose on property with delinquent Special Taxes may be limited if the Federal Deposit Insurance Corporation (the "FDIC"), the Drug Enforcement Agency, the Internal Revenue Service, or other similar governmental agency, has or obtains an interest in the property. The FDIC would obtain such an interest by taking over a financial institution which has made a loan which is secured by real property within the District.

The FDIC has issued a policy statement (the "Policy Statement") which provides that real property owned by the FDIC is subject to state and local property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the affairs of the institution for which the FDIC is acting, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay or recognize liens for such amounts. If any property taxes (including interest) on FDIC owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay the taxes. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without its consent.

The Policy Statement provides that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Community Facilities Act and any special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity.

The District is unable to predict what effect the FDIC's application of the Policy Statement would have if there were a delinquency in Special Taxes levied on a parcel in the District in which the FDIC had an interest. However, it should be assumed that there would not be a buyer at a foreclosure sale if the FDIC's lien could not be foreclosed. It should also be assumed that the District will be unable to foreclose on any parcel owned by the FDIC. In either event, there would be a draw on the Reserve Account and, if the delinquency continued, there could be a default in payment of principal of and interest on the Bonds.

Furthermore, if a parcel of taxable property in the District was owned by a federal government entity or federal government sponsored entity, such as the Federal National Mortgage Association or Fannie Mae or the Federal National Home Loan Corporation or Freddie Mac, or if a private mortgage secured by a parcel of taxable property was owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability of the District to foreclose on the parcel or to collect delinquent Special Taxes would be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution[*], 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. Therefore, if a federal government entity, such as Fannie Mae or Freddie Mac, owned a parcel of taxable property in the District and did not pay the taxes and assessments levied on the parcel (including the Special Taxes), the District would not be able to foreclose on the parcel to collect the delinquent Special Taxes.

Also, if a federal government entity, such as Fannie Mae or Freddie Mac, had a mortgage interest in a parcel in the District and the District wished to foreclose on the parcel to collect delinquent Special Taxes, the property could not be sold at a foreclosure sale unless it could be sold for an amount sufficient to pay the delinquent Special Taxes and the other taxes and assessments on a parity with those Special Taxes and preserve the federal government entity's mortgage interest.

In *Rust v. Johnson* (9th Circuit; 1979) 597 F. 2d 174, the United States Court of Appeal for the Ninth Circuit, held that, with respect to applicability of the supremacy clause, the Federal National Mortgage Association is a federal instrumentality and not a private entity, and that an exercise of state power over a mortgage interest of Fannie Mae constitutes an exercise of state power over property of the United States.

The District has not undertaken to determine whether any federal government entity has, or is likely to acquire, any interest (including any mortgage interest) in any property in the District, and therefore expresses no view concerning the likelihood that the risks discussed above will materialize while the Bonds are outstanding.

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. The District is located in a seismically active region in Southern California. Active faults which could cause significant ground shaking over the District include, but are not limited to, the Rose Canyon fault zone (approximately 19.5 miles west), the Elsinore fault zone (approximately 23.2 miles northeast), the San Jacinto fault zone (approximately 45 miles

[*] The supremacy clause of the United States Constitution provides "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, anything in the Constitution or Laws of any State to the contrary notwithstanding."

northeast) and the San Andreas fault zone (approximately 72 miles northeast). Earthquakes of magnitude of 6 (Rose Canyon fault) to 8 (San Andreas fault) on the Richter scale are possible.

In the event of a severe earthquake, there may be significant damage to both property and infrastructure in the District. As a result, the merchant builders or property owners may be unable or unwilling to pay the Special Taxes when due, and the 2014 Account of the Reserve Fund may eventually become depleted. In addition, the value of land in the District could be diminished in the aftermath of such natural events, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes. It is anticipated that development within the District will be built in accordance with applicable building codes, including requirements relating to seismic safety. No assurances can be given that any earthquake insurance will be obtained as to any of the improvements within the District.

In recent years portions of Southern California have experienced outbreaks of wildfires that have burned thousands of acres at a time and destroyed thousands of homes and structures. In October 2003, October 2007, and most recently in May 2014, such wildfires occurred in the County. The May 2014 wildfires occurred in portions of the City of San Marcos, the City of Carlsbad, and other areas of the County. No properties within the District, however, were damaged during any of these wildfires. The risk of major wildfires in the Southern California region does exist.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Hazardous Substances

The presence of a hazardous substance on a parcel may result in a reduction in its value. In general, the owners and operators of a parcel 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 taxed parcels 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.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which 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 which 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 a parcel that is realizable upon a delinquency.

The District has no knowledge of any hazardous substances being located on property within the District.

Parity Taxes and Special Assessments

Property within the District is subject to the lien of taxes and assessments imposed by public agencies and several overlapping districts also having jurisdiction over the land within the District. See "THE DISTRICT – Direct and Overlapping Indebtedness." The School District's policy respecting the formation of community facilities districts provides that the total tax burden (i.e., the anticipated maximum annual community facilities district special tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees and charges payable from and secured by the property) on any residential owner-occupied parcel in the community facilities district shall not exceed 2.0% of the estimated base sales price of such parcel upon completion of the public and private improvements relating thereto. See "THE DISTRICT – Direct and Overlapping Debt" for estimated current effective tax rates within the District.

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by the District and other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See "– Bankruptcy and Foreclosure" below.

Neither the School District nor the District has control over the ability of other entities and districts to issue indebtedness secured by taxes or assessments payable from all or a portion of the property within the District. In addition, the landowners within the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by taxes or assessments. Any such taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within the District described herein.

Non-Cash Payments of Special Taxes

Under the Act, the Governing Body of the School District as the Legislative Body of the District may reserve to itself the right and authority to allow the owner of any taxable parcel to tender a Bond in full or partial payment of any installment of the Special Taxes or the interest or penalties thereon. A Bond so tendered is to be accepted at par and credit is to be given for any interest accrued thereon to the date of the tender. Thus, if Bonds can be purchased in the secondary market at a discount, it may be to the advantage of an owner of a taxable parcel to pay the Special Taxes applicable thereto by tendering a Bond. Such a practice would decrease the cash flow available to the District to make payments with respect to other Bonds then outstanding; and, unless the practice was limited by the District, the Special Taxes paid in cash could be insufficient to pay the debt service due with respect to such other Bonds. In order to provide some protection against the potential adverse impact on cash flows which might be caused by the tender of Bonds in full or partial payment of any Special Taxes, the Agreement includes a covenant pursuant to which the District will not authorize owners of taxable parcels to satisfy Special Tax obligations by the tender of Bonds unless the District shall have first obtained a certificate of an Independent Financial consultant that to accept such tender will not result in the District having insufficient Special Tax Revenues in any Bond year to pay the principal and interest on the Bonds remaining outstanding following such tender.

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

A property owner of a taxable parcel within the District is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax, the District has no recourse against the owner.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Fiscal Agent Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, moratorium, or other similar laws affecting generally the enforcement of creditors' rights and by the exercise of judicial discretion in accordance with general principles of equity. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. The Underwriter will not be obligated to repurchase any of the Bonds. Although the District has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Bondowners on a timely basis. See "LEGAL MATTERS – Continuing Disclosure." The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of 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.

Constitutional Amendment

An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative"), Proposition 218, was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added article XIII C ("Article XIII C") and article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges."

Among other things, section 3 of Article XIII C states that "the initiative power will not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The District believes, however, that Article XIII C confers on the voters no greater power as to the reduction or repeal of the Special Taxes than the power reserved to the Legislative Body of the District (i.e., the Governing Body of the School District).

The Act imposes on the Governing Body of the School District, as the Legislative Body of the District, a statutory duty to levy that amount of Special Taxes which is required for the payment of the principal of and interest on the Bonds, including any necessary replenishment of bond reserve funds and any amount required by federal law to be rebated to the United States for the Bonds (the "Minimum Levy"). In addition, the Act prohibits the Governing Body from adopting any resolution to reduce the rates of the Special Taxes or terminate the levy of the Special Taxes pledged to repay the Bonds unless it determines that the reduction or termination of the Special Taxes would not interfere with the timely retirement of the Bonds. Accordingly, the District believes that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes below the amounts required for the Minimum Levy. However, the application of the Initiative will ultimately be determined by the courts. It is not possible to predict, with certainty, how the courts will interpret the initiative or the nature of any remedy that may be granted by the courts. See "Limitations on Remedies" below.

Further, no assurance can be given regarding the future levy of the Special Taxes in amounts greater than the level required for the Minimum Levy.

Future Initiatives

The Initiative was submitted to and approved by the voters of the State pursuant to the State's constitutional initiative process. The Supreme Court of the State has held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption of taxes from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by the voters of the State. The adoption of any such initiative might place limitations on the ability of the State, the District and other local districts to increase revenues or increase appropriations or on the ability of the property owners to complete the remaining proposed development of the land in the District.

Loss of Tax Exemption

As discussed in "LEGAL MATTERS" below, interest on the Bonds could 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 District in violation of its covenants in the Agreement. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under the mandatory redemption section of the Agreement. See "– Limitations on Remedies" below.

Additionally 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 Bond Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, 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, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

District Formation

California voters approved an amendment ("Article XIIIA") to the California Constitution on June 6, 1978. Section 4 of Article XIIIA, requires a vote of two-thirds of the qualified electorate to impose "special taxes," or any additional *ad valorem,* sales or transaction taxes on real property. At an election held pursuant to the Act, more than two-thirds of the qualified electors within the District, consisting of the landowners within the boundaries of the District, authorized the District to incur bonded indebtedness to finance school facilities and approved the Rate and Method of Apportionment. The Supreme Court of the State of California has not yet decided whether landowner elections (as opposed to resident elections) satisfy requirements of Section 4 of Article XIIIA, nor has the Supreme Court decided whether the special taxes of a community facilities district constitute a "special tax" for purposes of Article XIIIA.

Section 53341 of the Act requires that any action or proceeding to attack, review, set aside, void or annul the levy of a special tax or an increase in a special tax pursuant to the Act shall be commenced within 30 days after the special tax is approved by the voters. No such action has been filed with respect to the Special Taxes.

Disclosure to Future Purchasers

The District recorded a Notice of the Special Tax Lien for the territory initially included in the District in the Office of the County Recorder of the County on June 26, 1998, as Document No. 1998-0394009. Subsequent thereto, the District has recorded an Amendment to Notice of the Special Tax Lien for each area annexed to the District. These notices were recorded in the Office of the County Recorder on August 29, 2000, as Document No. 2000-0463344, on December 19, 2000, as Document No. 2000-0690274, on March 29, 2001, as Document No. 2001-0185450, on October 30, 2001, as Document No. 2001-0786391, on June 28, 2002, as Document No. 2002-0550217, on November 1, 2002, as Document No. 2002-0973307, on May 1, 2003, as Document No. 2003-0509959, on June 26, 2003, as Document No. 2003-0756048 and on June 17, 2004, as Document No. 2004-0565191. 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 commercial facility or residential units or the lending of money thereon. Failure to disclose the existence of the Special Taxes may affect the willingness and ability of future owners of land within the District to pay the Special Taxes when due.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts the taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by the district.

Under provisions of the Act, the Special Taxes are billed to the properties within the District which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure," for a discussion of the provisions which apply, and procedures which the District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Collection of Special Taxes

In order to pay debt service on the Bonds, it is necessary that the Special Taxes levied against land within the District be paid in a timely manner. The District has covenanted in the Fiscal Agent Agreement under certain conditions to institute foreclosure proceedings against property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Taxes to protect its security interest. In the event such superior court foreclosure is necessary, there could be a delay in principal and interest payments to the owners of the Bonds pending prosecution of the foreclosure proceedings and receipt of the proceeds of the foreclosure sale, if any. No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the Governing Board to cause such an action to be commenced and diligently pursued to completion, the Act does not specify the obligations of the Governing Board with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale if there is no other purchaser at such sale. See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure."

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Fiscal Agent Agreement. Pursuant to State law, any owner of any of the Bonds is given the right for the equal benefit and protection of all owners similarly situated to pursue certain remedies described under "SECURITY FOR THE BONDS."

Right to Vote on Taxes Act

An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State of California at the November 5, 1996, general election. The Initiative added Article XIIIC ("Article XIIIC") and Article XIIID to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." The provisions of the Initiative have not yet been interpreted by the courts, although a number of lawsuits have been filed requesting the courts to interpret various aspects of the Initiative.

Among other things, Section 3 of Article XIII states that ". . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

> "Section 3 of Article XIIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution."

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Bonds.

It may be possible, however, for voters or the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds.

Like its antecedents, the Initiative is likely to undergo both judicial and legislative scrutiny before its impact on the District and its obligations can be determined. Certain provisions of the Initiative may be examined by the courts for their constitutionality under both State and federal constitutional law. The District is not able to predict the outcome of any such examination.

The foregoing discussion of the Initiative should not be considered an exhaustive or authoritative treatment of the issues. The District does not expect to be in a position to control the consideration or disposition of these issues and cannot predict the timing or outcome of any judicial or legislative activity in this regard. Interim rulings, final decisions, legislative proposals and legislative enactments may all affect the impact of Initiative on the Bonds as well as the market for the Bonds. Legislative and court calendar delays and other factors may prolong any uncertainty regarding the effects of the Initiative.

Ballot Initiatives and Legislative Measures

The Initiative was adopted pursuant to a measure qualified for the ballot pursuant to California's constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the State Legislature. The adoption of any such initiative or enactment of legislation might place limitations on the ability of the State, the District, the School District or local districts to increase revenues or to increase appropriations or on the ability of a property owner to complete the development of the property.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the District has committed to provide certain statutorily-required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of 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.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Exemption," the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of a failure of the District and the School District to comply with certain provisions of the Code. In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the District has covenanted in the Fiscal Agent Agreement not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of acts or omissions of the District in violation of the Code. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption or mandatory sinking fund redemption provisions of the Fiscal Agent Agreement.

Limitations on Remedies

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds. See "– Payments by FDIC and other Federal Agencies," "– Billing of Special Taxes" and "– No Acceleration Provision" herein.

LEGAL MATTERS

Legal Opinion

The legal opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel, approving the validity of each of the Bonds will be made available to purchasers at the time of original delivery and is attached hereto as APPENDIX B. A copy of the legal opinion will be printed on each Bond.

Tax Exemption

In the opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel, subject, however, to certain qualifications described herein, based upon an analysis of existing statutes, regulations, rulings, and court decisions and assuming, among other things, compliance with certain covenants, interest the Bonds is excluded from gross income for federal income tax purposes. In the opinion of Bond Counsel, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In addition, interest on the Bonds is included as an adjustment in calculating federal corporate alternative minimum taxable income for purposes of determining a corporation's alternative minimum tax liability.

The opinions of Bond Counsel set forth in the preceding paragraph are subject to the condition that the District complies with all requirements of 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 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. The Fiscal Agent Agreement and other related documents refer to certain requirements, covenants and procedures which may be changed and certain actions that may be taken, upon the advice or with an opinion of nationally recognized bond counsel. No opinion is expressed by Bond Counsel as to the effect on any Bond or the interest thereon if any such change is made or action is taken upon the advice or approval of counsel other than Bond Counsel. Bond Counsel expresses no opinion regarding other tax consequences arising with respect to the Bonds.

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

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.

See APPENDIX B – "FORM OF OPINION OF BOND COUNSEL" for the proposed form of the opinion of Bond Counsel.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the School District, as applicable, or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the Internal Revenue Service. Under current procedures, parties other than the District and their respective appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of Internal Revenue Service positions with which the District legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District, the School District or the Beneficial Owners to incur significant expense.

Original Issue Discount; Premium Bonds

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semi-annually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of the Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

The Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser's basis in a Premium Bond, and under Treasury Regulations the amount of tax exempt interest received, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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 Owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, liquidity of or marketability of, the Bonds. In 2013 and 2014, legislative changes were proposed in Congress, which, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as 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 as to which Bond Counsel expresses no opinion. As discussed in this Official Statement, under the caption "LEGAL MATTERS," interest on the Bonds could 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 District in violation of its covenants in the Fiscal Agent Agreement. Should such an event of taxability occur, the Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Fiscal Agent Agreement.

Backup Withholding

Interest paid with respect to tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest with respect to the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service 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 Internal Revenue Service. It is also possible that the market value of the might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds or securities).

Continuing Disclosure

The District has covenanted in a Continuing Disclosure Certificate for the benefit of the Bondowners to provide annually certain financial information and operating data, and to provide notices of the occurrence of certain enumerated events, if material. The District has agreed in the Continuing Disclosure Certificate to file, or cause to be filed, to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org, an annual report and notices of certain material events. See APPENDIX C – Form of Continuing Disclosure Certificate." The covenants of the District have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

The District, the School District, the Authority, and CFD No. 5 recently completed a review of their previous disclosure filings for previously issued securities for the past five years. CFD No. 5 was created by the School District pursuant to proceedings taken under the Act. The Authority was established pursuant to a joint exercise of powers agreement approved and executed by the School District in accordance with the provisions of Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code. The Authority was created for the purpose of providing financing for public capital improvements of the School District. As described below, the results of the review of their respective disclosure filings indicate that the District, the School District, the Authority and CFD No. 5 have not, on several occasions during the past five years, fully complied with their respective prior continuing disclosure undertakings under the Rule.

The review of previous disclosure filings by the District indicates, for example, that with respect to one series of bonds, for Fiscal Year 2008-09 the District filed the annual report of the District and the audited financial statements of the School District one day late. During the last five years the District also did not file notices with respect to rating downgrades of municipal bond insurers that insured the Prior Bonds and the 2006 Bonds. Further, the District did not, on or before the dates specified in the related continuing disclosure undertakings, submit a notice of late filing of the annual report in accordance with the continuing disclosure undertakings. The District subsequently filed the annual report, audited financial statements, and notices of the occurrence of listed events, and to the best of the District's knowledge and information the District is otherwise currently in material compliance with its previous undertakings for the past five years. The District also subsequently filed notices reporting its late filings.

With respect to the School District, the review indicates, for example, that within the last five years annual reports, audited financial statements or budget information filed with respect to various financings by the School District were filed after the filing due date by a range of three weeks to approximately five months. The School District also did not file notices with respect to rating downgrades of municipal bond insurers that have insured two of the School District's financings. Further, the School District did not, on or before the dates specified in the related continuing disclosure undertakings, submit notices of late filings of annual reports. The School District subsequently filed all annual reports, audited financial statements, budget information, and notices of the occurrence of listed events, and to the best of the School District's knowledge and information the School District is otherwise currently in material compliance with its previous undertakings for the past five years. The School District also subsequently filed notices reporting its late filings.

With respect to the Authority, the review indicates, for example, that in Fiscal Year 2008-09 the annual report and audited financial statements filed with respect to one series of bonds were filed three weeks after the filing due date, and with respect to Fiscal Year 2009-10 the audited financial statements were not filed. The Authority also did not file notices with respect to rating downgrades of municipal bond insurers that have insured the Authority's financings, as required by the then-existing continuing disclosure obligations. Further, the Authority did not, on or before the dates specified in the related continuing disclosure undertakings, submit notices of late filings of annual reports in accordance with the continuing disclosure undertakings. The Authority subsequently filed all annual reports, audited financial statements, and notices of the occurrence of listed events, and to the best of the Authority's knowledge and information the Authority is otherwise currently in material compliance with its previous undertakings for the past five years. The Authority also subsequently filed notices reporting their late filings.

The review of the previous disclosure filings of CFD No. 5 indicates, for example, that it did not file notices with respect to rating downgrades of municipal bond insurers that insured its prior bonds. CFD No. 5 subsequently filed such notices, and to the best of CFD No. 5's knowledge and information CFD No. 5 is otherwise currently in material compliance with its previous undertakings for the past five years.

The subsequent filings, notices, and event notices of the District, the School District, the Authority and CFD No. 5 were filed with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org. To improve compliance with their respective continuing disclosure obligations, including, but not limited to, facilitating that their annual reports, audited financial statements, budget information, and any event notices and other notices are filed on a timely basis in the future, the District, the School District, CFD No. 5 and the Authority have engaged Dolinka Group, LLC to act as Dissemination Agent on their outstanding securities. See APPENDIX C – "Form of Continuing Disclosure Certificate."

Absence of Litigation

At the time of delivery of and payment for the Bonds, the School District will deliver a certificate to the effect that there is no known action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency against the School District or the District affecting the existence of the School District or the District or the title of their respective officers to office or seeking to restrain or to enjoin the issuance, sale, or delivery of the Bonds, the application of the proceeds thereof in accordance with the Agreement, or the collection or application of the Special Taxes to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution of Issuance, the Agreement, or any other applicable agreements or any action of the School District or the District or contemplated by any of said documents.

Rating

Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("Standard & Poor's") has assigned its underlying municipal bond rating of "A-" (Stable Outlook) to the Bonds. Standard & Poor's is expected to assign the insured municipal bond rating of "AA" to the Bonds, with the understanding that upon the delivery of the Bonds, a municipal bond insurance policy will be issued by BAM. Such ratings reflect only the views of Standard & Poor's and an explanation of the significance of such ratings may be obtained from Standard & Poor's. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by such organization, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Verification of Mathematical Computations

Causey Demgen & Moore P.C., an independent firm of certified public accountants, will deliver to the District its reports indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the District and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of the computations of the adequacy of the cash deposited with Escrow Agent will result in the defeasance of the Prior Bonds, in full on September 1, 2014, as described under the caption "REFUNDING PLAN."

Underwriting

The Bonds are being purchased by the Underwriter for a price of $________ being equal to the initial principal amount of the Bonds of $_________, plus an original issue premium of $_________ and less an Underwriter's discount of $_________. The Underwriter has committed to purchase all of the Bonds if any of such Bonds are purchased. The Bonds are being offered for sale to the public at the price set forth on the inside cover page of this Official Statement, which price may be changed by the Underwriter from time to time without notice. The Bonds may be offered and sold to dealers, including the Underwriter and dealers acquiring Bonds for their own account or an account managed by them, at prices lower than the public offering price.

Legal Matters Incident to the Issuance of the Bonds

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, acting in its capacity as Bond Counsel. The unqualified opinion of Bond Counsel approving the validity of the Bonds will be attached to each Bond, and the form of such opinion is attached hereto as APPENDIX B. Bond Counsel's employment is limited to a review of legal procedures required for the approval of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation. Certain other legal matters related to the Bonds and the District will be passed upon for the School District by Best Best & Krieger LLP, acting in its capacity as Special Counsel to the School District. Certain legal matters related to disclosure will be passed upon for the District by Best Best & Krieger LLP, acting in its capacity as Disclosure Counsel. McFarlin & Anderson LLP, Laguna Hills, California, is acting as counsel for the Underwriter. Payment of Bond Counsel's, Disclosure Counsel's, and Underwriter Counsel's fees and expenses is contingent upon the sale and issuance of the Bonds. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Payment of the fees and expenses of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

Additional Information

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the District.

COMMUNITY FACILITIES DISTRICT NO. 4
OF THE SAN MARCOS UNIFIED SCHOOL
DISTRICT

By:____
Superintendent, on behalf of Community
Facilities No. 4 of the San Marcos Unified
School District

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF SAN MARCOS, THE CITY OF CARLSBAD AND THE SAN DIEGO REGION

The following information relating to the City of San Marcos, the City of Carlsbad and San Diego County is supplied solely for purposes of information. Although the District is located in the City of San Marcos, other information is provided for the general boundaries of the School District. Neither city is obligated in any manner to pay principal or interest on the Bonds or to cure any delinquency or default on the Bonds. The Bonds are payable solely from the sources described in the Official Statement.

CITY OF SAN MARCOS

The City of San Marcos, California (the "City") is located approximately 35 miles north of downtown San Diego and 90 miles south of Los Angeles, in the northern coastal/inland region of San Diego County. The City covers approximately 31.37 square miles. The Cerros Las Posas, Merriam and San Marcos foothills and a series of valleys are the chief topographic features. The City is accessible to San Diego, Orange, Imperial, San Bernardino, Riverside and Los Angeles Counties. The City is situated along the State Highway 78 Freeway corridor and is bordered by Escondido to the east, Vista to the north and west, Carlsbad to the south and west, and unincorporated areas of the County to the north and south.

Municipal Government

The City is a charter city, incorporated in 1963 and chartered on July 4, 1994. The City operates under a council/manager form of government. The City Council is comprised of five council members, elected at large on a staggered basis for a term of four years. The Mayor is directly elected for a four-year term. The City Council appoints the City Manager and the City Attorney. Public services are typically through independent, special service districts and by contractual agreements with the County of San Diego.

Risk Management

The City participates in the Southern California Joint Powers Insurance Authority, which is comprised of approximately 100 member cities. The Authority was established under the California Government Code to administer a joint protection program wherein cities pool their losses and claims and jointly purchase excess insurance and administrative and other services. The liability self-insurance coverage arranged by the Authority for its members includes protection for personal injury, errors and omissions, property damage and bodily injury (including Workers' Compensation).

Climate and Topography

The City is located 600 feet above sea level in rolling hills. The City has mild summers with an average high temperature of 72 degrees and moderate winters with an average winter temperature of 69 degrees. Average rainfall, which occurs generally in the period between November and April, is 9 to 11 inches.

Population

Population figures for the City, the County and the State of California are shown in the following table:

POPULATION ESTIMATES

Calendar Year	City of San Marcos	County of San Diego	State of California
2002	60,656	2,890,256	34,725,516
2003	63,591	2,927,216	35,163,609
2004	67,048	2,953,703	35,570,847
2005	72,564	2,966,783	35,869,173
2006	76,303	2,976,492	36,116,202
2007	79,273	2,998,477	36,399,676
2008	82,116	3,032,689	36,704,375
2009	82,879	3,064,433	36,966,713
2010	83,781	3,095,313	38,648,090
2011	84,586	3,115,810	37,427,946
2012	85,160	3,128,734	37,668,804
2013	87,165	3,154,574	37,984,138
2014	90,179	3,194,362	38,340,074

Source: Population Estimates by Demographic Research Unit, California State Department of Finance as of January of each year listed.

Employment and Industry

The following table sets forth the principal employers in the City as of June 30, 2013.

CITY OF SAN MARCOS
TOP 20 EMPLOYERS

Business Name	Number of Employees
Hunter Industries Inc.	725
United Parcel Service	433
Wal-Mart Stores, Inc.	350
Southern CA Permante Medical Group	301
Lusardi Construction Co.	300
Vanpike Inc.	286
Fry's Electronics	270
Oncore Manufacturing Svcs, LLC	257
Costco Wholesale	253
RB III Associates	237
University Aux. & Research Svcs	230
Fluid Components Intl LLC	225
24 Hour Fitness	224
Hollandia Dairy, Inc.	185
Hughes Circuits Inc.	164
Diamond Environmental Svcs LP	150
Southern Contracting	150
Home Depot	148
Aerotek Inc.	138
Plum Health Care Group	135

Source: City of San Marcos Comprehensive Audited Financial Report for Fiscal Year 2012-13.

Property Taxes

The San Diego County Treasurer-Tax Collector collects *ad valorem* property tax levies representing taxes levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Unsecured taxes are assessed and payable on March 1 and become delinquent August 31, in the next fiscal year. One-half of the secured tax levy is due November 1 and becomes delinquent December 10; the second installment is due February 1 and becomes delinquent April 10. A ten percent penalty (10%) is added to any late installment. On June 30, delinquent properties are sold to the State.

Property owners may redeem property upon payment of delinquent taxes and penalties. Properties sold to the State incur a redemption penalty of one and one-half percent (1-1/2%) per month of the tax due. Properties may be redeemed under an installment plan by paying current taxes, plus twenty percent (20%) of delinquent taxes for five years. Interest accrues at one and one-half percent (1-1/2%) per month on the unpaid balance. If no payments have been made on delinquent taxes at the end of five fiscal years, the property is deeded to the State. Such properties may thereafter be conveyed to the County Tax Collector as provided by law.

Set forth below is a summary of the secured property tax levies, collections and total collections for fiscal years since 2003-2004.

CITY OF SAN MARCOS
PROPERTY TAX LEVIES AND COLLECTIONS
Fiscal Years 2003-04 through 2012-13

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ending June 30	**Taxes Levied for the Fiscal Year**	**Amount Collected**	**Percentage of Levy**	**Delinquent Collections[1]**	**Total Tax Collections**	**Percent of Current Levy**
2004	$5,058,512	$4,880,776	96.49%	$77,745	$4,958,521	98.02%
2005	6,256,364	5,882,189	94.02	78,862	5,961,051	95.28
2006	6,908,062	6,472,381	93.69	133,657	6,606,038	96.63
2007	6,837,608	6,368,465	93.14	184,632	6,553,097	95.84
2008	6,773,119	6,341,932	93.63	167,455	6,509,387	96.11
2009	6,183,776	5,932,421	95.94	241,543	6,173,964	99.84
2010	5,576,114	5,363,998	96.21	277,310	5,591,308	100.29
2011	5,604,503	5,413,368	96.59	226,828	5,640,196	100.64
2012	4,645,057	5,477,833	97.04	130,736	5,608,569	99.35
2013	5,898,965	5,733,817	97.20	122,068	5,855,885	99.27

(1) Includes prior years' delinquent collections, escapes, penalties and interest.
Source: City of San Marcos.

CITY OF CARLSBAD

The City of Carlsbad is located on the coast of Southern California in San Diego County about 35 miles north of San Diego and 86 miles south of Los Angeles. It is bordered by two lagoons, Buena Vista and Batiquitos, on the north and south respectively. The City of Carlsbad limits cover approximately 42.19 square miles and has an estimated population of 110,169.

The District is not located within the City of Carlsbad, however, the information is provided for reference to the economic status of all areas within the School District boundaries.

Municipal Government

The City of Carlsbad, a general law city with the council-manager form of government, was incorporated July 16, 1952. A five-member City Council is elected at large for four-year alternating terms at elections held every two years. The mayor is the presiding officer of the Council and also is elected to serve a four-year term. The city manager, appointed by the Council for an indeterminate term, acts as chief executive officer in carrying out Council policies. The current city manager has served for 19 years.

The City of Carlsbad has approximately 674 full and 3/4-time employees as of June 2013. City services include police and fire protection, public safety, parks and recreation, library, community development, and water and sewer services.

Climate and Topography

The City of Carlsbad has mild summers with a mean temperature for the month of July of 73 degrees and moderate winters with an average winter temperature of 58 degrees. The relative humidity is low. Average rainfall, which occurs generally in the period between October and February, is less than 9 inches.

The City of Carlsbad is located on the Pacific Ocean 35 miles north of San Diego at an altitude of sea level to 585 feet above sea level.

Population

Population figures for the City of Carlsbad, San Diego County and the State of California are shown in the following table:

CITY OF CARLSBAD
POPULATION ESTIMATES

Calendar Year	City of Carlsbad	County of San Diego	State of California
2002	87,751	2,890,256	34,725,516
2003	90,214	2,927,216	35,163,609
2004	92,205	2,953,703	35,570,847
2005	94,161	2,966,783	35,869,173
2006	97,641	2,976,492	36,116,202
2007	100,154	2,998,477	36,399,676
2008	102,452	3,032,689	36,704,375
2009	103,664	3,064,433	36,966,713
2010	105,328	3,095,313	38,648,090
2011	106,403	3,115,810	37,427,946
2012	107,158	3,128,734	37,668,804
2013	108,401	3,154,574	37,984,138
2014	110,169	3,194,362	38,340,074

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

The following table lists the major employers within the City of Carlsbad and their estimated number of employees.

CITY OF CARLSBAD
TOP 20 EMPLOYERS
as of January 1, 2013

Business Name	Employees	Product/Services
Callaway Golf	1,637	Golf Equipment
ViaSat, Inc.	1,510	Family Theme Park
Life Technologies	1,454	Medical Equipment Manufacturing
Legoland, California	1,422	Hotel Resort
Taylor Made /Adidas Golf Company	954	Golf Equipment
La Costa Resort & Spa	932	Hotel and Health Spa
Carlsbad Unified School District	903	Education
Gemological Institute of America	794	Gemological School/Mfr.
City of Carlsbad	675	Municipal Government
Zimmer Dental Inc.	673	Dental Implants
OptumRX, Inc.	670	Research and Development
Genoptix, Inc.	661	Medical Laboratory
Park Hyatt Aviara Resort	580	Hotel and Health Spa
24 Hour Fitness	545	Health Club Headquarters
Alphatec Spine, Inc.	460	Medical/Orthopedic Devices
Nordson Asymtec	430	Equipment Manufacturing
Legend3D, Inc.	380	Film and Media
Astec America	299	Electronic Components
The Upper Deck Company	293	Sports Memorabilia
Crestone Group Baking Companies	280	Baking and Distribution

Source: City of Carlsbad Chamber of Commerce.

Property Taxes

The table below sets forth for Fiscal Years 2003-14 through 2012-13, the property tax levies, total current collections and percent of levy collected in the City for property tax accruing to the City's general fund.

CITY OF CARLSBAD
PROPERTY TAX LEVIES AND COLLECTIONS
Fiscal Years 2003-04 through 2012-13

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ending June 30	Taxes Levied for the Fiscal Year	Amount Collected	Percentage of Levy	Delinquent Collections[1]	Total Tax Collections	Percent of Current Levy
2004	$33,117,599	$31,263,256	94.40%	$ 489,764	$31,753,020	95.8%
2005	44,057,622	41,762,729	94.79	488,289	42,251,018	95.8
2006	49,806,112	47,058,777	94.48	664,449	47,723,226	95.8
2007	51,854,596	48,343,045	93.23	876,748	49,219,793	94.9
2008	56,098,718	51,425,928	91.67	1,196,691	52,622,619	93.8
2009	59,297,940	53,993,989	91.06	1,765,911	55,759,900	94.0
2010	58,433,851	53,131,129	90.93	1,899,786	55,030,915	94.1
2011	56,792,002	52,341,088	92.16	1,612,061	53,953,149	95.0
2012	56,172,471	52,660,971	93.75	974,414	53,635,385	95.4
2013	56,791,847	53,772,113	94.68	873,702	54,645,815	96.2

(1) Includes prior years' delinquent collections, escapes, penalties and interest.
Source: City of Carlsbad.

SAN DIEGO COUNTY REGIONAL INFORMATION

Employment and Industry

The cities of San Marcos and Carlsbad are included in the San Diego Metropolitan Statistical Area, which includes all of San Diego County. As of May, 2014, the labor force for San Diego County was 1,586,300 of which 1,494,200 were employed and 92,100 were unemployed. The unemployment rate as of May, 2014, was 5.8%, 0.7 less than December, 2013. Set forth below is data from 2009 to 2014, reflecting San Diego County's civilian labor force, employment and unemployment. In the past six calendar years total employment in San Diego County rose approximately 6.3% while the labor force increased approximately 2.0%.

METROPOLITAN STATISTICAL AREA (SAN DIEGO COUNTY)
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
(ANNUAL AVERAGES)
AND EMPLOYMENT BY INDUSTRY GROUP

	2009	2010	2011	2012	2013[5]	2014[6]
Civilian Labor Force [1][2]	1,554,900	1,574,100	1,582,200	1,599,200	1,578,600	1,586,300
Civilian Employment	1,405,600	1,408,200	1,423,500	1,456,300	1,476,200	1,494,200
Civilian Unemployment	151,300	149,300	158,700	142,800	102,300	92,100
Civilian Unemployment Rate %	9.6%	10.6%	10%	8.9%	6.5%	5.8%
Total Farm	10,400	10,500	9,800	9,800	9,000	10,400
Natural Resources and Mining	400	400	400	400	400	400
Construction	61,100	55,400	55,200	56,300	64,100	65,200
Manufacturing	95,300	92,900	93,100	93,400	94,600	96,200
Trade, Transportation and Utilities	199,500	197,300	200,800	206,800	222,000	213,800
Information	28,200	25,100	24,200	24,600	24,200	24,100
Financial Activities	69,800	67,200	67,600	69,500	71,700	70,500
Professional and Business Services	206,800	207,700	209,800	215,500	222,500	226,700
Educational and Health Services	144,300	145,500	150,200	154,500	183,700	184,600
Leisure and Hospitality	154,800	154,500	155,600	161,000	166,100	175,300
Other Service providing	46,800	46,100	47,600	49,300	49,300	50,800
Government	224,500	230,400	229,000	227,600	233,000	235,100
Total[1], All Industries[3] [4]	1,241,700	1,233,000	1,243,200	1,268,600	1,340,600	1,353,100

(1) Totals may not add due to rounding.
(2) Civilian labor force data is the sum of civilian employment and civilian unemployment.
(3) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(4) Data not seasonally adjusted.
(5) As of December 2013.
(6) As of May 2014.

Source: State Employment Development Department, Labor Market Information Division.

Transportation

Primary access to the City of San Marcos is provided by State Highway 78, which is a major transportation corridor that extends in a general east-west direction from Escondido/Interstate 15 to Oceanside/Interstate 5. This is one of the few major transportation corridors linking the coastal areas to inland North County. San Marcos can be accessed at various off-ramps from the highway, including Nordahl Road, Twin Oaks Valley Road, San Marcos Boulevard, Rancho Santa Fe Road and Woodland Parkway. This network of roads provides access to the various neighborhoods and districts dispersed throughout the community.

Interstate 5 along the coast (via State Highway 78) and Interstate 15 (inland) provide full freeway access to Carlsbad and San Marcos from Los Angeles to the north and San Diego to the south.

Daily bus connections serve San Marcos and Carlsbad, passenger rail service on Southern Pacific Railway is 30 minutes to the west in Oceanside, and San Diego's Lindberg International Airport is 35 minutes to the south of San Marcos and Carlsbad.

The North County area is served by the AT&SF Railroad, a part of the transcontinental line linked with major rail networks. A number of industrial parcels throughout the North San Diego sub-region are served by rail.

An Oceanside-Escondido mass transit line with a Civic Center station and a connection to California State University, San Marcos was completed by the North County Transit District (the "NCTD") in 2005. All of these improvements provide for safe and efficient traffic circulation to the Civic Center Plaza area.

The smaller McClellan-Palomar Airport in Carlsbad is within minutes of North County cities and is popular among executives who have based nearly 100 corporate aircraft at full-service facilities. Commercial service is offered to San Diego, Los Angeles, Orange County and other Southern California and Arizona locations. Air cargo service also may expand as industry expands in North County.

Access to the San Diego Harbor and the Port of San Diego from North County is convenient and fast via rail and freeway connections. There are nearly 2.5 miles of rail track at shipside, with an additional eight miles of track serving 12 berths throughout the Port.

Utilities and Other Local Services

The City provides a wide range of services to its residents including basic local services such as planning, public works, community services, recreation and parks and fire protection. Vallecitos Water District provides domestic water service and sanitary sewer services, as well as water sewage treatment. Natural gas and electric power currently are supplied only by San Diego Gas & Electric Company. Telephone service is provided by Pacific Telephone Company.

Education and Community Facilities

The campus of the California State University, San Marcos, is nearby, which opened in the fall of 1992 on 305 acres, less than one-half mile south of the San Marcos city hall. Ultimate enrollment at this four-year school is estimated as 35,000 students.

Two community colleges, Palomar (which is located in San Marcos) and Mira Costa, schedule day and evening courses where residents can complete a two-year degree, obtain vocational training or take general education courses.

San Marcos Unified School District (the "School District") also provides ten elementary schools, two middle schools, two comprehensive high schools, one alternative high school and one continuation high school to San Marcos residents and to portions of Carlsbad. The enrollment of the School District in October, 2013 was 20,002 students.

Medical facilities include the 288-bed Palomar Medical Center in Escondido, which opened in 2012 and was one of the country's largest hospital construction projects and the first new North San Diego County hospital in 30 years. Other nearby medical facilities include the 319-bed Palomar Health Downtown Campus in Escondido, the 107-bed Pomerado Hospital in Poway and Palomar Health Rehabilitation Services in San Marcos. North San Diego County communities are served by emergency and trauma centers and other comprehensive medical and health services including cardiology, vascular, neurosciences services, interventional radiology, rehabilitation services, medical oncology, obstetrics and gynecology, an array of outpatient services and a Starbucks on the premises.

Recreational facilities in close proximity include the San Diego Wild Animal Park, Legoland, 25 golf courses, Lake Hodges, Lake Wohlford, Dixon Lake and Palomar Observatory.

Community Facilities include the San Marcos Civic Center Plaza, formerly known as Town Center. The Civic Center Plaza includes nearly 60 acres at the northeast corner of Twin Oaks Valley Road and State Highway 78, approximately one mile from California State University, San Marcos. The Civic Center Plaza is a mixed use, public/private venture consisting of a 150,000 square-foot city hall, a 30,000 square-foot multi-purpose community center and a 15,000 square-foot branch of the County library. The shopping center portion of the site is presently home to anchor tenants LA Fitness and The Old Spaghetti Factory and thirteen other tenants.

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Bonds, Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel to Community Facilities District No. 4 of the San Marcos Unified School District, proposes to render their final approving opinion with respect to the Bonds in substantially the following form:

Governing Board
San Marcos Unified School District
255 Pico Avenue, Suite 250
San Marcos, CA 92069

Re: $______________ Community Facilities District No. 4 of the San Marcos Unified School District -- Series 2014 Special Tax Refunding Bonds
Final Opinion of Bond Counsel

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by Community Facilities District No. 4 of the San Marcos Unified School District ("District") of $___________ aggregate principal amount of bonds designated "Community Facilities District No. 4 of the San Marcos Unified School District Series 2014 Special Tax Refunding Bonds" ("Bonds"). The Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), Resolution #02-14/15 adopted by the Board of Education of the San Marcos Unified School District ("School District") acting in its capacity as the Legislative Body of the District on July 15, 2014, and the Fiscal Agent Agreement executed in connection therewith dated as of August 1, 2002, by and between the District and the fiscal agent thereto, as previously supplemented and as supplemented by the Second Supplemental Fiscal Agent Agreement, dated as of August 1, 2006, and as supplemented by the Third Supplemental Fiscal Agent Agreement, dated as of August 1, 2014, entered into by and between the District and MUFG Union Bank, N.A., as the successor fiscal agent (collectively the "Fiscal Agent Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Fiscal Agent Agreement.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings in connection with the formation of the District and the issuance of the Bonds ("District Proceedings"). We have also examined certificates and representations of fact made by public officials and officers of the District and the School District, the Underwriter and others as we have deemed necessary to render this opinion.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the District or the School District other than the record of the District Proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof which has been or may be supplied to any purchaser of the Bonds. In rendering the opinions set forth herein, we have relied upon the representations of fact and certifications referred to above, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. Furthermore, we have assumed compliance with all covenants contained in the Fiscal Agent Agreement, including, without limitation, covenants compliance with which is necessary to assure that future actions or events will not cause the interest on the Bonds to be included in gross income for federal income tax purposes. Failure to comply with certain of such covenants may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of original issuance of the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any matters that come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with the issuance thereof and we disclaim any obligation to update this letter.

In addition, we call attention to the fact that the rights and obligations under the Bonds, the Fiscal Agent Agreement and other documents related to the District Proceedings are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to creditors' rights and remedies, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against school districts in the State of California ("State"). We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of any offering material(s) relating to the Bonds and express no opinion with respect thereto.

The Fiscal Agent Agreement and other documents related to the District Proceedings refer to certain requirements and procedures which may be changed and certain actions which may be taken or omitted under the circumstances and subject to terms and conditions set forth in such documents. No opinion is expressed herein as to the effect on any Bond or the interest thereon if any such change is made, or action is taken or omitted, upon the advice or approval of counsel other than ourselves.

Based on and subject to the foregoing, and in reliance thereon, and our consideration of such questions of law as we have deemed relevant to the circumstances, we are of the following opinions:

1. The District has, and the District Proceedings show, full power and authority to issue the Bonds. The Bonds constitute legal, valid and binding obligations of the District, payable in accordance with their terms. The Bonds are limited obligations of the District payable solely from and secured by a pledge of the Net Taxes, and from other funds and accounts pursuant to the Fiscal Agent Agreement, and are not obligations of the School District, the State or any public agency thereof (other than the District). The District has the full right, power and authority to levy and pledge the Net Taxes to the Owners of the Bonds.

2. The Fiscal Agent Agreement has been duly and validly authorized, executed and delivered by, and constitutes a valid and binding obligation of, the District.

3. Interest on the Bonds (including any original issue discount properly allocable to the owner thereof) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum taxes imposed on individuals and corporations, although it should be noted that, with respect to corporations, such interest will be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of such corporations. We express no opinion regarding other tax consequences related to the Bonds or to the accrual or receipt of the interest on the Bonds.

We express no opinion as to any matter other than as expressly set forth above.

Very truly yours,

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$___________
COMMUNITY FACILITIES DISTRICT NO. 4
OF THE OF SAN MARCOS UNIFIED SCHOOL DISTRICT
SERIES 2014 SPECIAL TAX REFUNDING BONDS

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the Community Facilities District No. 4 of the San Marcos Unified School District (the "District") in connection with the issuance of the Community Facilities District No. 4 of the San Marcos Unified School District Series 2014 Special Tax Refunding (the "Bonds"). The Bonds are issued and secured pursuant the provisions of a resolution of the Governing Board of San Marcos Unified School District (the "School District"), acting as the legislative body of the District, adopted on July 15, 2014 (the "Resolution"), and, provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the California Government Code), and the Fiscal Agent Agreement (the "2002 Fiscal Agent Agreement), dated as of August 1, 2002, by and between the District and MUFG Union Bank, N.A., as successor to BNY Western Trust Company, as fiscal agent (the "Fiscal Agent"), as amended and supplemented by the First Supplemental Fiscal Agent Agreement (the "First Supplemental Fiscal Agent Agreement"), dated as of August 1, 2004, by and between the District and the Fiscal Agent, the Second Supplemental Fiscal Agent Agreement, dated as of August 1, 2006 (the "Second Supplemental Fiscal Agent Agreement"), by and between the District and the Fiscal Agent, and the Third Supplemental Fiscal Agent Agreement, dated as of August, 1, 2014 (the "Third Supplemental Fiscal Agent Agreement"), by and between the District and the Fiscal Agent (collectively, the "Fiscal Agent Agreement").

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

Section 2. Definitions. In addition to the definitions set forth 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" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Disclosure Representative" shall mean the Assistant Superintendent, Business Services of the School District, or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean Dolinka Group, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"EMMA System" shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board (the "MSRB") or such other electronic system designated by the MSRB or the Securities and Exchange Commission (the "S.E.C.") for compliance with S.E.C. Rule 15c2-12(b).

"Fiscal Year" shall mean the twelve-month period beginning on July 1 of each year and ending on June 30 of the following year.

"Listed Events" shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated as the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

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

"S.E.C." means the Securities and Exchange Commission.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months following the end of each Fiscal Year, commencing March 30, 2015, provide to the MSRB, through the EMMA system in an electronic format and accompanied by identifying information as prescribed by the MSRB, and to the Participating Underwriter, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate; provided that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report and later than the date required above if not available by that date. Not later than fifteen (15) business days prior to said date, the District shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference (or incorporate by reference) other information as provided in Section 4 of this Disclosure Certificate. The information contained or incorporated in each Annual Report shall be for the fiscal year which ended on the preceding June 30. The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certifications of the District and shall have no liability, duty or obligation whatsoever to review any such Annual Report. Further, the Dissemination Agent shall have no liability for the contents of any such Annual Report.

(b) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB through the EMMA system by the date specified in subsection (a), the Dissemination Agent shall send a notice to the MSRB through the EMMA system, in substantially the form attached as Attachment A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the electronic filing requirements of the MSRB for the Annual Report; and

(ii) provide any Annual Report received by it to the MSRB through the EMMA system.

(iii) if the Dissemination Agent is other than the District and to the extent such Dissemination Agent can confirm such filing of the Annual Report, provide notice to the District that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and confirming that it has been filed with the MSRB through the EMMA system and to the Participating Underwriter.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) the principal amount of the Bonds outstanding as of September 2 of each year;

(b) the balance in each fund and account under the Fiscal Agent Agreement as of the September 2 preceding the filing of the Annual Report, including the 2014 Account of the Reserve Fund and a statement of the Reserve Requirement;

(c) updates to Tables 3 and 4 of the Official Statement using the current year's actual Special Tax levy and information regarding the percentage of delinquency, if any, in the collection of Special Taxes levied on property in the District for the Fiscal Year preceding the Annual Filing Date;

(e) any changes to the Rates and Method of Apportionment of Special Tax approved or submitted to the electors for approval prior to the filing of the Annual Report;

(f) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes;

(g) an update of the information in Table 7 of the Official Statement using the current year's assessed value for Taxable Property in the District. The lien values in such table will include all 2006 Bonds and Bonds then outstanding and any refunding bonds of the District;

(h) any information not already included under (a) through (g) above that the District is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended; and

(e) (i) the total amount of the Special Taxes levied in the District in the current Fiscal Year to pay debt service on the Outstanding Bonds; (ii) the total amount of such Special Taxes that was collected for the first installment of the current fiscal year; and (iii) the total amount of interest due on the Outstanding Bonds on the succeeding September 1 Interest Payment Date.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District, the School District or related public entities, which have been submitted to the MSRB through the EMMA system or the S.E.C. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall file, or if the Dissemination Agent is other than the District, promptly instruct the Dissemination Agent in writing to file a notice with EMMA of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;

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 security, or other material events affecting the tax status of the security;

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 obligated person;(1)

13. The consummation of a merger, consolidation or acquisition involving an obligated person or sale of all or substantially all of the assets of the obligated person, 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; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event under Section 5(a) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) The District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with EMMA in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Dolinka Group, LLC. The Dissemination Agent may resign by providing thirty (30) days' written notice to the District. If at any time there is no designated Dissemination Agent appointed by the District, or if the Dissemination Agent so appointed is unwilling or unable to perform

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(1) Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

the duties of the Dissemination Agent hereunder, the District shall be the Dissemination Agent and undertake or assume its obligations hereunder.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment requested by the District, provided the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities law, acceptable to the District and the Dissemination Agent, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

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 first 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 statements or 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 given in the same manner as for a Listed Event under Section 5(b).

Section 9. 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 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Dissemination Agent may, and, at the request of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of the outstanding Bonds, shall (but only to the extent funds in any amount satisfactory to the Dissemination Agent have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges whatsoever related thereto, including without limitation, fees and expenses of its attorneys), or any Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or the Dissemination Agent, as applicable, to comply with their obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Bond Resolution and the sole remedy under this Disclosure Certificate in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties hereunder as are specifically set forth in this Disclosure Certificate. This Disclosure Certificate does not apply to any other securities issued or to be issued by the District. The Dissemination Agent shall have no responsibility for the preparation, review, form or content of any notice of a Listed Event. No provision of this Disclosure Certificate shall require or be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder. Information disclosed hereunder by the Dissemination Agent may contain such disclaimer language concerning the Dissemination Agent's responsibilities hereunder with respect thereto as the Dissemination Agent may deem appropriate. The Dissemination Agent may conclusively rely on the determination of the District regarding any event for purposes of Section 5 hereof. The Dissemination Agent make any representation as to the sufficiency of this Disclosure Certificate for purposes of the Rule. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees, as amended from time to time, and all reasonable expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of their duties hereunder. The obligations of the District under this Section shall survive the termination of this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: ____________, 2014

COMMUNITY FACILITIES DISTRICT NO. 4 OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT

By: ______________________________________
Authorized Officer

Acknowledged and Agreed to by:

DOLINKA GROUP, LLC, as Dissemination Agent

By: ______________________________________
Authorized Officer

ATTACHMENT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Community Facilities District No. 4 of the San Marcos Unified School District

Name of Bond Issue: Community Facilities District No. 4 of the San Marcos Unified School District Series 2014 Special Tax Refunding Bonds

Date of Issuance: _______, 2014

NOTICE IS HEREBY GIVEN that the Community Facilities District No. 4 of the San Marcos Unified School District (the "District") has not provided an Annual Report with respect to the above-referenced Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated: ________________

DOLINKA GROUP, LLC
as Dissemination Agent on Behalf of the District

By: ____
Authorized Signatory

cc: San Marcos Unified School District

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APPENDIX D

RATE AND METHOD OF APPORTIONMENT OF THE SPECIAL TAX

SAN MARCOS UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 4

The Board of Trustees of the San Marcos Unified School District ("Board" and "School District") acting as the legislative body of Community Facilities District No. 4 of the San Marcos Unified School District ("CFD"), shall levy and collect special taxes ("Special Taxes") applicable to each Assessor's Parcel located within the boundaries of the CFD.

The Special Taxes will be levied as herein specified. All property located within the boundaries of the CFD shall be taxed, to the extent and in the manner herein set forth, unless exempted by law or as herein provided.

SECTION 1. DEFINITIONS

"Act" means the Mello-Roos Community Facilities District Act of 1982, as amended, located at Section 53311, et seq. of the California Government Code.

"Administrative Expense" means any ordinary and necessary expense incurred by the School District on behalf of the CFD 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 or appropriate allocation thereof of any School District employee whose duties are directly related to the administration of the CFD, and costs otherwise incurred in order to carry out the authorized purposes of the CFD.

"Annual Special Taxes" means the Special Taxes which may be levied by the CFD on each particular Assessor's Parcel.

"Annual Special Tax - Developed Property" means the Special Taxes which may be levied annually on an Assessor's Parcel that has been classified as Developed Property. The Annual Special Tax - Developed Property is established in the Initial Fiscal Year based upon Table 2 adjusted as described in Section 4. The Annual Special Tax - Developed Property for a Dwelling Unit is not subject to increase once established.

"Annual Special Tax - Undeveloped Property" means the Special Tax which may be annually levied on an Assessor's Parcel that has been classified as Undeveloped Property.

"Assessor's Parcel" means a parcel of land as designated on an official map of the San Diego County Assessor and for which a discrete identifying parcel number has been assigned.

"Board" means the Board of Trustees of the San Marcos Unified School District.

"Bonds" means the bonds authorized and issued or to be issued on behalf of the CFD or equivalent securities, including but not limited to certificates of participation or leases issued and sold by or on behalf of the CFD or which are to be funded by proceeds of Special Taxes of the CFD to finance School Facilities.

"Building Square Footage" means for any Assessor's Parcel of Developed Non-Residential Property, the covered and enclosed space not including storage areas incidental to the principal use of the structure. Building Square Footage means for any Assessor's Parcel of Residential Property the square footage of each dwelling unit determined by calculating the habitable space of the improvement (exclusive of garages, carports, overhangs or patios). For purposes of this determination, the District may rely on the square footage as identified on the building permit(s) issued by the applicable issuing agency.

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

"City" means the City for which the Assessor's Parcel is located. The San Marcos Unified School District includes areas in the City of Carlsbad, City of Escondido, City of San Marcos, City of Vista and the County of San Diego (collectively "Cities").

"Commercial Development" means any non residential development constructed.

"Community Facilities District No. 4 - Zone A, Special Tax Obligation Area Map" means that map on file in the Office of the Clerk of the Board and herein incorporated.

"County" means the County of San Diego.

"Developed Property" means property for which a building permit has been issued by the City on or before January 1 and which is not exempt from taxation and for which the Annual Special Tax - Developed Property obligation has not been prepaid and/or permanently satisfied. Property for which a building permit has been issued by the City on or before January 1 shall be designated as Developed Property and subject to the levy of the Annual Special Tax - Developed Property in the following Fiscal Year. If a building permit has been issued for which the improvements to be constructed by the building permit together with previously issued building permits, if applicable, does not constitute the ultimate development of the entire Assessor's Parcel as reasonably determined by the School District, the remaining undeveloped portion of the Assessor's Parcel will be classified as Undeveloped Property and will be subject to the levy of the Annual Special Tax - Undeveloped Property as herein provided.

"Dwelling Unit" means one residential unit or any configuration, including but not limited to a single family attached or detached unit, condominium, an apartment unit, mobile home, or otherwise, but excludes therefrom hotels and motels.

"Exempt Property" means property owned by the State of California, federal or other local governments except as otherwise provided in Sections 53317.3 and 53317.5 of the Act.

"Financing Factor" means the factor, when the aggregate of the land and facilities component of the Annual Special Tax is divided by, increases the total to adjust for the addition of a reserve fund, cost of issuance, underwriter's discount or similar cost of issuance on a competitively bid issuance of Bonds, 10% coverage and one year of capitalized interest. The Financing Factor, for the purposes hereof, is 1.38140.

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

"Index" Index means the Marshall and Swift Class D Wood Frame Construction Cost Index as shown in the index titled, "Current Building Cost Indexes, Western Division, Class D." The annual increase in the Index to be in effect for the current fiscal year shall be based upon the last available data as of the May 1st preceding the applicable fiscal year. However, that with respect to the portion of the Special Taxes relating to the land component, the term "Index" shall mean four percent (4%) per year or the Index which ever is greater, as described in Section 4.

"Initial Fiscal Year" applies only to Developed Property and means the first Fiscal Year in which the Annual Special Tax - Developed Property will be apportioned and levied as to an Assessor's Parcel classified as Developed Property.

"Land Use Classification" means the land use classifications listed in Tables 1 and 2.

"Minimum Special Tax Levy Requirement" means the amount required in any Fiscal Year to pay: (i) the regularly scheduled debt service payments on all Bonds which are due in the Calendar Year commencing during such Fiscal Year, assuming that principal is paid when due without acceleration or optional redemption, (ii) credit or liquidity fees on the Bonds, (iii) Administrative Expenses, (iv) the costs associated with the release of funds from an escrow account, and (v) any amount required to establish, maintain, or replenish any reserve funds and credit enhancement facilities established in association with the Bonds.

"Mitigation Payment" means the mitigation payments as defined in the School Facilities Funding and Mitigation Agreement between the School District and Meadowlark Ventures dated December 8, 1997.

"Multi-Family Attached Unit" means a building or buildings in which all of the individual Dwelling Units have at least one common wall (including apartments) and each Dwelling Unit is less than 1,600 of Building Square Feet but excludes Senior Citizen Housing.

"Net Developable Acre" is a total of 81.80 acres within Zone A as shown on the boundary map contained in the Community Facilities District Report prepared for the CFD on file in the Office of the Clerk of the Board and herein incorporated ("CFD No. 4 Map"). Net Developable Acres for Zone B will be shown on the boundary map of the then existent annexation boundary maps.

"One-Time Special Taxes" means the Special Taxes which may be levied on Assessor's Parcels in Zone A at the time of building permit issuance as to the One-Time Special Tax - Developed

Property and at the time of approval of a final map as to the One-Time Special Tax - Undeveloped Property.
"Residential Development" means all Developed Property within the CFD classified as either a Single Family Detached Unit, Multi-Family Attached Unit or Senior Unit.

"School District" means the San Marcos Unified School District.

"School Facilities" means the planning, acquisition, construction and/or financing of interim and permanent facilities, including classrooms, multi-purpose, administration and auxiliary space at a school, central support and administrative facilities and special education facilities, together with furniture, equipment and technology, needed by the School District in order to serve the project students, in addition to all land or interests in land required for the construction of such on-site or off-site facilities and all land or interests in land required to be provided by the School District as mitigation of impacts associated with the development of such School Facilities, all as described in Exhibit "E" to the School Facilities Funding and Mitigation Agreement between the School District and Meadowlark Venture dated December 8, 1997.

"Senior Citizen Housing" or **"Senior Unit"** means any residential Dwelling Unit designated as senior citizen housing, residential care facilities for the elderly or multilevel facilities for the elderly as presently described in California Government Code Section 65995.1 regardless of whether such residential Dwelling Unit is attached to or detached from other residential Dwelling Units.

"Single Family Detached Unit" means any residential Dwelling Unit which contains a single family structure with no common walls and Multi-Family Attached Units with 1,600 Building Square Footage or more but excludes Senior Citizen Housing.

"Special Tax" or **"Special Taxes"** means the applicable Annual Special Taxes of the CFD, and the One-Time Special Taxes, if any, of the CFD.

"Taxable Property" means property that is not exempt from the Special Taxes pursuant to the Act.

"Undeveloped Property" means property that is not classified as Developed Property.

"Zone A" means all Assessor's Parcels included in the area defined as Zone A on the current official boundary map for CFD No 4 ("CFD No. 4 Map").

"Zone B" means all Assessor's Parcels included in the area defined as Zone B on the then existent official boundary map for CFD No. 4.

SECTION 2. ASSIGNMENT TO LAND USE CLASSIFICATIONS

The District shall classify all property within the boundaries of the CFD as either Developed Property or Undeveloped Property. Such classification shall be made on or before January 1. All Developed Property shall be assigned to one of the applicable designated land use classifications ("Land Use Classifications") listed in Tables 1 and 2 below based on whether such Assessor's Parcel is located in Zone A or Zone B of the CFD No. 4 Map and taxed as set forth. For purposes of this determination, the District may rely on the Building Square Footage as identified on the building permit(s) issued by the applicable issuing agency. Undeveloped Property shall be taxed as set forth.

SECTION 3. ZONE A: ANNUAL SPECIAL TAX RATES

A. Annual Special Tax - Developed Property

The Annual Special Tax - Developed Property for each Assessor Parcel classified as Developed Property shall be the amount determined by reference to Table 1 and the paragraphs that follow Table 1.

TABLE 1
Zone A
Annual Special Tax - Developed Property
Fiscal Year 1997/98 per Land Use Classification

Land Use Classification	Description	Annual Special Tax - Developed Property
A-1	Single Family Detached Unit greater than 2,800 of Building Square Feet	$1,537.80 per Dwelling Unit
A-2	Single Family Detached Unit with Building Square Footage equal to or less than 2,800 of square feet and greater than 2,400 square feet	$1,398.00 per Dwelling Unit
A-3	Single Family Detached Unit with Building Square Footage equal to or less than 2,400 square feet and greater than 2,000 square feet	$1,258.20 per Dwelling Unit
A-4	Single Family Detached Unit with Building Square Footage equal to or less than 2,000 square feet and all Multi-Family Attached Units	$1,118.40 per Dwelling Unit
A-5	Senior Citizen Housing and Commercial Development	$0.04182 per Square Foot of Building Square Footage

In determining the amount of Annual Special Tax - Developed Property which may be levied in the next succeeding Fiscal Year, the Annual Special Tax - Developed Property shall be increased as set forth in Section 5 below.

In each Fiscal Year following in which a Dwelling Unit is initially categorized as Developed Property, the Annual Special Tax - Developed Property for such Dwelling Unit for the Initial Fiscal Year and for each Fiscal Year thereafter, shall be fixed and shall thereafter not be subject to any further escalation of the Annual Special Tax - Developed Property as described in Section 5 below.

B. Annual Special Tax - Undeveloped Property

The Annual Special Tax for each Assessor's Parcel classified as Undeveloped Property shall be up to $5,000.00 per Net Developable Acre as shown on the CFD No. 4 Map. In determining the amount of Annual Special Tax - Undeveloped Property which may be levied in the next succeeding Fiscal Year, the Annual Special Tax - Undeveloped Property shall be increased as set forth in Section 5 below.

SECTION 4. ZONE B: ANNUAL SPECIAL TAX RATES

A. Annual Special Tax - Developed Property

The Annual Special Tax - Developed Property for each Assessor Parcel classified as Developed Property shall be the amount determined by reference to Table 2 and the paragraphs that follow Table 2.

TABLE 2
Zone B
Annual Special Tax - Developed Property
Fiscal Year 1997/98 per Land Use Classification

Land Use Classification	Description	Annual Special Tax - Developed Property
B-1	Single Family Detached Unit and Multi-Family Attached Unit equal to or greater than 1,600 Square Feet	$1,401.85 per Dwelling Unit
B-2	Multi-Family Attached Unit less than 1,600 Square Feet	$1,210.97 per Dwelling Unit
B-3	Senior Citizen Housing and Commercial Development	$0.04182 per Square Foot of Building Square Footage

In determining the amount of Annual Special Tax - Developed Property which may be levied in the next succeeding Fiscal Year, the Annual Special Tax - Developed Property shall be increased as set forth in Section 5 below.

In each Fiscal Year following in which a Dwelling Unit is initially categorized as Developed Property, the Annual Special Tax - Developed Property for such Dwelling Unit for the Initial Fiscal Year and for each Fiscal Year thereafter, shall be fixed and shall thereafter not be subject to any further escalation of the Annual Special Tax - Developed Property as described in Section 5 below.

B. Annual Special Tax - Undeveloped Property

The Annual Special Tax for each Assessor's Parcel classified as Undeveloped Property shall be up to $5,000.00 per Net Developable Acre as shown on the CFD No. 4 Map. In determining the amount of Annual Special Tax - Undeveloped Property which may be levied in the next succeeding Fiscal Year, the Annual Special Tax - Undeveloped Property shall be increased as set forth in Section 5 below.

SECTION 5. INCREASES IN THE ANNUAL SPECIAL TAX RATES AND AN EXAMPLE

A. Increase in the Tax Rates of the Annual Special Taxes

Annually, commencing July 1, 1998, the Annual Special Taxes in all zones of the CFD shall be increased. The four components of the Annual Special Taxes are shown in Table 3 and 4 below:

TABLE 3
Components of the Annual Special Tax - Developed Property

Class	Annual Special Tax - Developed Property	Land Component	Facilities Component	Administration Component	Financing Component
Zone A					
A-1	$1,537.80	$275.87	$815.63	$30.00	$416.30
A-2	$1,398.00	$250.29	$740.01	$30.00	$377.70
A-3	$1,258.20	$224.71	$664.38	$30.00	$339.10
A-4	$1,118.40	$199.14	$588.76	$30.00	$300.50
A-5	$0.04182	$0.00710	$0.02100	$0.00300	$0.01072

TABLE 3 - Continued
Components of the Annual Special Tax - Developed Property

Class	Annual Special Tax - Developed Property	Land Component	Facilities Component	Administration Component	Financing Component
Zone B					
B-1	$1,401.85	$251.00	$742.09	$30.00	$378.76
B-2	$1,210.97	$216.07	$638.84	$30.00	$326.06
B-3	$0.04182	$0.00710	$0.02100	$0.00300	$0.01072

TABLE 4
Components of the Annual Special Tax - Undeveloped Property

Annual Special Tax - Undeveloped Property	Land Component	Facilities Component	Administration Component	Financing Component
$5,000.00	$904.37	$2,673.85	$57.06	$1,364.72

The Annual Special Tax - Developed Property and the Annual Special Tax - Undeveloped Property components of land, facilities and administration as shown above shall increase per the Index, as defined herein. The component of financing shall escalate at the Financing Factor, as defined herein. The use of the Financing Factor enables the increase in the financing component to remain a constant percent of the components of land and facilities.

B. An Example of the Annual Increase.

An example of the annual increase of the Annual Special Tax - Developed Property Tax Rate is shown in Table 5 below for the Land Use Classification of A-2 In this example, the percent change in the Marshall and Swift Class D Building Cost Index is 2%.

TABLE 5
Example of the Annual Increase to the Annual Special Tax - Developed Property
Land Use Classification A-2

Component	Land	Facilities	Administration	Finance	Total
FY 1997/98	(a) $250.29	(b) $740.01	(c) $30.00	(d) $377.70	$1,398.00
Increase	4.00%	2.00%	2.00%	138.14%	
Formula	(a)x1.04=(e)	(b)x1.02=(f)	(c)x1.02=(g)	[(e+f)*1.3814]-(e+f)	
FY 1998/99	(e) $260.30	(f) $754.81	(g) $30.60	(h) $387.16	$1,432.88

SECTION 6. ONE-TIME SPECIAL TAX

The One-Time Special Taxes shall only be levied in Zone A. The purpose of the One-Time Special Taxes is to guard against the downsizing and revision to the total number of projected dwelling units and a variation as to the assumed number of housing product types. The One-Time Special Tax - Undeveloped Property shall be payable if a final subdivision or parcel map is approved which allows for the development of a revision to the number of Dwelling Units than the amount shown on the Special Tax Map. The One-Time Special Tax - Developed Property shall be payable whenever the downsizing of Dwelling Units occurs per area as shown on the Special Tax Map.

A. One-Time Special Tax - Undeveloped Property

Zone A has been assigned a total of 276 Dwelling Units as shown on the Special Tax Map. At the approval of each final subdivision or parcel map the area encompassed by the final map is compared to the Special Tax Map. If the number of Dwelling Units indicated on the Final Map is less than that shown on the Special Tax Map, or the number of Dwelling Units indicated on the final map for Dwelling Units built within the Land Use Classifications of 2, 3 or 4 is greater than that shown on the Special Tax Map, a One-Time Special Tax - Undeveloped Property is due for all lots within the final subdivision or parcel map at the issuance of the first building permit for the final map.

When the amount of Dwelling Units shown on the final map is less than the number shown on the Special Tax Map, the amount of the One-Time Special Tax - Undeveloped Property which is due per dwelling unit lost is the difference in the number of Dwelling Units shown on the final map and the number of Dwelling Units shown on the Special Tax Map multiplied by the then current applicable Annual Special Tax - Developed Property for the Land Use Classification divided by .088827. This payment factor is calculated at 8% for thirty (30) years.

When the amount of Dwelling Units shown on the final map is greater than the number shown on the Special Tax Map for Dwelling Units built within Land Use Classifications 2, 3 and 4, the amount of the One-Time Special Tax - Undeveloped Property which is due per Dwelling Unit increase is the difference in the current applicable Mitigation Payment and the present value of the Annual Special Tax - Developed Property. The present value of the Annual Special Tax - Developed

Property is calculated by dividing the then current Annual Special Tax - Developed Property for the applicable Land Use Classification by 0.088827. This payment factor is calculated at 8% for thirty (30) years.
If the boundaries of the tracts shown on any final map are not the same as the expected boundaries as shown on the Special Tax Map, the projected Dwelling Units will be reapportioned to the actual land area of the final map in such a way that there is no loss of dwelling units. If a loss of dwelling units does occur, the One-Time Special Tax - Undeveloped Property is due as provided above.

B. One-Time Special Tax - Developed Property

All of the future development within the Zone A of the CFD has been divided into four areas and each area has been assigned a discrete number of Dwelling Units and a Land Use Classification as shown on the Special Tax Map. At the issuance of each building permit the area and Land Use Classification of the requested building permit is compared to the Special Tax Map. If the Land Use Classification of the requested building permit is a higher number Land Use Classification than that shown on the Special Tax Map, a One-Time Special Tax - Developed Property is due.

The amount of the One-Time Special Tax - Developed Property which is due per requested building permit with such a discrepancy is the difference in the then current applicable Annual Special Tax - Developed Property per Land Use Classification as calculated from the Special Tax Map and the requested building permit divided by .088827. This payment factor is calculated at 8% for thirty (30) years.

SECTION 7. LEVY OF THE SPECIAL TAX

Commencing in Fiscal Year 1998-99, the Board shall levy the Annual Special Tax - Developed Property on all Taxable Property that is applicable to each Assessor's Parcel which is classified as Developed Property.

The Board shall then levy the Annual Special Tax - Undeveloped Property on all Taxable Property that is applicable to each Assessor's Parcel which is classified as Undeveloped Property in an amount such that the total levy does not exceed the Minimum Special Tax Levy Requirement.

SECTION 8. PARTIAL PREPAYMENT OF THE ANNUAL SPECIAL TAX - DEVELOPED PROPERTY

A property owner may make a one-time election to prepay a portion of the Annual Special Tax - Developed Property on Undeveloped Property by notifying the School District in writing of such intention no less than twenty (20) business days prior to the approval of a final map. An election to prepay a portion of the Annual Special Tax - Developed Property must apply to the entire final map. The written notification shall include such owner's intent to partially prepay the Annual Special Tax - Developed Property, the date of expected approval by City Council, a copy of the final map, the number of units on the final map, and the percentage by which the Annual Special Tax - Developed Property shall be prepaid and the number of dwelling units to be covered by the partial prepayment. The partial prepayment formula per dwelling unit is defined as follows:

Partial Prepayment Formula per Dwelling Unit: PP = (PVT x PCT) + F + RP

The variables are described as: PP - the partial prepayment amount per Dwelling Unit, PVT - the present value of taxes, PCT - the partial prepayment percent, F - prepayment fees, and RP - redemption premium on the Bonds, if applicable. The partial prepayment percent shall be indicated in the notification described above. The meaning of the remainder of the terms are as defined in Section 9.

An example of the partial prepayment of a Land Use Classification 2 Dwelling Unit during Fiscal Year 1997/98 is as follows. This is only an example.

Example of Partial Prepayment

Formula	PP	=	(PVT	x	PCT)	+ F	+ RP
Example	PP	=	((1,398/0.088827)	x	50%)	+ 250.00	+ (0.03 x (PVT x PCT))
	PP	=	(15,837.77	x	.5)	+ 250.00	+ (0.03 x (PVT x PCT)
	PP	=	7,918.89			+ 250.00	+ (0.03 x 7,918.89)
	PP	=	7,918.89			+ 250.00	+ 237.56
	PP	=	8,406.45				

The Assistant Superintendent shall provide the owner with a statement of the amount required per dwelling unit for the partial prepayment of the Annual Special Tax - Developed Property within ten (10) business days of the request and may charge a reasonable fee for providing this service. Confirmation of the election to partially prepay the Annual Special Tax - Developed Property must be received in writing by the School District prior to the approval of the final map. The payment of the partial prepayment of the Annual Special Tax - Developed Property is due at the issuance of the building permit.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of the Annual Special Tax - Developed Property that may be levied on all Taxable Property within the CFD both prior to and after the proposed partial prepayment is at least 1.1 times the annual debt service on the outstanding Bonds, net of Administrative Expenses.

SECTION 9. PREPAYMENT OF THE ANNUAL SPECIAL TAX - DEVELOPED PROPERTY

A parcel classified as Developed Property which is subject to the Annual Special Tax - Developed Property may prepay the *entire outstanding* Special Tax obligation at any time. The prepayment formula per Dwelling Unit is defined as follows:

$$\text{Prepayment Formula: } P = PVT + F + RP$$

The variables are described as: P - the prepayment amount, PVT - the present value of taxes, F - prepayment fees, and RP - redemption premium on the Bonds if applicable.

The PVT or present value of taxes means the present value of the Annual Special Tax - Developed Property applicable to the subject parcel in each remaining Fiscal Year subsequent to the Fiscal Year in which the calculation is made. The present value of the Annual Special Tax - Developed Property is calculated by dividing the Annual Special Tax - Developed Property by .088827. The remaining Fiscal Years are calculated by subtracting the number of years, including the present fiscal year, that the parcel has been subject to the Annual Special Tax - Developed Property from thirty (30).

Prepayment fees or F means the fees of the School District, the fiscal agent and any consultants retained by the School District in connection with the prepayment calculations and redemption of the Bonds.

Redemption premium on the Bonds or RP means a prepayment premium as set forth in the Bond indenture for a mandatory redemption of the Bonds as of the prepayment date.

Bonds shall be redeemed in a manner such that the yield on the Bonds outstanding after the prepayment is as close as possible to the original yield on all of the Bonds.

In addition, any property owner prepaying his or her Annual Special Tax - Developed Property must also pay the present Fiscal Year levy and all delinquent special taxes, interest and penalties owing on the parcel on which prepayment is being made, if any.

SECTION 10. LIMITATIONS

The Board shall not levy any Special Taxes on properties owned by the State of California, Federal or other local governments, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act. Notwithstanding the above, the Board shall not levy any Special Taxes on properties owned by a homeowner's association or properties with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

SECTION 11. MANNER OF COLLECTION

The Annual Special Tax will be collected in the same manner and at the same time as ordinary ad valorem real property taxes. The Annual Special Tax shall be subject to the same penalties, procedures, sale and lien priority in any case of delinquency as provided for with ad valorem taxes. The collection of the Annual Special Tax shall otherwise be subject to the provisions of the Act. The Board reserves the power to provide for alternative means of collection of special taxes as permitted by the Act.

SECTION 12. TERM OF THE SPECIAL TAXES

The Special Taxes shall be levied for a period not to exceed thirty (30) years or until all Bonds have been retired. Once all School Facilities are constructed necessary to satisfy School District standards, as established and amended from time to time, the Special Taxes levied shall be modified. Such modifications shall be consistent will all applicable requirements of the Bonds issued and shall allow for reasonable reserves for lease or debt service requirements, Administrative Expenses, as well as modernization of such School Facilities to the extent consistent with applicable law.

SECTION 13. REVIEW/APPEALS BOARD

The Board shall establish, as part of the proceedings and administration of CFD No. 4, a special Review/Appeals Board. Any landowner who feels that the amount of the special tax, as to their Assessor's Parcel, is in error may file a notice with the Review/Appeals Board appealing the amount of the levy. The Review/Appeals Board shall interpret this Rate and Method of Apportionment of the Special Tax and make determinations relative to the annual administration of the special tax and any landowner appeals, as herein specified.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT, FIRST SUPPLEMENTAL FISCAL AGENT AGREEMENT, SECOND SUPPLEMENTAL FISCAL AGENT AGREEMENT, AND THIRD SUPPLEMENTAL FISCAL AGENT AGREEMENT

COMMUNITY FACILITIES DISTRICT NO. 4 OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT SERIES 2014 SPECIAL TAX REFUNDING BONDS

The following is a brief summary of certain provisions of the Fiscal Agent Agreement, the First Supplemental Fiscal Agent Agreement, the Second Supplemental Fiscal Agent Agreement and the Third Supplemental Fiscal Agent Agreement relative to the above-referenced Series 2014 Special Tax Bonds. This summary is not intended to be definitive and is qualified in its entirety by reference to such Fiscal Agent Agreement, the First Supplemental Fiscal Agent Agreement, the Second Supplemental Fiscal Agent Agreement and the Third Supplemental Fiscal Agent Agreement, for the complete terms thereof. Copies of the Fiscal Agent Agreement, the First Supplemental Fiscal Agent Agreement, the Second Supplemental Fiscal Agent Agreement, the Third Supplemental Fiscal Agent Agreement and certain related documents are available upon request from the District.

I. SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT RELATING TO THE ISSUANCE AND DELIVERY OF THE COMMUNITY FACILITIES DISTRICT NO. 4 OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT SERIES 2002 SPECIAL TAX BONDS

Part I of this Summary provides the summary of the Fiscal Agent Agreement provided in connection with the issuance and sale of the above-captioned Series 2002 Special Tax Bonds. The Fiscal Agent Agreement has been amended by the First Supplemental Fiscal Agent Agreement, the Second Supplemental Fiscal Agent Agreement and the Third Supplemental Fiscal Agent Agreement as described below in this Summary. Readers are directed to Parts II, III and IV of this Summary as to changes, amendments and supplements to definitions and terms set forth in this Part I.

Following the issuance of the Series 2014 Special Tax Refunding Bonds the Series 2002 Special Tax Bonds and the 2004 Special Tax Bonds will be refunded and defeased pursuant to their terms. The Series 2006 Special Tax Bonds are not being refunded or defeased and remain outstanding.

DEFINITIONS

The following are summaries of definitions of certain terms used in this Summary. All capitalized terms not defined herein or elsewhere in the Official Statement have the meaning(s) set forth in the Fiscal Agent Agreement, as amended by the First Supplemental Fiscal Agent Agreement, the Second Supplemental Fiscal Agent Agreement and the Third Supplemental Fiscal Agent Agreement.

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

"Administrative Expenses" means the administrative costs with respect to the calculation and collection of the Special Taxes and any other costs related to the Bonds, including the fees and expenses of the Fiscal Agent and any persons, parties, consultants or attorneys employed pursuant to the provisions of the Fiscal Agent Agreement, costs and legal expenses of foreclosure actions undertaken pursuant to the terms of the Fiscal Agent Agreement to the extent not recovered pursuant to statutory authorization, or costs otherwise incurred by the District in order to carry out the authorized purposes of the Series 2002 Special Tax Bonds, including statutory disclosure and reporting requirements for Special Taxes of the District.

"Administrative Expense Fund" means the fund of that name established under and held by the Fiscal Agent pursuant to the Fiscal Agent Agreement.

"Administrative Expense Requirement" means that amount specified by the District as necessary to meet Administrative Expenses until the collection of Special Taxes in the next Fiscal Year (as further described in "SECURITY FOR THE BONDS - Administrative Expense Fund"), and subject to the limitations set forth in, the Fiscal Agent Agreement.

"Annual Debt Service" means, with respect to any Outstanding Bonds, for each Bond Year, the sum of (a) the interest payable on such Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year.

"Authorized Investments" means, subject to the provisions of the Fiscal Agent Agreement, any of the following investments, if and to the extent the same are at the time legal for investment of the School District's funds:

(a) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest, and which have a maximum term to maturity not to exceed three years.

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, and which have a maximum term to maturity not to exceed three years, including:

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Rural Economic Community Development Administration (formerly the Farmers Home Administration)
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Federal Financing Bank.

(c) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America, and which have a maximum term to maturity not to exceed three years:

- Senior debt obligations rated "AAA" by Moody's and "AAA" by Standard & Poor's issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System.

(d) Registered state warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State, which are rated in one of the two highest short-term or long-term rating categories by Moody's or Standard & Poor's.

(e) Registered bonds, notes, warrants or other evidences of indebtedness of any local agency of the State, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the local agency, where the interest on such local agency obligation is exempt from Federal and State income taxes and which are rated in one of the two highest short-term or long-term rating categories by Moody's or Standard & Poor's.

(f) Deposit accounts, time certificates of deposit or negotiable certificates of deposit issued by a state or nationally chartered bank or trust company, which may include the Fiscal Agent or its affiliates, or a state or federal savings and loan association; provided, that the certificates of deposit shall be one or more of the following:

(1) Continuously and fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

(2) Continuously and fully secured by securities described in clause (a) or (b) above which shall have a market value, as determined on a marked-to-market basis calculated at least weekly, and exclusive of accrued interest, or not less than 102 percent of the principal amount of the certificates on deposit.

(g) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's and Standard & Poor's, at the time of purchase, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars ($500,000,000) and that have an "A" or higher rating for the issuer's debentures, other than commercial paper, by Moody's and Standard & Poor's, provided that purchases of eligible commercial paper may not exceed 180 days' maturity nor represent more than 10 percent (10%) of the outstanding commercial paper of an issuing corporation. Purchases of commercial paper may not exceed twenty percent (20%) of the net proceeds of the Bonds.

(h) A repurchase agreement with a state or nationally chartered bank or trust company or a national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York the long term debt of which is rated at least "A" by Moody's and Standard & Poor's, provided that all of the following conditions are satisfied:

(1) (A) The agreement is secured by any one or more of the securities described in clause (a) above of this definition of Authorized Investments (the "Underlying Securities");

(B) The Underlying Securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars ($100,000,000) and which is independent of the issuer of the repurchase agreement (the "Holder of Collateral") and the Underlying Securities have been transferred to the Holder of Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(C) The Underlying Securities are maintained at a market value, as determined on a marked-to-market basis calculated at least weekly, of not less than 103 percent of the amount so invested and at such levels and additional conditions not otherwise in conflict with the terms above as would be acceptable to Standard & Poor's and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach).

(2) The repurchase agreement shall provide that if during its term the provider's rating by Moody's and Standard & Poor's is withdrawn or suspended or falls below "A-" by Standard & Poor's or "A3" by Moody's, as appropriate, the provider must within 10 days of receipt of direction from the District (and which shall be given if so directed by the Insurer), repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Fiscal Agent.

(i) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(1) Interest payments are to be made to the Fiscal Agent at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds.

(2) The invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the District and the Fiscal Agent hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid.

(3) The investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors.

(4) The District or the Fiscal Agent receives the opinion of domestic counsel (which opinion shall be addressed to the District and the Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Insurer.

(5) The investment agreement shall provide that if during its term

(A) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Fiscal Agent or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(B) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the District or the Fiscal Agent (who shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or Fiscal Agent; and

6. The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession).

7. The investment agreement must provide that if during its term

(A) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Fiscal Agent (who shall give such direction if so directed by the Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Fiscal Agent, as appropriate, and

(B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Fiscal Agent, as appropriate.

(j) A taxable or tax exempt government money market portfolio mutual fund restricted to obligations with either maturities of one year or less or a dollar weighted average maturity of 120 days or less, and either issued, guaranteed or collateralized as to payment of principal and interest by the full faith and credit of the United States of America or rated in one of the three highest categories by Moody's or Standard & Poor's. Such money market funds may include funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services.

(k) The Local Agency Investment Fund referred to in Section 16429.1 of the Government Code of the State of California to the extent the Fiscal Agent may deposit and withdraw funds directly.

(l) The California Asset Management Program (CAMP).

"Bond Counsel" means a firm of nationally recognized bond attorneys, initially Bowie, Arneson, Wiles & Giannone.

"Bond Fund" means the fund of that name established under and held by the Fiscal Agent pursuant to the Fiscal Agent Agreement.

"Bond Register" means the books which the Fiscal Agent shall keep or cause to be kept on which the registration and transfer of the Bonds shall be recorded.

"Bond Year" means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date to September 1, 2002, both dates inclusive.

"Bondowner(s)" or **"Owner(s)"** means the person or persons in whose name or names any Series 2002 Special Tax Bond is registered.

"Bonds" means the Series 2002 Special Tax Bonds and any Parity Bonds issued pursuant to the terms of the Fiscal Agent Agreement and any Supplement(s) thereto.

“Business Day” means a day which is not a Saturday or a Sunday or a day on which banks in Los Angeles, California and New York, New York are not required or permitted to be closed.

“Code” means the Internal Revenue Code of 1986, as amended, and any successor provisions thereto.

“Completion Date” means the date on which the Project is completed and all Project Costs have been paid as evidenced by a certificate to that effect delivered to the Fiscal Agent by the District.

“Community Facilities District Policy” means that policy initially adopted by the School District pursuant to Government Code Section 53312.7 as amended from time to time.

“Construction Fund” means the fund of that name established under and held by the Fiscal Agent pursuant to the Fiscal Agent Agreement.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate provided by the School District on behalf of the District for the Series 2002 Special Tax Bonds, dated the Delivery 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 School District and related to the authorization, sale and issuance of the Series 2002 Special Tax Bonds, which items of expense shall include, but not be limited to, printing costs, cost of reproducing and binding documents, closing costs, appraisal costs, filing and recording fees, fees and expenses of counsel to the District or School District, initial fees and expenses of the Fiscal Agent and Escrow Agent, including its first annual administration fee and fees of its counsel, expenses incurred by the District and the School District in connection with the issuance of the Series 2002 Special Tax Bonds, Underwriter’s discount, legal fees and charges, including Bond Counsel, financial consultants’ fees, charges for execution, transportation and safekeeping of the Series 2002 Special Tax Bonds and other costs, charges and fees in connection with the foregoing.

“Costs of Issuance Account” means the account of that name established under, and held by the Fiscal Agent pursuant to, the Fiscal Agent Agreement.

“Dated Date” or **“Delivery Date”** means August 15, 2002, the date the Series 2002 Special Tax Bonds are delivered and with respect to any Parity Bonds which may be issued, means the date each such series of Parity Bonds are delivered.

“Depository” means any depository which holds Bonds or Notes pursuant to the terms of the Fiscal Agent Agreement, initially, with respect to the Series 2002 Special Tax Bonds, The Depository Trust Company.

“Developed Property” shall have the same meaning set forth in the Rate and Method of Apportionment of Special Tax.

“Dissemination Agent” means BNY Western Trust Company, or any successor dissemination agent appointed by the District pursuant to the Continuing Disclosure Certificate.

“District” or **“CFD No. 4”** means Community Facilities District No. 4 of the San Marcos Unified School District.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent:

(i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank, (ii) certificates of beneficial ownership issued by the Farmers Home Administration, (iii) participation certificates issued by the General Services Administration, (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (v) project notes issued by the United States Department of Housing and Urban Development, and (vi) public housing notes and bonds guaranteed by the United States of America.

"Fiscal Agent" means Union Bank of California, N.A., as successor Fiscal Agent, and its successors and assigns or any and other fiscal agent which may be appointed pursuant to the provisions of the Fiscal Agent Agreement.

"Fiscal Agent Agreement" means the Fiscal Agent Agreement, as amended or supplemented pursuant to the terms thereof.

"Fiscal Year" means the period from July 1 to June 30 in any year.

"Governing Board" means the Governing Board of the San Marcos Unified School District.

"Gross Taxes" means the amount of all Special Taxes collected within the District and proceeds from the sale of property collected pursuant to the foreclosure provisions of the Fiscal Agent Agreement for the delinquency of such Special Taxes.

"Independent Financial Consultant" means a consultant or firm of such consultants generally recognized to be qualified in the field of implementation and administration of community facilities districts, or the financial consulting field, appointed and paid by the District and who, or each of whom:

(1) is independent of the District and the School District or any of the property owners within the District;

(2) does not have any substantial interest, direct or indirect, with the District or any of the property owners within the District; and

(3) is not connected with the District or Developer as a member, officer or employee of the District or any of the property owners within the District, but who may be regularly retained to make annual or other reports to the District.

"Insurance Policy" or **"Bond Insurance Policy"** means the insurance policy issued by the Insurer guaranteeing the schedule payment of principal of and interest on the Series 2002 Special Tax Bonds when due.

“Insurer” means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

“Interest Account” means the account of that name established under, and held by the Fiscal Agent pursuant to, the Fiscal Agent Agreement.

“Interest Payment Date” means March 1 and September 1 of each year during which Bonds are Outstanding, commencing March 1, 2003.

“Legislative Body” means the Governing Board, acting as the Legislative Body of the District.

“Mandatory Redemption Account” means the account of that name established under, and held by the Fiscal Agent pursuant to, the Fiscal Agent Agreement.

“Mandatory Sinking Payments” means the amounts to be applied to the redemption of the Bonds in accordance with the schedule set forth in the Fiscal Agent Agreement and any subsequent schedule set forth in any Supplement thereto.

“Maximum Annual Debt Service” means the maximum sum obtained for any remaining Bond Year prior to the final maturity on the Bonds by totaling the following for each Bond Year:

(1) the principal amount of all Outstanding Bonds payable in such Bond Year whether at maturity or by redemption together with a premium thereon, if any premium is payable; and

(2) the interest payable on the aggregate principal amount of Bonds Outstanding in such Bond Year assuming the Bonds are retired as scheduled.

“Moody’s” means Moody’s Investors Services.

“Net Taxes” means the amount of all Gross Taxes minus Administrative Expenses.

“Optional Redemption Account” means the account of that name established under, and held by the Fiscal Agent pursuant to, the Fiscal Agent Agreement.

“Ordinance” means Ordinance #98-1 adopted by the Governing Board on July 20, 1998.

“Outstanding” means all Bonds theretofore issued by the District, except:

(1) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation;

(2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Fiscal Agent pursuant to the terms of the Fiscal Agent Agreement; and

(3) Bonds paid and discharged pursuant to the provisions of the Fiscal Agent Agreement.

“Parity Bonds” means all bonds, notes or similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided for in the Fiscal Agent Agreement, rank on a parity with the Series 2002 Special Tax Bonds.

"Participating Underwriter" shall have the meaning(s) ascribed thereto in the Continuing Disclosure Certificate.

"Prepaid Special Taxes" means all Special Taxes prepaid to the District pursuant to Resolution #77-97/98 of the School District, and pursuant to the annexation proceedings for the Annexations, during the term of the Fiscal Agent Agreement, less related Administrative Expenses.

"Prepayment Account" means the account of that name established under, and held by the Fiscal Agent pursuant to, the Fiscal Agent Agreement.

"Principal Account" means the account of that name established under, and held by the Fiscal Agent pursuant to, the Fiscal Agent Agreement.

"Principal Corporate Trust Office" means the corporate trust office of the Fiscal Agent, which, at the date of execution of the Fiscal Agent Agreement, is located at 700 S. Flower Street, Suite 500, Los Angeles, California 90017-4104, Attention: Corporate Trust, or such other offices as the Fiscal Agent may designate from time to time; provided, however that 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.

"Prior Bonds" or **"Series 2000 Bonds"** means the Community Facilities District No. 4 of the San Marcos Unified School District Series 2000 (Zone A Special Taxes) Special Tax Bonds dated March 30, 2000, issued in the initial par amount of $3,815,000.

"Project" means "Facilities," or any portion thereof, as defined in the Resolution of Formation, and the Community Facilities District Report dated June 15, 1998, to be designed, constructed, acquired, installed or completed by the District.

"Project Costs" means the costs of design, acquisition, construction and installation of the Project and all costs related thereto. Project Costs may include the payment, or prepayment, of lease payments necessary for the acquisition of all or part of the Project.

"Rebate Fund" means the fund of that name established under, and held by the Fiscal Agent pursuant to, the Fiscal Agent Agreement.

"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 Fund" means the fund of that name established under, and held by the Fiscal Agent pursuant to the Fiscal Agent Agreement.

"Refunding" means the current refunding of the Series 2000 Bonds.

"Regulations" means any temporary, proposed or final regulations of the United States Department of Treasury with respect to obligations issued pursuant to Section 103 and Sections 141 to 150 of the Code.

"Reserve Fund" means the fund of that name established under, and held by the Fiscal Agent pursuant to, the Fiscal Agent Agreement.

"Reserve Requirement" means with respect to the Bonds an amount, as of any date of calculation, equal to the least of (i) 10% of the original principal amount of the Bonds, less original issue discount, if any, plus original issue premium, if any, (ii) Maximum Annual Debt Service, or (iii) 125% of average annual debt service on the Bonds.

"Responsible Officer" of the Fiscal Agent means and includes the president, every senior vice president, every vice president, every assistant vice president, every trust officer or any other authorized officer of the Fiscal Agent at its Principal Corporate Trust Office.

"School Construction Account" means the Account of that name established under, and held by the Fiscal Agent pursuant to the Fiscal Agent Agreement.

"School District" means the San Marcos Unified School District.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 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/or such other securities depositories as the District may designate in a certificate delivered to the Fiscal Agent.

"Series 2002 Special Tax Bonds" means the Community Facilities District No. 4 of the San Marcos Unified School District Series 2002 Special Tax Bonds.

"Sinking Fund Payment" means the annual sinking fund payment to be deposited in the Sinking Fund Redemption Account of the Redemption Fund to redeem a portion of the Term Bonds.

"Sinking Fund Redemption Account" means the account of that name established under, and held by the Fiscal Agent pursuant to, the Fiscal Agent Agreement.

"Special Tax Fund" means the fund of that name established under, and held by the Fiscal Agent pursuant to, the Fiscal Agent Agreement.

"Special Taxes" means the special taxes levied by the Governing Board within the District pursuant to the Act, the Resolution of Formation, the Ordinance and the voter approval obtained at the June 23, 1998, special election held within the District and as approved pursuant to State law, including, but not limited to, the Act, as part of the annexation proceedings undertaken relative to the Annexations and future annexations of territory, with corresponding approvals of the Special Taxes, into the District.

"Standard & Poor's" or **"S & P"** means Standard & Poor's Ratings Group.

"Supplement" means any supplemental agreement amending or supplementing the Fiscal Agent Agreement.

"Tax Certificate" means the certificate of that name to be executed by an authorized representative of the District on the closing date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

"Term Bond(s)" means the Series 2002 Special Tax Bonds maturing on September 1, 2027, and September 1, 2030, and any Parity Bonds issued and designated as Term Bonds.

"Undeveloped Property" shall have the same meaning set forth in the Rate and Method of Apportionment of Special Tax set forth in the Ordinance.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Bonds produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, as the case may be, all computed as prescribed in the applicable Regulations.

ISSUANCE OF THE SERIES 2002 SPECIAL TAX BONDS

The Series 2002 Special Tax Bonds were issued pursuant to the Resolution of Issuance (as defined in the Fiscal Agent Agreement), pursuant to the Act and the Fiscal Agent Agreement in the amounts and maturities set forth in the Fiscal Agent Agreement (see "INTRODUCTION - General" for further information).

THE FISCAL AGENT AGREEMENT

Limited Obligation

The Series 2002 Special Tax Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and amounts in certain funds and accounts created pursuant to the Fiscal Agent Agreement as specified therein. The Net Taxes are set aside for the payment of the Series 2002 Special Tax Bonds pursuant to the terms of the Fiscal Agent Agreement.

The Series 2002 Special Tax Bonds and interest thereon are not payable from the general fund of the District or the School District. Except with respect to the Special Taxes, neither the credit nor the taxing power of the District or the School District is pledged for the payment of the Series 2002 Special Tax Bonds or interest thereon, and no Owner of the Series 2002 Special Tax Bonds may compel the exercise of the taxing power by the District or the School District or the forfeiture of any of their property. The principal of and interest on the Series 2002 Special Tax Bonds and premiums upon the redemption of any thereof are not a debt of the District 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 Series 2002 Special Tax Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the District or the School District, except the Net Taxes which are, under the terms of the Fiscal Agent Agreement, set aside for the payment of the Series 2002 Special Tax Bonds and interest thereon. Neither the members of the Legislative Body or the Governing Board nor any persons executing the Series 2002 Special Tax Bonds are liable personally on the Series 2002 Special Tax Bonds by reason of their issuance. The School District, pursuant to the Act, may in the future annex additional territory into the District. Any such annexed territory shall be in Zone B of the District as identified and defined in the Rate and Method of Apportionment of Special Tax as set forth in the Ordinance.

Funds and Accounts

The Fiscal Agent Agreement creates specified funds and accounts to be maintained by the Fiscal Agent for specified purposes:

Special Tax Fund - Special Tax Fund (in which there is established a Prepayment Account) which is used for the receipt of Special Taxes and other amounts constituting Gross Taxes collected by the District which shall be transferred, no later than 10 days after receipt thereof, to the Fiscal Agent and held in trust in the Special Tax Fund for the benefit of the Bondowners and shall, exclusive of the Prepaid Special Taxes (which will be deposited into the Prepayment Account of the Special Tax Fund), be transferred from the Special Tax Fund in order to pay the Administrative Expense Requirement (paid through the Administrative Expense Fund), interest on the Bonds (paid through the Interest Account of the Bond Fund), principal payments due on the Bonds (payable from the Principal Account of the Bond Fund), mandatory sinking payment due during the current year (paid through the Sinking Fund Redemption Account of the Redemption Fund) and, if necessary, provide funds required to replenish the Reserve Fund to the Reserve Requirement. Any remaining Special Taxes and other amounts constituting Net Taxes, if any, shall remain in the Special Tax Fund until the end of the Bond Year. At the end of the Bond Year any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Bonds (including payment of Mandatory Sinking Fund Payments due during the current Bond Year), to restore the Reserve Fund to the Reserve Requirement or to pay current or pending Administrative Expenses as provided for in the Fiscal Agent Agreement shall, without further action by any party, be transferred by the Fiscal Agent to the District free and clear of any lien thereon. Any funds which are required to cure any such delinquency shall be retained in the Special Tax Fund and expended or transferred, at the earliest possible date, for such purpose (see "SECURITY FOR THE BONDS - Special Tax Fund").

<u>Prepayment Account of the Special Tax Fund</u> - Prepaid Special Taxes collected by the District (net of any costs of collection) shall be transferred, no later than 10 days after receipt thereof, to the Fiscal Agent and the District shall direct the Fiscal Agent to deposit the Prepaid Special Taxes in the Prepayment Account of the Special Tax Fund. The Prepaid Special Taxes shall be held in trust in the Prepayment Account for the benefit of the Bonds and shall be transferred by the Fiscal Agent to the Mandatory Redemption Account of the Redemption Fund to call Bonds on the next Interest Payment Date for which notice can be given in accordance with the special mandatory redemption provisions as set forth in the Fiscal Agent Agreement.

<u>Bond Fund</u> - The Bond Fund (in which there is established an Interest Account and a Principal Account), is used to disperse payments of principal and interests to the Bondowners on each respective Interest Payment Date. Monies in the Interest Account are allocated to the payment of interest due on each Interest Payment Date and monies in the Principal Account are allocated to the repayment of principal on the Bonds on the corresponding Interest Payment Date (see "SECURITY FOR THE BONDS - Bond Fund").

<u>Reserve Fund</u> - The Reserve Fund will be initially funded from the proceeds of the Series 2002 Special Tax Bonds in the amount of the Reserve Requirement. Notwithstanding the foregoing, in the event of a redemption or partial defeasance of the Bonds, the Reserve Requirement shall thereafter be determined by the District and communicated to the Fiscal Agent in writing and any funds in excess of such redetermined Reserve Requirement shall be utilized as set forth in the Fiscal Agent Agreement.

Monies in the Reserve Fund shall be used solely for the purpose of (i) making transfers to the Bond Fund or Redemption Fund to pay the principal of, including Mandatory Sinking Payments, and interest and principal on Bonds when due to the extent that monies in the Interest Account and the Principal Account of the Bond Fund or monies in the Sinking Fund Redemption Account are insufficient therefore, (ii) making any required transfer to the Rebate Fund pursuant to the Fiscal Agent Agreement upon written direction from the District, (iii) making any transfers to the Bond Fund or Redemption Fund in connection with prepayments of the Special Taxes, (iv) paying the principal and interest due on Bonds in the final Bond Year, and (v) application to the defeasance of such Bonds in accordance with the terms of the Fiscal Agent Agreement. If the amounts in the Interest Account or the Principal Account of the Bond Fund and the Sinking Fund Redemption Account of the Redemption Fund are insufficient to pay the principal of, including Mandatory Sinking Payments, or interest on the Bonds when due, the Fiscal Agent shall, one business day prior to the corresponding Interest Payment Date, withdraw from the Reserve Fund for deposit in the Interest Account and the Principal Account of the Bond Fund, or the Sinking Fund Redemption Account of the Redemption Fund, monies necessary for such purpose. Following any transfer to the Interest Account or the Principal Account of the Bond Fund, or the Sinking Fund Payment

Account of the Redemption Fund, the Fiscal Agent shall notify the District of the amount needed to replenish the Reserve Fund to the Reserve Requirement and the District shall collect such deficiency by including such amount in the next Special Tax levy to the extent of the permitted maximum Special Tax rates.

The Reserve Requirement, or any portion thereof, may, with the prior written consent of the Insurer, be satisfied by crediting to the Reserve Fund monies, a letter of credit, a bond insurance policy, or any other comparable credit facility or any combination thereof, which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement; however, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such letter of credit, bond insurance policy or any other comparable credit facility, must have a rating of at least "A1" from Moody's if Moody's shall then be rating the Bonds, or the Bonds, as shall be applicable, and "A+" from S&P, if S&P shall then be rating the Bonds, or the Bonds, as shall be applicable, (provided that the Fiscal Agent shall be under no obligation and have no responsibility whatsoever to independently determine or verify such rating other than at the time of delivery). In the event of the use of such a surety, the Fiscal Agent shall be provided with copies of all documents in regard thereto and shall, to the extent not in conflict with the provisions of the Fiscal Agent Agreement, conform to the forms thereof for purposes of submitting draws, and making reimbursements, thereon. In the event of the use of such a surety, S&P shall, if S&P shall then be rating the Bonds, or the Bonds, as shall be applicable, be provided written notice, by the Fiscal Agent, of (i) any draw on such surety at the time such occurs; and (ii) any substitution or replacement of the then-current surety or surety provider.

Administrative Expense Fund - The Administrative Expense Fund is used for the receipt of funds initially deposited from the proceeds of the Series 2002 Special Tax Bonds and thereafter funds transferred from the Special Tax Fund to pay Administrative Expenses during each Fiscal Year. Monies retained in the Administrative Expense Fund are not pledged for the repayment of interest or principal on the Bonds. Monies in the Administrative Expense Fund shall be utilized to pay Administrative Expenses as specified in the Fiscal Agent Agreement (see "SECURITY FOR THE BONDS - Administrative Expense Fund").

Construction Fund - The Fiscal Agent Agreement establishes the Construction Fund, in which there is a School Construction Account and a Costs of Issuance Account.

A portion to the proceeds of the Series 2002 Special Tax Bonds will be deposited in the School Construction Account and into the Costs of Issuance Account. Monies in the School Construction Account will be utilized to pay for Project Costs relating to school construction. Monies deposited into the Costs of Issuance Account will be expended at the direction of the District for payment of Costs of Issuance.

Redemption Fund - The Redemption Fund is established by the Fiscal Agent Agreement and includes an Optional Redemption Account, Sinking Fund Redemption Account and Mandatory Redemption Account. Each of the redemption accounts is used for the temporary retention of monies allocated to the redemption of Bonds corresponding to that account. Monies in each such account shall be applied solely for such redemption purpose (see "THE BONDS - Redemption" and "SECURITY FOR THE BONDS - Redemption Fund").

Rebate Fund - The Rebate Fund is established by the Fiscal Agent Agreement for the receipt and payment of arbitrage earnings to the United State government as required under the terms of the Fiscal Agent Agreement and the Tax Certificate (see "SECURITY FOR THE BONDS - Rebate Fund").

Investment Earnings - Investment Earnings on the Reserve Fund in excess of the Reserve Requirement shall be transferred to the School Construction Account of the Construction Fund while the Construction Fund remains open and, after the Construction Fund is closed, to the Interest Account of the Bond Fund and used for the purposes for which such account is established. After the expiration of the transfer specified above, any remaining excess (exclusive of excess investment earnings) shall be transferred to the principal account of the Bond Fund or to the Sinking Fund Redemption Account of the Redemption Fund to the extent required to make any principal payment or mandatory sinking payments on each September 1. Interest income on other funds and accounts will be retained in the account or fund in which it is earned and shall be applied for the purpose for which such account or fund was established except as otherwise specified in the Fiscal Agent Agreement. The Fiscal Agent is required to invest and reinvest all monies held in the accounts and funds established under the Fiscal Agent Agreement (in accordance with written directives from a representative of the District) in Authorized Investments and as specified in the Fiscal Agent Agreement.

Redemption

Designated maturities of the Series 2002 Special Tax Bonds may be redeemed prior to maturity, in whole or in part, at the option of the District, on September 1, 2012, or on any Interest Payment Date thereafter prior to maturity pro-rata among maturities and by lot within a maturity at the redemption prices set forth in the Fiscal Agent Agreement.

The Term Bonds are subject to mandatory redemption from mandatory sinking payments deposited into the Sinking Fund Redemption Account to redeem those Outstanding Term Bonds maturing on each September 1, as specified in the Fiscal Agent Agreement.

The Series 2002 Special Tax Bonds are also subject to mandatory redemption prior to their stated maturities, in whole, or in part, on any interest payment date for which notice can timely be given under the terms of the Fiscal Agent Agreement from monies on deposit in the Prepayment Account of the Special Tax Fund at the redemption prices set forth in the Fiscal Agent Agreement.

The Fiscal Agent shall select the Series 2002 Special Tax Bonds subject to optional redemption, mandatory sinking fund redemption or mandatory redemption from prepaid special taxes in accordance with the terms of the Fiscal Agent Agreement.

Covenants

So long as any of the Series 2002 Special Tax Bonds issued pursuant to the Fiscal Agent Agreement are Outstanding and unpaid, the District makes the following covenants with the Owners under the provisions of the Act and the Fiscal Agent Agreement and all Supplements (to be performed by the District or its proper officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Series 2002 Special Tax Bonds; provided, however, that said covenants do not require the District to expend any funds or monies other than the Net Taxes or any monies deposited in the funds and accounts created under the Fiscal Agent Agreement and legally available therefor.

Covenant 1. Punctual Payment. The District will duly and punctually pay, or cause to be paid, the principal of and interest on every Bond issued under the Fiscal Agent Agreement, together with the premium thereon, if any be payable, on the date, at the place and in the manner mentioned in the Bonds and in accordance with the Fiscal Agent Agreement and any Supplement to the extent Net Taxes are available therefor, and that the payments into the Bond Fund and the Reserve Fund will be made, all in strict conformity with the terms of the Bonds and the Fiscal Agent Agreement, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Fiscal Agent Agreement and any Supplement and of the Bonds issued under the terms of the Fiscal Agent Agreement, and that time of such payment and performance is of the essence of the District's contract with the Bondowners.

Covenant 2. Levy and Collection of Special Taxes. Subject to the maximum Special Tax rates, the District will comply with all requirements of the Act so as to assure the timely collection of the Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

On or before each June 1, commencing June 1, 2003, the Fiscal Agent shall provide a written notice to the District stating the amounts then on deposit in the various funds and accounts established by the Fiscal Agent Agreement. The receipt of such notice by the District shall in no way affect the obligations of the District under the following paragraphs. Upon receipt of a copy of such notice, the District shall communicate with the San Diego County Treasurer-Tax Collector or other appropriate official of the County of San Diego 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.

The District shall retain an Independent Financial Consultant to assist in the levy of the Special Taxes each Fiscal Year, commencing Fiscal Year 2002-2003, in accordance with the Ordinance, such that the computation of the levy is complete before the final date on which the San Diego County Treasurer-Tax Collector will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next secured tax roll. The first such levy shall occur in Fiscal Year 2002-2003. Upon the completion of the computation of the amounts of the levy, and approval by the Legislative Body, the District shall prepare or cause to be prepared, and shall transmit to the San Diego County Treasurer-Tax Collector, such data as the San Diego County Treasurer-Tax Collector requires to include the levy of the Special Taxes on the next secured tax roll.

The District shall fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on Outstanding Bonds becoming due and payable during the ensuing year including any necessary replenishment or expenditure of the Reserve Fund for the Bonds, an amount equal to the Administrative Expense Requirement and any additional amounts necessary for expenses incurred in connection with administration or enforcement of delinquent Special Taxes.

The Special Taxes shall be payable and collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property; provided, the Legislative Body may provide for direct collection of the Special Taxes in certain circumstances.

In order to determine if there are delinquencies with respect to the payment of the Special Taxes, no later than February 15 and June 15, commencing February 15, 2003, the District shall reconcile or cause to be reconciled the amount of Special Taxes levied to the amount of Special Taxes actually received by the District.

The fees and expenses of the Independent Financial Consultant retained by the District to assist in computing the levy of the Special Taxes under the terms of the Fiscal Agent Agreement and any reconciliation of amounts levied to amounts received, as well as the costs and expenses of the District (including a charge for District staff time) in conducting its duties under the terms of the Fiscal Agent Agreement, shall be an Administrative Expense under the terms of the Fiscal Agent Agreement.

Covenant 3. Commence Foreclosure Proceedings.

On or about March 1 and July 1 of each Fiscal Year, the District will compare the amount of Special Taxes theretofore levied in the District to the amount of Special Taxes theretofore received by the District, and:

(A) Individual Delinquencies. If the District determines that any single parcel within the District is subject to a Special Tax delinquency in the aggregate amount of $10,000 or more or (ii) any owner owns one or more parcels subject to a Special Tax delinquency in an aggregate amount of $10,000 or more, then the District shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within sixty (60) days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the District within one hundred twenty (120) days of such determination to the extent permissible under applicable law.

(B) Aggregate Delinquencies. If the District determines that the total amount of delinquent Special Taxes for the prior Fiscal Year for the District (including the total of delinquencies under paragraph (A) above) exceeds five percent (5%) of the total Special Taxes due and payable for the prior Fiscal Year, the District shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within sixty (60) days of such determination, and shall commence foreclosure proceedings within one hundred twenty (120) days of such determination against each parcel of land within the District with a Special Tax delinquency.

Covenant 4. Against Encumbrances. The District will not encumber, pledge or place any charge or lien upon any of the Net Taxes or other amounts pledged to the Bonds superior to, or on a parity with, the pledge and lien created under the terms of the Fiscal Agent Agreement for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement.

Covenant 5. Modification of Maximum Authorized Special Tax. The District covenants that no modification of the maximum authorized Special Taxes in the District shall be approved by the District unless it is confirmed in writing, by an Independent Financial Consultant, that, immediately subsequent to such modifications, (i) the amount of the maximum Special Taxes on Developed Property (as defined in the Rate and Method of Apportionment of Special Tax for the District as approved by the Legislative Body of the District) pursuant to the Act and the applicable resolutions and ordinances of the District is at least 1.10 times Maximum Annual Debt Service plus Administrative Expenses on all Outstanding Bonds; and (ii) the amount of the maximum Special Taxes that may be levied by the District on then-existing owner occupied Developed Property (as confirmed by certificates of occupancy) pursuant to the Act and the applicable resolutions and ordinances of the District is at least 1.00 times Maximum Annual Debt Service plus Administrative Expenses on all Outstanding Bonds.

The District further covenants that in the event an ordinance is adopted by initiative pursuant to Section 3 of Article XIIIC of the California Constitution, which purports to reduce or otherwise alter the maximum authorized Special Taxes, it will, to the extent of available District funds therefore, commence and pursue legal action seeking to preserve its ability to comply with its covenant contained in the preceding paragraph.

Covenant 6. Protection of Security and Rights of Owners. The District will preserve and protect the security of the District and the rights of the Owners, and will 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.

Covenant 7. Compliance with Law, Completion of Project. The District will comply with all applicable provisions of the Act and law in completing the acquisition and construction of the Project; provided, that the District shall have no obligation to advance any funds to complete the Project in excess of the amounts available therefore in the School Construction Account of the Construction Fund.

Covenant 8. Books and Accounts. The District will keep, or cause to be kept, proper books of records and accounts, separate from all other records and accounts of the Bonds, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund including the Prepayment Account. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent or of the Owners of not less than ten percent of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

Covenant 9. Tax Covenant. The District covenants and represents that until the last Bonds shall have been fully paid or redeemed, the District will comply with all requirements of the Tax Certificate, the Code and all applicable Regulations, such that the interest on the Bonds will remain excluded from gross income for federal income tax purposes.

Covenant 10. Additional Tax Covenants. Covenant 10 provides additional covenants to protect the tax-exempt status of the Series 2002 Special Tax Bonds.

Covenant 11. Further Assurances. The District will 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 obligations and covenants under the Fiscal Agent Agreement and any Supplement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Fiscal Agent Agreement and in any Supplement.

Covenant 12. Additional Opinion(s). The District will not make any change in requirements or procedures or take any action, as to which change or action the Fiscal Agent Agreement or related documents require an opinion of nationally recognized Bond Counsel, unless it obtains an opinion of Bond Counsel to the effect that (a) interest on the Bonds was excluded from gross income for federal income tax purposes from their date of issuance until the date of such change, assuming compliance with the covenants in the Fiscal Agent Agreement as they were in effect prior to the change (except that such opinion need not be given as to any interest for which a similar opinion has previously been given and remains in effect subsequent to such change), and (b) assuming continued compliance by the District with the covenants as changed, interest on the Bonds is excluded from gross income for purposes of federal income taxation.

Covenant 13. Covenant Re: Tender of Bonds. The District will not, in collecting the Special Taxes or in processing any such judicial foreclosure proceedings, exercise any authority which it has pursuant to Sections 53340, 53344.1, 53344.2, 53356.1 and 53356.5 of the California Government Code in any manner which would be inconsistent with the interests of the Owners and, in particular, will not permit the tender of Bonds in full or partial payment of 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 Net Taxes to pay the principal of and interest on the Bonds remaining Outstanding following such tender.

Covenant 14. Conditions for the Issuance of Parity Bonds. The District may, at any time after the issuance and delivery of the Series 2002 Special Tax Bonds, issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund and the Reserve Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Series 2002 Special Tax Bonds as provided in the Fiscal Agent Agreement.

Parity Bonds may be issued subject to the following additional specific conditions, which are made conditions precedent to the issuance of any such Parity Bonds under the terms of the Fiscal Agent Agreement:

(a) The District shall be in compliance with all covenants set forth in the Fiscal Agent Agreement and any Supplement then in effect and a certificate of the District to that effect shall have been filed with the Fiscal Agent; provided, however, that Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplement duly adopted by the District which shall specify the following:

(1) The purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited including payment of all costs incidental to or connected therewith;

(2) The authorized principal amount of such Parity Bonds;

(3) The date and the maturity date or dates of such Parity Bonds; provided that

(i) each maturity date shall fall on September 1 and shall pay interest on the Interest Payment Dates,

(ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and

(iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) The description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) The denominations and method of numbering of such Parity Bonds;

(6) The amount and due date of each Mandatory Sinking Payment, if any, for such Parity Bonds;

(7) The amount, if any, to be deposited from the proceeds of such Parity Bonds in a reserve fund;

(8) The form of such Parity Bonds;

(9) The terms of redemption for such Parity Bonds, which shall be consistent with the terms (other than dates for redemption premium rates and amounts) specified in the Fiscal Agent Agreement, as supplemented.

(10) The issuance of such Parity Bonds is consistent with the applicable goals and policies of the District and the School District;

(11) The issuance of such Parity Bonds conforms to the provisions of Section 53345.8 of the Act and the Community Facilities District Finance Policy then applicable to the District (specifically, and in accordance with the requirements of Government Code Section 53345.8, the Legislative Body shall be provided with documentation to determine, and shall determine, that the value of the real property within the District (which is subject to the Special Taxes) is at least three times the principal amount of the Outstanding Series 2002 Bonds, the Parity Bonds, and of all other bonds that are secured by a special tax pursuant to the Act or a special assessment on property within the District, such determination shall be based on the full value of such property as required under State law and upon documents presented to the Legislative Body); and

(12) Such other provisions as are necessary or appropriate and not inconsistent with the Fiscal Agent Agreement.

(c) The Fiscal Agent shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds from the District (unless the Fiscal Agent shall accept any of such documents bearing a prior date):

(1) A certified copy of the Supplement authorizing the issuance of such Parity Bonds;

(2) A written request of the District as to the delivery of such Parity Bonds;

(3) An opinion of Bond Counsel and/or special counsel for the District substantially to the effect that: (a) the District has the right and power under the Act to adopt the Resolution, and the Supplement to the Fiscal Agent Agreement relating to such Parity Bonds, and the Resolution and Supplement to the Fiscal Agent Agreement have been duly and lawfully adopted by the District, the Resolutions and Fiscal Agent Agreement as so supplemented, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their term (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (b) the Supplement to the Fiscal Agent Agreement creates a valid pledge the Net Taxes and other amounts as provided in the Fiscal Agent Agreement, subject to the application thereof to the purposes and on the conditions permitted by the Resolution; and (c) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Fiscal Agent Agreement and all Supplements thereto and entitled to the benefits of the Fiscal Agent Agreement and all such Supplements, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Fiscal Agent Agreement and all such Supplements; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal

income tax purposes of interest on any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Parity Bonds theretofore issued;

(4) A certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Fiscal Agent Agreement;

(5) A certificate(s) from one or more Independent Financial Consultants which, when taken together, certify that the amount of the maximum Special Taxes that may be levied by the District on then-existing owner occupied Developed Property (as defined in the Rate and Method of Apportionment of Special Tax for the District as approved by the Legislative Body of the District) (as confirmed by certificates of occupancy) pursuant to the Act and the applicable resolutions and ordinances of the District in each remaining Bond Year based only on such owner occupied Developed Property is at least 1.10 times Annual Debt Service for each corresponding Bond Year on all Outstanding Series 2002 Special Tax Bonds theretofore issued, any Parity Bonds previously issued, and the Parity Bonds proposed to be issued. For purposes of making the certifications required by this paragraph (c)(5), the Independent Financial Consultants may rely on reports or certificates as may be acceptable to the District, the School District, Bond Counsel and the underwriter(s) of the proposed Parity Bonds;

(6) The balance in the Reserve Fund on account established for the Parity Bonds shall be equal to the Reserve Requirement on the delivery date of such Parity Bonds; and

(7) Such further documents, money and securities as are required by the provisions of the Fiscal Agent Agreement and the Supplement providing for the issuance of such Parity Bonds (see also "SECURITY FOR THE BONDS - Parity Bonds").

NOTE: As discussed later in this Summary, this Covenant has been amended within the Third Supplemental Fiscal Agent Agreement to add the following subparagraph to Covenant 14:

"(d) Notwithstanding the provisions of subsections (a), (b) and (c) of Covenant 14, above from and after Dated Date of the Series 2014 Special Tax Refunding Bonds, the District shall not issue any additional bonds, notes or other similar evidences of indebtedness payable, in whole or in part, out of Net Taxes except: (i) bonds issued to fully or partially refund the Outstanding Bonds; and (ii) subordinate bonds, notes or other similar evidences of indebtedness."

Continuing Disclosure Covenant. The District covenants and agrees that it will comply with and carry out all of its obligations under the Continuing Disclosure Certificate. Notwithstanding any other provision of the Fiscal Agent Agreement, failure of the District to comply with its obligations under the Continuing Disclosure Certificate shall not be considered an event of default under the Fiscal Agent Agreement, and the sole remedy, in the event of any failure of the District to comply with the Continuing Disclosure Certificate, shall be an action to compel performance thereof. The Fiscal Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2002 Special Tax Bonds, shall), or any Bondowner or Beneficial Owner 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 Covenant. For purposes of this Covenant, "Beneficial Owners" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2002 Special Tax Bonds (including persons holding Series 2002 Special Tax Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Series 2002 Special Tax Bonds for federal income tax purposes.

Amendment to Fiscal Agent Agreement

The District may from time to time, and at any time, without notice to or consent of any of the Owners, adopt Supplements to the Fiscal Agent Agreement for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provision in the Fiscal Agent Agreement which may be inconsistent with any other provision to the Fiscal Agent Agreement, or to make any other provision with respect to matters or questions arising under the Fiscal Agent Agreement, or in any Supplement, provided that such action shall not adversely affect the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Fiscal Agent Agreement which are not contrary to or inconsistent with the Fiscal Agent Agreement as theretofore in effect;

(c) to modify, alter, amend or supplement the Fiscal Agent Agreement in any other respect which is not materially adverse to the Bondowners including, but not limited to, providing for the rating or insuring of the Series 2002 Special Tax Bonds; and

(d) to provide for the issuance of Parity Bonds pursuant to the terms of the Fiscal Agent Agreement.

Exclusive of amendments supplemental to the Fiscal Agent Agreement covered by the (a) above, the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve the adoption by the District of such amendments or orders supplemental to the Fiscal Agent Agreement as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Fiscal Agent Agreement; provided, however, that nothing in the Fiscal Agent Agreement shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal of, or the payment date of interest on, any Bonds, (b) a reduction in the principal amount of, or redemption premium on, any Bonds or the rate of interest thereon, (c) a preference or priority of any Bonds over any other Bonds, or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplement, without, in the case of (a) or (b), the consent of the affected Owner, or, in the case of (c) or (d), the consent of the Owners of all Bonds then Outstanding.

Fiscal Agent

The Fiscal Agent is appointed and takes authorized actions under the terms of the Fiscal Agent Agreement. The initial Fiscal Agent may be removed or replaced by the District upon 30 days prior written notice (except during the continuance of an event of default, as further discussed below) or may resign in favor of a successor Fiscal Agent. The Fiscal Agent Agreement provides for certain minimum qualifications of the Fiscal Agent and provides for notice and procedures in the event a successor Fiscal Agent is required or appointed.

The duties of the Fiscal Agent are specified within the Fiscal Agent Agreement and include mailing interest payments to the Owners, selecting Bonds for redemption pursuant to the terms of the Fiscal Agent Agreement, giving notice of redemption and meetings of the Owners, maintaining the Bond Register and maintaining and administering the funds and accounts established pursuant to the Fiscal

Agent Agreement. The Fiscal Agent also performs all other acts authorized or directed of the Fiscal Agent pursuant to the terms of the Fiscal Agent Agreement.

The Fiscal Agent Agreement provides that the recitals of fact and all promises, covenants and agreements contained therein and in the Bonds are to be taken as statements, promises, covenants and agreements of the District, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of the Fiscal Agent Agreement or the Bonds. The Fiscal Agent Agreement provides for certain protections from liability of the Fiscal Agent except for its own negligence or willful misconduct, as further specified in the Fiscal Agent Agreement

Events of Default: Remedies

Events of Default. Any one or more of the following events shall constitute an "event of default":

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or from mandatory redemption;

(b) Default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; or

(c) Default by the District in the observance of any of the agreements, conditions or covenants on its part in the Fiscal Agent Agreement or in the Series 2002 Special Tax Bonds contained, and the continuation of such default for a period of 30 days after the District shall have been given notice in writing of such default by the Fiscal Agent, provided that if within 30 days the District has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated; provided, any noncompliance with the terms of the Continuing Disclosure Covenant, identified above, shall not be an event of default under the terms of the Fiscal Agent Agreement and is limited to the remedies specifically identified therefore.

Remedies of Owners. Following the occurrence of an event of default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his or her rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Fiscal Agent Agreement;

(b) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) Upon the happening of an event of default (as defined in the Fiscal Agent Agreement), by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

Nothing in the Fiscal Agent Agreement, or in the Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as provided in the Fiscal Agent Agreement, out of the Net Taxes pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Fiscal Agent Agreement.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Act or by the Fiscal Agent Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the District and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

No remedy conferred through the Fiscal Agent Agreement upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Fiscal Agent Agreement or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Insurer's Rights

The Fiscal Agent Agreement provides for various rights of the Insurer in the event of a default, or certain other events (as set out in the Fiscal Agent Agreement) relating to the Insurance Policy. These rights include, but are not limited to, the right of the Insurer to receive various notices, to control certain remedies, approve certain actions and amendments of the Fiscal Agent Agreement, and the right to seek reimbursement(s) of amounts paid under the Insurance Policy for the Series 2002 Special Tax Bonds.

Defeasance

If all or a specified portion of the Bonds shall be paid and discharged under the terms of the Fiscal Agent Agreement in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest due on the Bonds, as and when the same became due and payable;

(b) by depositing with the Fiscal Agent or a bank or trust company as escrow holder, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund, the Bond Fund the Redemption Fund and the Reserve Fund and available for such purpose, is fully sufficient to pay the principal of and interest on such Bond as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent, or a bank or trust company as escrow holder, in trust, noncallable direct obligations of, or obligations guaranteed by, the United States of America, in which the District may lawfully invest its money, in such amount as certified by a nationally recognized certified public accountant which will, together with the interest to accrue thereon and monies then on deposit in the Special Tax Fund, the Bond Fund, the Redemption Fund and the Reserve Fund available for such purpose, together with the interest to accrue thereon, be fully sufficient to pay and discharge the principal of and interest and any premium on such Bond as and when the same shall become due and payable;

then, notwithstanding that any such Bond shall not have been surrendered for payment, all obligations of the District under the Fiscal Agent Agreement, and any Supplement, with respect to such Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bonds not so surrendered and paid, all sums due thereon and except for specified covenants and requirements of the District contained and identified in the Fiscal Agent Agreement.

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II. SUMMARY OF CERTAIN PROVISIONS OF THE FIRST SUPPLEMENTAL FISCAL AGENT AGREEMENT RELATING TO THE ISSUANCE AND DELIVERY OF THE COMMUNITY FACILITIES DISTRICT NO. 4 OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT SERIES 2004 SPECIAL TAX BONDS

Part II of this Summary provides the summary of certain provisions of the First Supplemental Fiscal Agent Agreement provided in connection with the issuance and sale of the Series 2004 Special Tax Bonds.

DEFINITIONS

The following are summaries of definitions of certain terms used in this Part of the Summary. Certain defined terms set forth in Part I of this Summary are amended within the First Supplemental Fiscal Agent Agreement as set forth in the First Supplemental Fiscal Agent Agreement.

Additional/Amended Definitions. Capitalized terms used in the First Supplemental Fiscal Agent Agreement and not otherwise defined shall have the meanings given such terms in the Fiscal Agent Agreement, as supplemented by the First Supplemental Fiscal Agent Agreement. In addition, and unless the context otherwise requires, the following terms shall have the following meanings for purposes of this Summary:

"Bond Year" for purposes of the Series 2004 Special Tax Bonds means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Delivery Date to September 1, 2004, both dates inclusive.

"Bondowner(s)" or **"Owner(s)"** means the person or persons in whose name or names any Series 2002 Special Tax Bond, Series 2004 Special Tax Bond, or any Parity Bond is registered.

"Bonds" means the Series 2002 Special Tax Bonds, the Series 2004 Special Tax Bonds and any Parity Bonds issued pursuant to the terms of the 2002 Fiscal Agent Agreement, the First Supplemental Fiscal Agent Agreement and any Supplement(s) thereto.

"Closing Date" means with respect to any Bonds the date such Bonds are delivered.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the District or School District and related to the authorization, sale and issuance of the Series 2004 Special Tax Bonds, which items of expense shall include, but not be limited to, printing costs, cost of reproducing and binding documents, closing costs, appraisal costs, filing and recording fees, fees and expenses of counsel to the District or School District, initial fees and expenses of the Fiscal Agent, including its first annual administration fee and fees of its counsel, expenses incurred by the District and the School District in connection with the issuance of the Series 2004 Special Tax Bonds, Underwriter's discount, legal fees and charges, including Bond Counsel, financial consultants' fees, charges for execution, transportation and safekeeping of the Series 2004 Special Tax Bonds and other costs, charges and fees in connection with the foregoing.

"Dated Date" or **"Delivery Date"** for purposes of the Series 2004 Special Tax Bonds means the date the Series 2004 Special Tax Bonds are delivered and with respect to any Parity Bonds which may be issued, means the date each such series of Parity Bonds are delivered.

"Dissemination Agent" means Special District Financing & Administration, or any successor dissemination agent appointed by the District for the Series 2004 Special Tax Bonds pursuant to the 2004 Continuing Disclosure Certificate.

"District" or **"CFD No. 4"** means Community Facilities District No. 4 of the San Marcos Unified School District.

"First Supplemental Fiscal Agent Agreement" means the First Supplemental Fiscal Agent Agreement dated as of August 1, 2004, supplementing the 2002 Fiscal Agent Agreement and providing terms in connection with the issuance and delivery of the Series 2004 Special Tax Bonds.

"Fiscal Agent" means Union Bank of California, N.A., and its successors and assigns or any and other fiscal agent which may be appointed pursuant to the terms of the Fiscal Agent Agreement, as supplemented.

"Insurer" means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

"Interest Payment Date" for purposes of the 2004 Special Tax Bonds means March 1 and September 1 of each year during which the 2004 Special Tax Bonds are Outstanding, commencing March 1, 2005.

"Participating Underwriter" shall have the meaning(s) ascribed thereto in the 2004 Continuing Disclosure Certificate.

"Principal Corporate Trust Office" means the corporate trust office of the Fiscal Agent, which, at the date of execution of the First Supplemental Fiscal Agent Agreement, is located at 120 S. San Pedro Street, Suite 400, Los Angeles, California 90012, Attention: Corporate Trust, or such other offices as the Fiscal Agent may designate from time to time; provided, however that 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.

"Reserve Requirement" means with respect to the Series 2004 Special Tax Bonds an amount, as of any date of calculation, equal to the least of (i) 10% of the original principal amount of the Series 2004 Special Tax Bonds, less original issue discount, if any, plus original issue premium, if any, (ii) Maximum Annual Debt Service, or (iii) 125% of average Annual Debt Service on the Series 2004 Special Tax Bonds.

"Series 2004 Special Tax Bonds" means the Community Facilities District No. 4 of the San Marcos Unified School District Series 2004 Special Tax Bonds.

"Term Bond(s)" for purposes of the 2004 Special Tax Bonds means the Series 2004 Special Tax Bonds maturing on September 1, 2029 and September 1, 2034, and any Series 2002 Special Tax Bonds and Parity Bonds issued and designated as Term Bonds.

"2004 Account of the Rebate Fund" means the account of that name established under, and held by the Fiscal Agent pursuant to the First Supplemental Fiscal Agent Agreement.

"2004 Account of the Reserve Fund" means the fund of that name established under, and held by the Fiscal Agent pursuant to the First Supplemental Fiscal Agent Agreement.

"2004 Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate provided by the School District on behalf of the District, dated the Delivery Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"2004 Costs of Issuance Account" means the account of that name established under, and held by the Fiscal Agent pursuant to the First Supplemental Fiscal Agent Agreement.

"2002 Fiscal Agent Agreement" means the Fiscal Agent Agreement dated as of August 1, 2002, as supplemented pursuant to the terms of the First Supplemental Fiscal Agent Agreement and as may be further supplemented in accordance with its terms.

"2004 Insurance Policy" or **"2004 Bond Insurance Policy"** means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2004 Special Tax Bonds when due.

"2004 Subaccount of the School Construction Account" means the subaccount of that name established under, and held by the Fiscal Agent pursuant to the terms of the First Supplemental Fiscal Agent Agreement.

ISSUANCE OF THE SERIES 2004 SPECIAL TAX BONDS

The Series 2004 Special Tax Bonds are issued pursuant to the Resolution of 2004 Bonds Issuance, the Act, the Fiscal Agent Agreement and the First Supplemental Fiscal Agent Agreement in the amounts and maturities set forth in the First Supplemental Fiscal Agent Agreement. The Series 2004 Special Tax Bonds were issued on a parity with the Series 2002 Bonds as provided for in the Fiscal Agent Agreement.

The Series 2004 Special Tax Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and amounts in certain funds and accounts created in under the Fiscal Agent Agreement and the First Supplemental Fiscal Agent Agreement. The Net Taxes are set aside for the payment of the Series 2002 Bonds and the Series 2004 Special Tax Bonds pursuant to the provisions set forth in the Fiscal Agent Agreement and the First Supplemental Fiscal Agent Agreement.

Limited Obligation

The Series 2004 Special Tax Bonds and interest thereon are not payable from the general fund of the District or the School District. Except with respect to the Special Taxes, neither the credit nor the taxing power of the District or the School District is pledged for the payment of the Series 2004 Special Tax Bonds or interest thereon, and no Owner of the Series 2004 Special Tax Bonds may compel the exercise of the taxing power by the District (except with respect to the Special Taxes) or the School District or the forfeiture of any of their property for the payment thereof. The principal of and interest on the Series 2004 Special Tax Bonds and premiums upon the redemption of any thereof are not a debt of 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 Series 2004 Special Tax Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the District or the School District, except the Net Taxes which are, under the terms of the Fiscal Agent Agreement, set aside for the payment of the Series 2004 Special Tax Bonds and interest thereon. Neither the members of the Legislative Body or the Governing Board nor any persons executing the Series 2004 Special Tax Bonds are liable personally on the Series 2004 Special Tax Bonds by reason of their issuance or execution.

Equality of Series 2004 Special Tax Bonds, Pledge of Net Taxes. Pursuant to the Act and the Fiscal Agent Agreement, as supplemented, the Series 2004 Special Tax Bonds shall be equally payable from the Net Taxes without priority for number, date of the Series 2004 Special Tax Bonds, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Series 2004 Special Tax Bonds and shall be exclusively paid from the Net Taxes and amounts held in certain funds and accounts created under the Fiscal Agent Agreement and the First Supplemental Fiscal Agent Agreement. The Net Taxes are set aside for the payment of the Series 2002 Bonds and the Series 2004 Special Tax Bonds pursuant to the provisions set forth in the Fiscal Agent Agreement, as supplemented, and the First Supplemental Fiscal Agent Agreement. The Net Taxes are set aside for the payment of the Bonds, and any Parity Bonds, and such Net Taxes and any interest earned on the Net Taxes shall constitute a trust fund for the payment of the interest on and principal of the Bonds and so long as any of the Series 2004 Special Tax Bonds or interest thereon are unpaid the Net Taxes and interest thereon shall not be used for any other purpose, except as permitted by the Fiscal Agent Agreement or any Supplement thereto, and shall be held in trust for the benefit of the Bondowners and shall be applied pursuant to the Fiscal Agent Agreement, or to the Fiscal Agent Agreement as modified pursuant to provisions of the First Supplemental Fiscal Agent Agreement. Notwithstanding any provision contained in the Fiscal Agent Agreement, as supplemented, to the contrary, Special Taxes deposited in the Administrative Expense Fund and the Rebate Fund shall no longer be considered to be pledged to the Bonds and the Administrative Expense Fund, the Construction Fund (and all accounts thereof), the 2002 Construction Fund (and all accounts thereof), the 2004 Construction Fund (and all its accounts), and the Rebate Fund shall not be construed as trust funds held for the benefit of the Bondowners.

New Funds and Accounts

The First Supplemental Fiscal Agent Agreement creates certain funds and accounts in addition to the funds and accounts set out in the Fiscal Agent Agreement for specified purposes:

2004 Subaccount of the Construction Fund. The First Supplemental Fiscal Agreement establishes the 2004 Subaccount of the Construction Fund and the 2004 Costs of Issuance Account of the Construction Fund. A portion of the proceeds of the Series 2004 Special Tax Bonds will be deposited into the 2004 Subaccount of the Construction Fund. Monies in the 2004 Subaccount of the Construction Fund will be utilized for Project Costs relating to school facilities.

2004 Costs of Issuance Account of the Construction Fund. Proceeds of the Series 2004 Special Tax Bonds will be deposited into the 2004 Subaccount of the Construction Fund and into the 2004 Costs of Issuance Account. Monies in the 2004 Subaccount of the Construction Fund will be utilized to pay Project Costs (and any remaining unpaid 2004 Costs of Issuance). Monies deposited into the 2004 Costs of Issuance Account will be expended at the direction of the District to pay 2004 Costs of Issuance of the Series 2004 Special Tax Bonds.

2004 Account of the Reserve Fund. The First Supplemental Fiscal Agent Agreement establishes the 2004 account of the Reserve Fund (see discussion under "**Amendments to Funds and Accounts** - Reserve Fund and Reserve Accounts" below).

2004 Account of the Rebate Fund. The First Supplemental Fiscal Agent Agreement establishes the 2004 Account of the Rebate Fund. The 2004 Account of the Rebate Fund is established by the First Supplemental Fiscal Agent Agreement under the terms of the First Supplemental Fiscal Agent Agreement and the Tax Certificate delivered for the Series 2004 Special Tax Bonds.

Amendments to Funds and Accounts

The sections relating to the Special Tax Fund are amended to read as follows:

Special Tax Fund.

The Special Taxes and other amounts constituting Gross Taxes collected by the District shall be transferred (exclusive of Prepaid Special Taxes received which shall be deposited into the Prepayment Account of the Special Tax Fund), no later than 10 days after receipt thereof, to the Fiscal Agent and shall be held in the Special Tax Fund for the benefit of the Bondowners and shall, exclusive of the Prepaid Special Taxes, be transferred from the Special Tax Fund in the following order of priority:

(a) To the Administrative Expense Fund to bring the balance to the Administrative Expense Requirement (as defined) up to a maximum of $40,000.00.

(b) To the Interest Account of the Bond Fund an amount such that the balance in the Interest Account one business day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds on said Interest Payment Date. Monies in the Interest Account shall be used for the payment of interest on the Bonds as the same become due.

(c) To the Principal Account of the Bond Fund, an amount up to the amount needed to make the principal payment due on the Bonds during the current Bond Year.

(d) To the Sinking Fund Redemption Account of the Redemption Fund an amount up to the amount needed to make the Mandatory Sinking Payments due on the Bonds during the current Bond Year.

(e) To the Reserve Fund and the accounts therein, pro rata among the Reserve Fund and the accounts therein based upon the corresponding Reserve Requirements, the amount(s), if any, necessary to replenish the Reserve Fund and the accounts therein to the corresponding Reserve Requirement(s), taking into account all interest earnings on funds held in the Reserve Fund and the accounts therein. This shall include amounts necessary to satisfy any obligations to any provider of a reserve fund surety in place of all or a portion of the corresponding Reserve Requirement.

(f) To the extent the Administrative Expense Requirement is not fully satisfied in (a) above, to the Administrative Expense Fund in the amount required to bring the balance therein to the Administrative Expense Requirement.

(g) Any remaining Special Taxes and other amounts constituting Gross Taxes shall remain in the Special Tax Fund, subject to the provisions of (h), below.

(h) Any remaining Special Taxes and other amounts constituting Gross Taxes, if any, shall remain in the Special Tax Fund until the end of the Bond Year. At the end of the Bond Year any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Bonds (including payment of Mandatory Sinking Fund Payments due during the current Bond Year), to restore the Reserve Fund as provided for in (e), above, or to pay current or pending Administrative Expenses as provided for in (a) and (f), above, shall, without further action by any party, be transferred by the Fiscal Agent to the District free and clear of any lien thereon and may be applied by the District for authorized purposes in accordance with the Formation Resolution. Any funds which are required to cure any such delinquency shall be retained in the Special Tax Fund and expended or transferred, at the earliest possible date, for such purpose.

At the date of the redemption, defeasance or maturity of the last Bond and after all principal and interest then due on any Bond has been paid or provided for, all other covenants are complied with and all fees and expenses of the Fiscal Agent have been paid, monies in the Special Tax Fund will be transferred to the District by the Fiscal Agent and may be used by the District for any lawful purpose. Funds in the

Special Tax Fund shall be invested in accordance with the provisions of the Fiscal Agent Agreement, as supplemented. Investment earnings on amounts in the Special Tax Fund, if any, shall be retained therein.

Prepayment Account of the Special Tax Fund

Prepaid special taxes collected by the District (net of any costs of collection) shall be transferred, no later than ten (10) days after receipt thereof, to the Fiscal Agent and the District shall direct the Fiscal Agent to deposit the prepaid special taxes in the prepayment account of the Special Tax Fund. Prepaid special taxes shall be used to call and redeem outstanding Bonds on a pro rata basis.

Reserve Fund and Reserve Accounts:

The First Supplemental Fiscal Agent Agreement creates the 2004 Account of the Reserve Fund. The 2004 Account of the Reserve Fund shall be funded either with proceeds of the Series 2004 Special Tax Bonds or with a Reserve Fund Surety as set forth below. The following terms shall apply to the Reserve Fund and the 2004 Account of the Reserve Fund as established by the Fiscal Agent Agreement and supplemented by the First Supplement Fiscal Agent Agreement:

(a) There shall be maintained in the 2004 Account of the Reserve Fund an amount equal to the Reserve Requirement for the Series 2004 Special Tax Bonds. Notwithstanding the foregoing, in the event of a redemption or partial defeasance of the Series 2004 Special Tax Bonds, the 2004 Reserve Requirement for the Series 2004 Special Tax Bonds shall thereafter be determined by the District and communicated to the Fiscal Agent in writing and any funds an excess of such re-determined Reserve Requirement for the Series 2004 Special Tax Bonds shall be utilized as set forth in the First Supplemental Fiscal Agent Agreement.

(b) Monies in the 2004 Account of the Reserve Fund shall be used solely for the purpose of (i) making transfers to the Bond Fund or Redemption Fund to pay the principal of, including Mandatory Sinking Payments, and interest and principal on the Series 2004 Special Tax Bonds when due to the extent that monies in the Interest Account and the Principal Account of the Bond Fund or monies in the corresponding Sinking Fund Redemption Account are insufficient therefore, (ii) making any required transfer to the Rebate Fund upon written direction from the District, (iii) making any transfers to the Bond Fund or Redemption Fund in connection with prepayments of the Special Taxes; (iv) paying the principal and interest due on the Series 2004 Special Tax Bonds in the final Bond Year, and (v) application to the defeasance of such Series 2004 Special Tax Bonds in accordance with the provisions of the Fiscal Agent Agreement, as supplemented. If the amounts in the Interest Account or the Principal Account of the Bond Fund and the Sinking Fund Redemption Account of the Redemption Fund are insufficient to pay the principal of, including Mandatory Sinking Payments, or interest on the Series 2004 Special Tax Bonds when due, the Fiscal Agent shall, one Business Day prior to an Interest Payment Date, withdraw from the 2004 Account of the Reserve Fund for deposit in the Interest Account and the Principal Account of the Bond Fund, or the Sinking Fund Redemption Account of the Redemption Fund, monies necessary for such purpose. Following any transfer to the Interest Account or the Principal Account of the Bond Fund, or the Sinking Fund Payment Account of the Redemption Fund, the Fiscal Agent shall notify the District of the amount needed to replenish the 2004 Account of the Reserve Fund to the 2004 Reserve Requirement of the Series 2004 Special Tax Bonds and the District shall include such amount as is required at that time to correct such deficiency in the next Special Tax levy to the extent of the permitted maximum Special Tax rates.

Monies in the 2004 Account of the Reserve Fund shall be invested in accordance with the provisions of the Fiscal Agent Agreement, as supplemented. Notwithstanding any provision therein to the contrary, monies in the 2004 Account of the Reserve Fund in excess of the 2004 Reserve Requirement for the Series 2004 Special Tax Bonds (exclusive of Excess Investment Earnings) shall be withdrawn on or prior to 15 days prior to each Interest Payment Date and applied as follows: (i) until such time as the 2004 Subaccount of the School Construction Account is closed in accordance with the provisions of the First Supplemental Fiscal Agent Agreement, all investment earnings on amounts in the 2004 Account of the Reserve Fund (exclusive of Excess Investment Earnings and funds needed to restore the Reserve Fund to the Reserve Requirement) shall be deposited into the 2004 Subaccount of the School Construction Account; and (ii) after expiration of the transfers under (i) above, thereafter all investment earnings on amounts in the 2004 Account of the Reserve Fund since the previous Interest Payment Date (exclusive of Excess Investment Earnings) shall be transferred to the Interest Account of the Bond Fund, and any remaining excess shall be transferred to the Principal Account of the Bond Fund, or to the Sinking Fund Redemption Account of the Redemption Fund to the extent required to make any principal payment or Mandatory Sinking Payments on the next following September 1. The Fiscal Agent shall transfer Excess Investment Earnings from the 2004 Account of the Reserve Fund earnings upon written direction of the District pursuant to the Tax Certificate.

(c) Notwithstanding anything in the Fiscal Agent Agreement, as supplemented, to the contrary, the District shall transfer to the Fiscal Agent for deposit into the 2004 Account of the Reserve Fund, from available monies in the Special Tax Fund, the amount needed to restore the 2004 Account to the Reserve Requirement for the Series 2004 Special Tax Bonds as specified in the Fiscal Agent Agreement, as supplemented. Monies in the Special Tax Fund shall be deemed available for transfer to the 2004 Account of the Reserve Fund only if such amounts will not be needed to make the deposit required to be made to the Interest Account and the Principal Account of the Bond Fund or the corresponding Sinking Fund Redemption Account of the Redemption Fund for the next Interest Payment Date.

(d) The Reserve Requirement of the Series 2004 Special Tax Bonds, or any portion thereof, may, with the prior consent of the Insurer, be satisfied by crediting to the 2004 Account of the Reserve Fund monies, a letter of credit, a bond insurance policy, or any other comparable credit facility or any combination thereof, which in the aggregate make funds available in the 2004 Account of the Reserve Fund in an amount equal to the Reserve Requirement; however, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such letter of credit, bond insurance policy or any other comparable credit facility, must have a rating of at least "A1" from Moody's and "A+" from S&P (provided that the Fiscal Agent shall be under no obligation and have no responsibility whatsoever to independently determine or verify such rating other than at the time of delivery). In the event of the use of such a surety, the Fiscal Agent shall be provided with copies of all documents in regard thereto and shall, to the extent not in conflict with the provisions of the Fiscal Agent Agreement, as supplemented, conform to the forms thereof for purposes of submitting draws, and making reimbursements, thereon.

Investment Earnings

(a) Monies in the 2004 Subaccount of the Construction Fund shall be invested in Authorized Investments which will by their terms mature as close as practicable to the date the District estimates the monies represented by the particular investment will be needed for withdrawal from such account or subaccount; and

(b) Monies in the Reserve Fund, including the Accounts thereof, shall be invested in Authorized Investments which provide liquidity needed to satisfy any calls on funds in the corresponding Account of the Reserve Fund. Such liquidity shall provide that at least one-half (1/2) of the monies in each Reserve Account of the Reserve Fund shall be available for draw in advance of any Interest Payment Date. Such Authorized Investments shall not have a final maturity of greater than three (3) years except for guaranteed investment contracts which, by their terms and conditions, allow withdrawals at such times as are required through which monies in the 2004 Account of the Reserve Fund may be invested for a longer period). No such investment shall mature later than 15 days prior to the final maturity of the corresponding Series of Bonds.

Redemption

Designated maturities of the Series 2004 Special Tax Bonds may be redeemed prior to maturity, in whole or in part, at the option of the District prior to maturity as set forth in the First Supplemental Fiscal Agent Agreement.

The 2004 Term Bonds are subject to mandatory redemption from mandatory sinking payments deposited into the Sinking Fund Redemption Account to redeem those Outstanding Term Bonds maturing on each September 1, as specified in the Third Supplemental Fiscal Agent Agreement.

The Series 2004 Special Tax Bonds are also subject to mandatory redemption prior to their stated maturities, in whole, or in part, on any Interest Payment Date for which notice can timely be given under the terms of the First Supplemental Fiscal Agent Agreement, from monies on deposit in the Prepayment Account of the Special Tax Fund at the redemption prices set forth in the First Supplemental Fiscal Agent Agreement.

The Fiscal Agent shall select the Series 2004 Special Tax Bonds subject to optional redemption, mandatory sinking fund redemption or mandatory redemption from prepaid special taxes in accordance with the terms of the Fiscal Agent Agreement as supplemented by the First Supplemental Fiscal Agent Agreement.

Covenants

The covenants set forth in the Fiscal Agent Agreement, as supplemented, are generally applicable to the Series 2004 Special Tax Bonds. In addition, the First Supplemental Fiscal Agent Agreement provides for a separate continuing disclosure covenant relative to the 2004 Continuing Disclosure Certificate, as set forth below:

Continuing Disclosure Covenant. The District covenants and agrees that it will comply with and carry out all of its obligations under the 2004 Continuing Disclosure Certificate. Notwithstanding any other provision of the Fiscal Agent Agreement, as supplemented, failure of the District to comply with its obligations under the 2004 Continuing Disclosure Certificate shall not be considered an event of default under the Fiscal Agent Agreement, as supplemented, and the sole remedy, in the event of any failure of the District to comply with the 2004 Continuing Disclosure Certificate, shall be an action to compel performance thereof. The Fiscal Agent may and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2004 Special Tax Bonds, shall (but only to the extent identified to its satisfaction from and against any cost, liability or expense of any kind whatsoever related thereto, including without limitation, the reasonable fees and expenses of its attorneys and advisors and additional fees and expenses of the Fiscal Agent), or any Bondholder or Beneficial Owner 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 Covenant. For purposes of this paragraph, "Beneficial Owners" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2004 Special Tax Bonds (including persons holding Series 2004 Special Tax Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Series 2004 Special Tax Bonds for federal income tax purposes.

Insurer's Rights

The First Supplemental Fiscal Agent Agreement provides for various rights of the Insurer in the event of a default, or certain other events (as set out in the First Supplemental Fiscal Agent Agreement) relating to the Insurance Policy and to the Series 2004 Special Tax Bonds. These rights include, but are not limited to, the right of the Insurer to receive various notices, to control certain remedies, approve certain actions and amendments of the Fiscal Agent Agreement, as supplemented, and the right to seek reimbursement(s) of amounts paid under the Insurance Policy.

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III. SUMMARY OF CERTAIN PROVISIONS OF THE SECOND SUPPLEMENTAL FISCAL AGENT AGREEMENT RELATING TO THE ISSUANCE AND DELIVERY OF THE COMMUNITY FACILITIES DISTRICT NO. 4 OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT SERIES 2006 SPECIAL TAX BONDS

Part III of this Summary provides the summary of certain provisions of the Second Supplemental Fiscal Agent Agreement provided in connection with the issuance and sale of the Series 2006 Special Tax Bonds.

DEFINITIONS

The following are summaries of definitions of certain terms used in this Part of the Summary. All capitalized terms not defined in the Second Supplemental Fiscal Agent Agreement or elsewhere in the Official Statement have the meaning(s) set forth in the Fiscal Agent Agreement, as supplemented, and as set forth below. Certain defined terms set forth in Part I and Part II of this Summary are amended within the Second Supplemental Fiscal Agent Agreement as set forth in the Second Supplemental Fiscal Agent Agreement.

Additional/Amended Definitions. Capitalized terms used in the Second Supplemental Fiscal Agent Agreement and not otherwise defined shall have the meanings given such terms in the Fiscal Agent Agreement, as supplemented by the First Supplemental Fiscal Agent Agreement. In addition, and unless the context otherwise requires, the following terms shall have the following meanings for purposes of this Summary:

"Bond Year" for purposes of the Series 2006 Special Tax Bonds means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Delivery Date to September 1, 2006, both dates inclusive.

"Bondowner(s)" or **"Owner(s)"** means the person or persons in whose name or names any Series 2002 Special Tax Bond, Series 2004 Special Tax Bond, Series 2006 Special Tax Bond, or any Parity Bond is registered.

"Bonds" means the Series 2002 Special Tax Bonds, the Series 2004 Special Tax Bonds, the Series 2006 Special Tax Bonds and any Parity Bonds issued pursuant to the terms of the Fiscal Agent Agreement, the First Supplemental Fiscal Agent Agreement, the Second Supplemental Fiscal Agent Agreement and any Supplement(s) thereto.

"Closing Date" means, with respect to any Bonds, the date such Bonds are delivered.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the District or School District and related to the authorization, sale and issuance of the Series 2006 Special Tax Bonds, which items of expense shall include, but not be limited to, printing costs, cost of reproducing and binding documents, closing costs, appraisal costs, filing and recording fees, fees and expenses of counsel to the District or School District, initial fees and expenses of the Fiscal Agent, including its first annual administration fee and fees of its counsel, expenses incurred by the District and the School District in connection with the issuance of the Series 2006 Special Tax Bonds, Underwriter's discount, legal fees and charges, including Bond Counsel, financial consultants' fees, charges for execution, transportation and safekeeping of the Series 2006 Special Tax Bonds and other costs, charges and fees in connection with the foregoing.

"Dated Date" or **"Delivery Date"** for purposes of the Series 2006 Special Tax Bonds means the date the Series 2006 Special Tax Bonds are delivered and with respect to any Parity Bonds which may be issued, means the date each such series of Parity Bonds are delivered.

"Dissemination Agent" means Special District Financing & Administration, or any successor dissemination agent appointed by the District for the Series 2006 Special Tax Bonds pursuant to the 2006 Continuing Disclosure Certificate.

"District" or **"CFD No. 4"** means Community Facilities District No. 4 of the San Marcos Unified School District.

"Fiscal Agent" means Union Bank of California, N.A., and its successors and assigns or any and other fiscal agent which may be appointed pursuant to the terms of the Fiscal Agent Agreement, as supplemented.

"Insurer" means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

"Interest Payment Date" for purposes of the 2006 Special Tax Bonds means March 1 and September 1 of each year during which the 2006 Special Tax Bonds are Outstanding, commencing March 1, 2007.

"Participating Underwriter" shall have the meaning(s) ascribed thereto in the 2006 Continuing Disclosure Certificate.

"Principal Corporate Trust Office" means the corporate trust office of the Fiscal Agent, which, at the date of execution of the Second Supplemental Fiscal Agent Agreement, is located at 120 S. San Pedro Street, Suite 400, Los Angeles, California 90012, Attention: Corporate Trust, or such other offices as the Fiscal Agent may designate from time to time; provided, however that 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.

"Reserve Requirement" means with respect to the Series 2006 Special Tax Bonds an amount, as of any date of calculation, equal to the least of (i) 10% of the original principal amount of the Series 2006 Special Tax Bonds, less original issue discount, if any, plus original issue premium, if any, (ii) Maximum Annual Debt Service, or (iii) 125% of average Annual Debt Service on the Series 2006 Special Tax Bonds.

"Second Supplemental Fiscal Agent Agreement" means the Second Supplemental Fiscal Agent Agreement dated as of August 1, 2006, supplementing the Fiscal Agent Agreement and the First Supplemental Fiscal Agent Agreement and providing terms in connection with the issuance and delivery of the Series 2006 Special Tax Bonds.

"Series 2006 Special Tax Bonds" means the Community Facilities District No. 4 of the San Marcos Unified School District Series 2006 Special Tax Bonds.

"Term Bond(s)" for purposes of the 2006 Special Tax Bonds means the Series 2006 Special Tax Bonds maturing on September 1, 2025, September 1, 2027, September 1, 2029, September 1, 2033 and September 1, 2036, and any Series 2002 Special Tax Bonds, Series 2004 Special Tax Bonds and Parity Bonds issued and designated as Term Bonds.

"2006 Account of the Rebate Fund" means the account of that name established under, and held by the Fiscal Agent pursuant to the Second Supplemental Fiscal Agent Agreement.

"2006 Account of the Reserve Fund" means the fund of that name established under, and held by the Fiscal Agent pursuant to the Second Supplemental Fiscal Agent Agreement.

“2006 Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate provided by the School District on behalf of the District with respect to the Series 2006 Special Tax Bonds, dated the Delivery Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“2006 Costs of Issuance Account” means the account of that name established under, and held by the Fiscal Agent pursuant to the Second Supplemental Fiscal Agent Agreement.

“2002 Fiscal Agent Agreement” or **“Fiscal Agent Agreement”** means the Fiscal Agent Agreement dated as of August 1, 2002, as supplemented pursuant to the terms of the First Supplemental Fiscal Agent Agreement, and as supplemented pursuant to the terms of the Second Supplemental Fiscal Agent Agreement and as may be further supplemented in accordance with its terms.

“2006 Insurance Policy” or **“2006 Bond Insurance Policy”** means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2006 Special Tax Bonds when due.

“2006 Subaccount of the School Construction Account” means the subaccount of that name established under, and held by the Fiscal Agent pursuant to the terms of the Second Supplemental Fiscal Agent Agreement.

ISSUANCE OF THE SERIES 2006 SPECIAL TAX BONDS

The Series 2006 Special Tax Bonds are issued pursuant to the Resolution of 2006 Bonds Issuance, the Act, the Fiscal Agent Agreement, as supplemented, and the Second Supplemental Fiscal Agent Agreement in the amounts and maturities set forth in the First Supplemental Fiscal Agent Agreement. The Series 2006 Special Tax Bonds are issued on a parity with the Series 2002 Bonds and the Series 2004 Bonds as provided for in the Fiscal Agent Agreement.

The Series 2006 Special Tax Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and amounts in certain funds and accounts created in under the Fiscal Agent Agreement and the First Supplemental Fiscal Agent Agreement. The Net Taxes are set aside for the payment of the Series 2002 Bonds, the Series 2004 Bonds and the Series 2006 Special Tax Bonds pursuant to the provisions set forth in the Fiscal Agent Agreement, the First Supplemental Fiscal Agent Agreement and the Second Supplemental Fiscal Agent Agreement.

Limited Obligation

The Series 2006 Special Tax Bonds and interest thereon are not payable from the general fund of the District or the School District. Except with respect to the Special Taxes, neither the credit nor the taxing power of the District or the School District is pledged for the payment of the Series 2006 Special Tax Bonds or interest thereon, and no Owner of the Series 2006 Special Tax Bonds may compel the exercise of the taxing power by the District (except with respect to the Special Taxes) or the School District or the forfeiture of any of their property for the payment thereof. The principal of and interest on the Series 2006 Special Tax Bonds and premiums upon the redemption of any thereof are not a debt of 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 Series 2006 Special Tax Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the District or the School District, except the Net Taxes which are, under the terms of the Fiscal Agent Agreement, set aside for the payment of the Series 2006 Special Tax Bonds and interest thereon. Neither the members of the Legislative Body or the Governing Board nor any persons executing the Series 2006 Special Tax Bonds are liable personally on the Series 2006 Special Tax Bonds by reason of their issuance or execution.

Equality of Series 2006 Special Tax Bonds, Pledge of Net Taxes. Pursuant to the Act and the Fiscal Agent Agreement, as supplemented, the Series 2006 Special Tax Bonds shall be equally payable from the Net Taxes without priority for number, date of the Series 2006 Special Tax Bonds, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Series 2006 Special Tax Bonds and shall be exclusively paid from the Net Taxes and amounts held in certain funds and accounts created under the Fiscal Agent Agreement and the First Supplemental Fiscal Agent Agreement. The Net Taxes are set aside for the payment of the Series 2002 Bonds, the Series 2004 Bonds and the Series 2006 Special Tax Bonds pursuant to the provisions set forth in the Fiscal Agent Agreement, as supplemented, and the Second Supplemental Fiscal Agent Agreement. The Net Taxes are set aside for the payment of the Bonds, and any Parity Bonds, and such Net Taxes and any interest earned on the Net Taxes shall constitute a trust fund for the payment of the interest on and principal of the Bonds and so long as any of the Series 2006 Special Tax Bonds or interest thereon are unpaid the Net Taxes and interest thereon shall not be used for any other purpose, except as permitted by the Fiscal Agent Agreement or any Supplement thereto, and shall be held in trust for the benefit of the Bondowners and shall be applied pursuant to the Fiscal Agent Agreement, or to the Fiscal Agent Agreement as modified pursuant to provisions of the Second Supplemental Fiscal Agent Agreement. Notwithstanding any provision contained in the Fiscal Agent Agreement, as supplemented, to the contrary, Special Taxes deposited in the Administrative Expense Fund and the Rebate Fund (and all its accounts) shall no longer be considered to be pledged to the Bonds and the Administrative Expense Fund, the Construction Fund (and all accounts thereof), the 2002 Construction Fund (and all accounts thereof), the 2004 Construction Fund (and all its accounts), the 2006 Construction Fund (and all its accounts), and the Rebate Fund (and all its accounts) shall not be construed as trust funds held for the benefit of the Bondowners.

New Funds and Accounts

The Second Supplemental Fiscal Agent Agreement creates certain funds and accounts in addition to the funds and accounts set out in the Fiscal Agent Agreement for specified purposes:

2006 Subaccount of the Construction Fund. The Second Supplemental Fiscal Agreement establishes the 2006 Subaccount of the Construction Fund and the 2006 Costs of Issuance Account of the Construction Fund. A portion of the proceeds of the Series 2006 Special Tax Bonds will be deposited into the 2006 Subaccount of the Construction Fund. Monies in the 2006 Subaccount of the Construction Fund will be utilized for Project Costs relating to school facilities.

2006 Costs of Issuance Account of the Construction Fund. Proceeds of the Series 2006 Special Tax Bonds will be deposited into the 2006 Subaccount of the Construction Fund and into the 2006 Costs of Issuance Account. Monies in the 2006 Subaccount of the Construction Fund will be utilized to pay Project Costs (and any remaining unpaid 2006 Costs of Issuance). Monies deposited into the 2006 Costs of Issuance Account will be expended at the direction of the District to pay 2006 Costs of Issuance of the Series 2006 Special Tax Bonds.

2006 Account of the Reserve Fund. The Second Supplemental Fiscal Agent Agreement establishes the 2006 account of the Reserve Fund (see discussion under "**Amendments to Funds and Accounts** - Reserve Fund and Reserve Accounts" below).

2006 Account of the Rebate Fund. The Second Supplemental Fiscal Agent Agreement establishes the 2006 Account of the Rebate Fund. The 2006 Account of the Rebate Fund is established by the Second Supplemental Fiscal Agent Agreement under the terms of the Second Supplemental Fiscal Agent Agreement and the Tax Certificate delivered for the Series 2006 Special Tax Bonds.

Amendments to Funds and Accounts

The sections relating to the Special Tax Fund are amended to read as follows:

<u>Special Tax Fund</u>.

The Special Taxes and other amounts constituting Gross Taxes collected by the District shall be transferred (exclusive of Prepaid Special Taxes received which shall be deposited into the Prepayment Account of the Special Tax Fund), no later than 10 days after receipt thereof, to the Fiscal Agent and shall be held in the Special Tax Fund for the benefit of the Bondowners and shall, exclusive of the Prepaid Special Taxes, be transferred from the Special Tax Fund in the following order of priority:

(a) To the Administrative Expense Fund to bring the balance to the Administrative Expense Requirement (as defined) up to a maximum of $40,000.00.

(b) To the Interest Account of the Bond Fund an amount such that the balance in the Interest Account one business day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds on said Interest Payment Date. Monies in the Interest Account shall be used for the payment of interest on the Bonds as the same become due.

(c) To the Principal Account of the Bond Fund, an amount up to the amount needed to make the principal payment due on the Bonds during the current Bond Year.

(d) To the Sinking Fund Redemption Account of the Redemption Fund an amount up to the amount needed to make the Mandatory Sinking Payments due on the Bonds during the current Bond Year.

(e) To the Reserve Fund and the accounts therein, pro rata among the Reserve Fund and the accounts therein based upon the corresponding Reserve Requirements, the amount(s), if any, necessary to replenish the Reserve Fund and the accounts therein to the corresponding Reserve Requirement(s), taking into account all interest earnings on funds held in the Reserve Fund and the accounts therein. This shall include amounts necessary to satisfy any obligations to any provider of a reserve fund surety in place of all or a portion of the corresponding Reserve Requirement.

(f) To the extent the Administrative Expense Requirement is not fully satisfied in (a) above, to the Administrative Expense Fund in the amount required to bring the balance therein to the Administrative Expense Requirement.

(g) Any remaining Special Taxes and other amounts constituting Gross Taxes shall remain in the Special Tax Fund, subject to the provisions of (h), below.

(h) Any remaining Special Taxes and other amounts constituting Gross Taxes, if any, shall remain in the Special Tax Fund until the end of the Bond Year. At the end of the Bond Year any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Bonds (including payment of Mandatory Sinking Fund Payments due during the current Bond Year), to restore the Reserve Fund as provided for in (e), above, or to pay current or pending Administrative Expenses as provided for in (a) and (f), above, shall, without further action by any party, be transferred by the Fiscal Agent to the District free and clear of any lien thereon and may be applied by the District for authorized purposes in accordance with the Formation Resolution. Any funds which are required to cure any such delinquency shall be retained in the Special Tax Fund and expended or transferred, at the earliest possible date, for such purpose.

At the date of the redemption, defeasance or maturity of the last Bond and after all principal and interest then due on any Bond has been paid or provided for, all other covenants are complied with and all fees and expenses of the Fiscal Agent have been paid, monies in the Special Tax Fund will be transferred to the District by the Fiscal Agent and may be used by the District for any lawful purpose. Funds in the Special Tax Fund shall be invested in accordance with the provisions of the Fiscal Agent Agreement, as supplemented. Investment earnings on amounts in the Special Tax Fund, if any, shall be retained therein."

Prepayment Account of the Special Tax Fund

Prepaid special taxes collected by the District (net of any costs of collection) shall be transferred, no later than ten (10) days after receipt thereof, to the Fiscal Agent and the District shall direct the Fiscal Agent to deposit the prepaid special taxes in the prepayment account of the Special Tax Fund. Prepaid special taxes shall be used to call and redeem outstanding Bonds on a pro rata basis..

Reserve Fund and Reserve Accounts:

The Second Supplemental Fiscal Agent Agreement creates the 2006 Account of the Reserve Fund. The 2006 Account of the Reserve Fund shall be funded either with proceeds of the Series 2006 Special Tax Bonds or with a Reserve Fund Surety as set forth below. The following terms shall apply to the Reserve Fund and the 2006 Account of the Reserve Fund as established by the Fiscal Agent Agreement and supplemented by the Second Supplement Fiscal Agent Agreement:

(a) There shall be maintained in the 2006 Account of the Reserve Fund an amount equal to the Reserve Requirement for the Series 2006 Special Tax Bonds. Notwithstanding the foregoing, in the event of a redemption or partial defeasance of the Series 2006 Special Tax Bonds, the 2006 Reserve Requirement for the Series 2006 Special Tax Bonds shall thereafter be determined by the District and communicated to the Fiscal Agent in writing and any funds an excess of such re-determined Reserve Requirement for the Series 2006 Special Tax Bonds shall be utilized as set forth in the Second Supplemental Fiscal Agent Agreement.

(b) Monies in the 2006 Account of the Reserve Fund shall be used solely for the purpose of (i) making transfers to the Bond Fund or Redemption Fund to pay the principal of, including Mandatory Sinking Payments, and interest and principal on the Series 2006 Special Tax Bonds when due to the extent that monies in the Interest Account and the Principal Account of the Bond Fund or monies in the corresponding Sinking Fund Redemption Account are insufficient therefore, (ii) making any required transfer to the Rebate Fund upon written direction from the District, (iii) making any transfers to the Bond Fund or Redemption Fund in connection with prepayments of the Special Taxes; (iv) paying the principal and interest due on the Series 2006 Special Tax Bonds in the final Bond Year, and (v) application to the defeasance of such Series 2006 Special Tax Bonds in accordance with the provisions of the Fiscal Agent Agreement, as supplemented. If the amounts in the Interest Account or the Principal Account of the Bond Fund and the Sinking Fund Redemption Account of the Redemption Fund are insufficient to pay the principal of, including Mandatory Sinking Payments, or interest on the Series 2006 Special Tax Bonds when due, the Fiscal Agent shall, one Business Day prior to an Interest Payment Date, withdraw from the 2006 Account of the Reserve Fund for deposit in the Interest Account and the Principal Account of the Bond Fund, or the Sinking Fund Redemption Account of the Redemption Fund, monies necessary for such purpose. Following any transfer to the Interest Account or the Principal Account of the Bond Fund, or the Sinking Fund Payment Account of the Redemption Fund, the Fiscal Agent shall notify the District of the amount needed to replenish the 2006 Account of the Reserve Fund to the 2006 Reserve Requirement of the Series 2006 Special Tax Bonds and the District shall include such amount as is required at that time to correct such deficiency in the next Special Tax levy to the extent of the permitted maximum Special Tax rates.

Monies in the 2006 Account of the Reserve Fund shall be invested in accordance with the provisions of the Fiscal Agent Agreement, as supplemented. Notwithstanding any provision therein to the contrary, monies in the 2006 Account of the Reserve Fund in excess of the 2006 Reserve Requirement for the Series 2006 Special Tax Bonds (exclusive of Excess Investment Earnings) shall be withdrawn on or prior to 15 days prior to each Interest Payment Date and applied as follows: (i) until such time as the 2006 Subaccount of the School Construction Account is closed in accordance with the provisions of the Second Supplemental Fiscal Agent Agreement, all investment earnings on amounts in the 2006 Account of the Reserve Fund (exclusive of Excess Investment Earnings and funds needed to restore the Reserve Fund to the Reserve Requirement) shall be deposited into the 2006 Subaccount of the School Construction Account; and (ii) after expiration of the transfers under (i) above, thereafter all investment earnings on amounts in the 2006 Account of the Reserve Fund since the previous Interest Payment Date (exclusive of Excess Investment Earnings) shall be transferred to the Interest Account of the Bond Fund, and any remaining excess shall be transferred to the Principal Account of the Bond

Fund, or to the Sinking Fund Redemption Account of the Redemption Fund to the extent required to make any principal payment or Mandatory Sinking Payments on the next following September 1. The Fiscal Agent shall transfer Excess Investment Earnings from the 2006 Account of the Reserve Fund earnings upon written direction of the District pursuant to the Tax Certificate.

(c) Notwithstanding anything in the Fiscal Agent Agreement, as supplemented, to the contrary, the District shall transfer to the Fiscal Agent for deposit into the 2006 Account of the Reserve Fund, from available monies in the Special Tax Fund, the amount needed to restore the 2006 Account to the Reserve Requirement for the Series 2006 Special Tax Bonds as specified in the Fiscal Agent Agreement, as supplemented. Monies in the Special Tax Fund shall be deemed available for transfer to the 2006 Account of the Reserve Fund only if such amounts will not be needed to make the deposit required to be made to the Interest Account and the Principal Account of the Bond Fund or the corresponding Sinking Fund Redemption Account of the Redemption Fund for the next Interest Payment Date.

(d) The Reserve Requirement of the Series 2006 Special Tax Bonds, or any portion thereof, may, with the prior consent of the Insurer, be satisfied by crediting to the 2006 Account of the Reserve Fund monies, a letter of credit, a bond insurance policy, or any other comparable credit facility or any combination thereof, which in the aggregate make funds available in the 2006 Account of the Reserve Fund in an amount equal to the Reserve Requirement; however, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such letter of credit, bond insurance policy or any other comparable credit facility, must have a rating of at least "A1" from Moody's and "A+" from S&P (provided that the Fiscal Agent shall be under no obligation and have no responsibility whatsoever to independently determine or verify such rating other than at the time of delivery). In the event of the use of such a surety, the Fiscal Agent shall be provided with copies of all documents in regard thereto and shall, to the extent not in conflict with the provisions of the Fiscal Agent Agreement, as supplemented, conform to the forms thereof for purposes of submitting draws, and making reimbursements, thereon.

<u>Investment Earnings</u>

(a) Monies in the 2006 Subaccount of the Construction Fund shall be invested in Authorized Investments which will by their terms mature as close as practicable to the date the District estimates the monies represented by the particular investment will be needed for withdrawal from such account or subaccount; and

(b) Monies in the Reserve Fund, including the Accounts thereof, shall be invested in Authorized Investments which provide liquidity needed to satisfy any calls on funds in the corresponding Account of the Reserve Fund. Such liquidity shall provide that at least one-half (2) of the monies in each Reserve Account of the Reserve Fund shall be available for draw in advance of any Interest Payment Date. Such Authorized Investments shall not have a final maturity of greater than three (3) years except for guaranteed investment contracts which, by their terms and conditions, allow withdrawals at such times as are required through which monies in the 2006 Account of the Reserve Fund may be invested for a longer period). No such investment shall mature later than 15 days prior to the final maturity of the corresponding Series of Bonds.

Redemption

Designated maturities of the Series 2006 Special Tax Bonds may be redeemed prior to maturity, in whole or in part, at the option of the District prior to maturity as set forth in the First Supplemental Fiscal Agent Agreement.

The 2006 Term Bonds are subject to mandatory redemption from mandatory sinking payments deposited into the Sinking Fund Redemption Account to redeem those Outstanding Term Bonds maturing on each September 1, as specified in the Second Supplemental Fiscal Agent Agreement.

The Series 2006 Special Tax Bonds are also subject to mandatory redemption prior to their stated maturities, in whole, or in part, on any Interest Payment Date for which notice can timely be given under the terms of the Second Supplemental Fiscal Agent Agreement, from monies on deposit in the Prepayment Account of the Special Tax Fund at the redemption prices set forth in the Second Supplemental Fiscal Agent Agreement.

The Fiscal Agent shall select the Series 2006 Special Tax Bonds subject to optional redemption, mandatory sinking fund redemption or mandatory redemption from prepaid special taxes in accordance with the terms of the Fiscal Agent Agreement as supplemented by the Second Supplemental Fiscal Agent Agreement.

Covenants

The covenants set forth in the Fiscal Agent Agreement, as supplemented, are generally applicable to the Series 2006 Special Tax Bonds. In addition, the Second Supplemental Fiscal Agent Agreement provides for a separate continuing disclosure covenant relative to the 2006 Continuing Disclosure Certificate, as set forth below:

Continuing Disclosure Covenant. The District covenants and agrees that it will comply with and carry out all of its obligations under the 2006 Continuing Disclosure Certificate. Notwithstanding any other provision of the Fiscal Agent Agreement, as supplemented, failure of the District to comply with its obligations under the 2006 Continuing Disclosure Certificate shall not be considered an event of default under the Fiscal Agent Agreement, as supplemented, and the sole remedy, in the event of any failure of the District to comply with the 2006 Continuing Disclosure Certificate, shall be an action to compel performance thereof. The Fiscal Agent may and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2006 Special Tax Bonds, shall (but only to the extent identified to its satisfaction from and against any cost, liability or expense of any kind whatsoever related thereto, including without limitation, the reasonable fees and expenses of its attorneys and advisors and additional fees and expenses of the Fiscal Agent), or any Bondholder or Beneficial Owner 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 Covenant. For purposes of this paragraph, “Beneficial Owners” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2006 Special Tax Bonds (including persons holding Series 2006 Special Tax Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Series 2006 Special Tax Bonds for federal income tax purposes.

Insurer’s Rights

The Second Supplemental Fiscal Agent Agreement provides for various rights of the Insurer in the event of a default, or certain other events (as set out in the Second Supplemental Fiscal Agent Agreement) relating to the Insurance Policy, the Series 2006 Special Tax Bonds and the substitution of reserve fund sureties for the Series 2002 Special Tax Bonds and Series 2004 Special Tax Bonds. These rights include, but are not limited to, the right of the Insurer to receive various notices, to control certain remedies, approve certain actions and amendments of the Fiscal Agent Agreement, as supplemented, and the right to seek reimbursement(s) of amounts paid under the Insurance Policy and the corresponding reserve fund sureties.

IV. SUMMARY OF CERTAIN PROVISIONS OF THE THIRD SUPPLEMENTAL FISCAL AGENT AGREEMENT RELATING TO THE ISSUANCE AND DELIVERY OF THE COMMUNITY FACILITIES DISTRICT NO. 4 OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT SERIES 2014 SPECIAL TAX REFUNDING BONDS

Part III of this Summary provides the summary of certain provisions of the Third Supplemental Fiscal Agent Agreement provided in connection with the issuance and sale of the Series 2014 Special Tax Refunding Bonds.

Net proceeds of the Series 2014 Special Tax Refunding Bonds will be used to refund some or all of the currently outstanding Series 2002 Special Tax Bonds and Series 2004 Special Tax Bonds. However, the provisions of the Fiscal Agent Agreement will remain in place as applicable to the then-outstanding Bonds of the District

DEFINITIONS

The following are summaries of definitions of certain terms used in this Part of the Summary. All capitalized terms not defined in the Third Supplemental Fiscal Agent Agreement or elsewhere in the Official Statement have the meaning(s) set forth in the Fiscal Agent Agreement, as supplemented, and as set forth below. Certain defined terms set forth in Part I, Part II and Part III of this Summary are amended within the Third Supplemental Fiscal Agent Agreement as set forth in the Third Supplemental Fiscal Agent Agreement.

Additional/Amended Definitions. Capitalized terms used in the Third Supplemental Fiscal Agent Agreement and not otherwise defined shall have the meanings given such terms in the Fiscal Agent Agreement, as previously supplemented by the First Supplemental Fiscal Agent Agreement and the Second Supplemental Fiscal Agent Agreement. In addition, and unless the context otherwise requires, the following terms shall have the following meanings for purposes of this Summary:

"Bond Year" for purposes of the Series 2014 Special Tax Refunding Bonds means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Delivery Date to September 1, 2014, both dates inclusive.

"Bondowner(s)" or **"Owner(s)"** means the person or persons in whose name or names any Series 2006 Special Tax Bond, and the 2014 Special Tax Refunding Bond or any Parity Bond is registered.

"Bonds" means the Series 2006 Special Tax Bonds, the 2014 Special Tax Refunding Bonds and any Parity Bonds issued pursuant to the terms of the Fiscal Agent Agreement, the First Supplemental Fiscal Agent Agreement, the Second Supplemental Fiscal Agent Agreement, the Third Supplemental Fiscal Agent Agreement and any Supplement(s) thereto.

"Closing Date" means, with respect to any Bonds, the date such Bonds are delivered.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the District or School District and related to the authorization, sale and issuance of the Series 2014 Special Tax Refunding Bonds, which items of expense shall include, but not be limited to, printing costs, cost of reproducing and binding documents, closing costs, appraisal costs, filing and recording fees, fees and expenses of counsel to the District or School District, initial fees and expenses of the Fiscal Agent, including its first annual administration fee and fees of its counsel, expenses incurred by the District and the School District in connection with the issuance of the Series 2014 Special Tax Refunding Bonds, Underwriter’s discount, legal fees and charges, including Bond Counsel, financial consultants’ fees, charges for execution, transportation and safekeeping of the Series 2014 Special Tax Refunding Bonds and other costs, charges and fees in connection with the foregoing.

“Dated Date” or **“Delivery Date”** for purposes of the Series 2014 Special Tax Refunding Bonds means the date the Series 2014 Special Tax Refunding Bonds are delivered and with respect to any Parity Bonds which may be issued, means the date each such series of Parity Bonds are delivered.

“Dissemination Agent” means Dolinka Group, LLC, or any successor dissemination agent appointed by the District for the Series 2014 Special Tax Refunding Bonds pursuant to the 2014 Continuing Disclosure Certificate.

“District” or **“CFD No. 4”** means Community Facilities District No. 4 of the San Marcos Unified School District.

“Escrow Agent” means MUFG Union Bank, N.A., or any successor thereto, as the Escrow Agent designated under the terms of the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement entered into by and between MUFG Union Bank, N.A., as the Escrow Agent, and the District dated as of the Delivery Date and providing for the payment, redemption and defeasance of the outstanding Prior Bonds.

“Escrow Fund” means the San Marcos Unified School District (CFD No. 4) Escrow Fund, including the accounts thereof, established and administered under the Escrow Agreement and as further described in the Escrow Agreement.

“Fiscal Agent” means Union Bank of California, N.A., and its successors and assigns or any and other fiscal agent which may be appointed pursuant to the terms of the Fiscal Agent Agreement, as supplemented.

“Fiscal Agent Agreement” means the Fiscal Agent Agreement dated as of August 1, 2002, as supplemented pursuant to the terms of the First Supplemental Fiscal Agent Agreement, and as supplemented pursuant to the terms of the Second Third Supplemental Fiscal Agent Agreement, and as supplemented by the Third Supplemental Fiscal Agent Agreement and as may be further supplemented in accordance with its terms.

“Fitch” means Fitch Ratings Service and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Informational Services” means the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (EMMA) system, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a written request of the District delivered to the Fiscal Agent.

“Insurer” or **“2014 Bonds Insurer”** means Build America Mutual Assurance Corp., or any successor thereto or assignee thereof.

"Interest Payment Date" for purposes of the 2014 Special Tax Refunding Bonds means March 1 and September 1 of each year during which the 2014 Special Tax Refunding Bonds are Outstanding, commencing March 1, 2015.

"Participating Underwriter" shall have the meaning(s) ascribed thereto in the 2014 Continuing Disclosure Certificate.

"Principal Corporate Trust Office" means the corporate trust office of the Fiscal Agent, which, at the date of execution of the Third Supplemental Fiscal Agent Agreement, is located at 120 S. San Pedro Street, Suite 410, Los Angeles, California 90012, Attention: Corporate Trust, or such other offices as the Fiscal Agent may designate from time to time; provided, however that 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.

"Rating Agencies" means Fitch, Moody's and/or S&P, as applicable.

"Refunded Bonds" means, collectively, the Series 2002 Bonds and Series 2004 Special Tax Bonds being refunded with the net proceeds of the Series 2014 Special Tax Refunding Bonds.

"Reserve Requirement" means with respect to the Series 2014 Special Tax Refunding Bonds an amount, as of any date of calculation, equal to the least of (i) 10% of the original principal amount of the Series 2014 Special Tax Refunding Bonds, less original issue discount, if any, plus original issue premium, if any, (ii) Maximum Annual Debt Service, or (iii) 125% of average Annual Debt Service on the Series 2014 Special Tax Refunding Bonds.

"Resolution of 2014 Bonds Issuance" means Resolution #02-14/15 adopted by the Governing Board, acting in its capacity as the Legislative Body of the District, on July 15, 2014, providing for the issuance of the Series 2014 Special Tax Refunding Bonds and the execution and delivery of the Third Supplemental Fiscal Agent Agreement.

"Series 2014 Special Tax Refunding Bonds" means the Community Facilities District No. 4 of the San Marcos Unified School District Series 2014 Special Tax Refunding Bonds.

"Term Bond(s)," for purposes of the Series 2014 Special Tax Refunding Bonds, means the Series 2014 Special Tax Refunding Bonds maturing on September 1, 20___, and any Series 2014 Special Tax Bonds and Parity Bonds issued and designated as Term Bonds.

"Third Supplemental Fiscal Agent Agreement" means the Third Supplemental Fiscal Agent Agreement dated as of August 1, 2006, supplementing the Fiscal Agent Agreement and the First Supplemental Fiscal Agent Agreement and providing terms in connection with the issuance and delivery of the Series 2014 Special Tax Refunding Bonds.

"2014 Account of the Rebate Fund" means the account of that name established under, and held by the Fiscal Agent pursuant to the Third Supplemental Fiscal Agent Agreement.

"2014 Account of the Reserve Fund" means the fund of that name established under, and held by the Fiscal Agent pursuant to the Third Supplemental Fiscal Agent Agreement.

"2014 Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate provided by the School District on behalf of the District with respect to the Series 2014 Special Tax Refunding Bonds, dated the Delivery Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"2014 Costs of Issuance Account" means the account of that name established under, and held by the Fiscal Agent pursuant to the Third Supplemental Fiscal Agent Agreement.

"2014 Insurance Policy" or **"2014 Bond Insurance Policy"** means the insurance policy issued by the 2014 Bonds Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2014 Special Tax Refunding Bonds when due.

"2014 Reserve Fund Surety" means the debt service reserve surety provided by the 2014 Bonds Insurer to be deposited into the 2014 Account of the Reserve Fund to satisfy the Reserve Requirement for the Series 2014 Special Tax Refunding Bonds.

ISSUANCE OF THE SERIES 2014 SPECIAL TAX REFUNDING BONDS

The Series 2014 Special Tax Refunding Bonds are issued pursuant to the Resolution of 2014 Bonds Issuance, the Act, the Fiscal Agent Agreement, as supplemented, and the Third Supplemental Fiscal Agent Agreement in the amounts and maturities set forth in the Third Supplemental Fiscal Agent Agreement. The Series 2014 Special Tax Refunding Bonds are issued on a parity with the Series 2006 Special Tax Bonds as provided for in the Fiscal Agent Agreement.

The Series 2014 Special Tax Refunding Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and amounts in certain funds and accounts created in under the Fiscal Agent Agreement, as supplemented. The Net Taxes are set aside for the payment of the Series 2006 Special Tax Bonds and the Series 2014 Special Tax Refunding Bonds pursuant to the provisions set forth in the Fiscal Agent Agreement, the First Supplemental Fiscal Agent Agreement, as supplemented. (See "INTRODUCTION – Sources of Payment for the Bonds" and "SECURITY FOR THE BONDS" in the Preliminary Official Statement for further information).

Limited Obligation

The Series 2014 Special Tax Refunding Bonds and interest thereon are not payable from the general fund of the District or the School District. Except with respect to the Special Taxes, neither the credit nor the taxing power of the District or the School District is pledged for the payment of the Series 2014 Special Tax Refunding Bonds or interest thereon, and no Owner of the Series 2014 Special Tax Refunding Bonds may compel the exercise of the taxing power by the District (except with respect to the Special Taxes) or the School District or the forfeiture of any of their property for the payment thereof. The principal of and interest on the Series 2014 Special Tax Refunding Bonds and premiums upon the redemption of any thereof are not a debt of 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 Series 2014 Special Tax Refunding Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the District or the School District, except the Net Taxes which are, under the terms of the Fiscal Agent Agreement, as supplemented, set aside for the payment of the Series 2014 Special Tax Refunding Bonds and interest thereon. Neither the members of the Legislative Body or the Governing Board nor any persons executing the Series 2014 Special Tax Refunding Bonds are liable personally on the Series 2014 Special Tax Refunding Bonds by reason of their issuance or execution.

Equality of Series 2014 Special Tax Refunding Bonds, Pledge of Net Taxes. Pursuant to the Act and the Fiscal Agent Agreement, as supplemented, the Series 2014 Special Tax Refunding Bonds shall be equally payable from the Net Taxes without priority for number, date of the Series 2014 Special Tax Refunding Bonds, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Series 2014 Special Tax Refunding Bonds and shall be exclusively paid from the Net Taxes and amounts held in certain funds and accounts created under the Fiscal Agent Agreement, as supplemented. The Net Taxes are set aside for the payment of the Series 2002 Bonds, the Series 2006 Special Tax Bonds and the Series 2014 Special Tax Refunding Bonds pursuant to the provisions set forth in the Fiscal Agent Agreement, as supplemented, and the Third Supplemental Fiscal Agent Agreement. The Net Taxes are set aside for the payment of the Bonds, and any Parity Bonds, and such Net Taxes and any interest earned on the Net Taxes shall constitute a trust fund for the payment of the interest on and principal of the Bonds and so long as any of the Bonds or interest thereon are unpaid the Net Taxes and interest thereon shall not be used for any other purpose, except as permitted by the Fiscal Agent Agreement or any Supplement thereto, and shall be held in trust for the benefit of the Bondowners and shall be applied pursuant to the Fiscal Agent Agreement, as supplemented, or to the Fiscal Agent Agreement as modified pursuant to provisions of the Third Supplemental Fiscal Agent Agreement. Notwithstanding any provision contained in the Fiscal Agent Agreement, as supplemented, to the contrary, Special Taxes deposited in the Administrative Expense Fund and the Rebate Fund (and all its accounts) shall no longer be considered to be pledged to the Bonds and the Administrative Expense Fund, the Escrow Fund (and all accounts thereof), the 2002 Construction Fund (and all accounts thereof), the 2004 Construction Fund (and all their respective accounts), the 2006 Construction Fund (and all its accounts), and the Rebate Fund (and all its accounts), and the Escrow Fund shall not be construed as trust funds held for the benefit of the Bondowners. (See "INTRODUCTION – Sources of Payment for the Bonds" and "SECURITY FOR THE BONDS" in the Preliminary Official Statement for further information).

New Funds and Accounts

The Third Supplemental Fiscal Agent Agreement creates certain funds and accounts in addition to the funds and accounts set out in the Fiscal Agent Agreement for specified purposes:

2014 Costs of Issuance Account. A portion of the proceeds of the Series 2014 Special Tax Refunding Bonds will be deposited into the 2014 Costs of Issuance Account. Monies deposited into the 2014 Costs of Issuance Account will be expended at the direction of the District to pay 2014 Costs of Issuance of the Series 2014 Special Tax Refunding Bonds.

2014 Account of the Reserve Fund. The Third Supplemental Fiscal Agent Agreement establishes the 2014 account of the Reserve Fund (see "SECURITY FOR THE BONDS – 2014 Account of the Reserve Fund" in the Preliminary Official Statement for further information) (see also discussion under "**Amendments to Funds and Accounts** - Reserve Fund and Reserve Accounts" below).

2014 Account of the Rebate Fund. The Third Supplemental Fiscal Agent Agreement establishes the 2006 Account of the Rebate Fund. The 2006 Account of the Rebate Fund is established by the Third Supplemental Fiscal Agent Agreement under the terms of the Third Supplemental Fiscal Agent Agreement and the Tax Certificate delivered for the Series 2014 Special Tax Refunding Bonds.

Escrow Fund. A portion of the net proceeds of the Series 2014 Special Tax Refunding Bonds will be transferred to the Escrow Agent and deposited into the Escrow Fund established pursuant to the Escrow Agreement. Funds deposited into the Escrow Fund will be used to pay, redeem and refund the Prior Bonds being refunded (see "REFUNDING PLAN" in the Preliminary Official Statement for further information).

Amendments to Funds and Accounts

The sections relating to the Special Tax Fund are amended to read as follows:

Special Tax Fund.

The Special Taxes and other amounts constituting Gross Taxes collected by the District shall be transferred (exclusive of Prepaid Special Taxes received which shall be deposited into the Prepayment Account of the Special Tax Fund), no later than 10 days after receipt thereof, to the Fiscal Agent and shall be held in the Special Tax Fund for the benefit of the Bondowners and shall, exclusive of the Prepaid Special Taxes, be transferred from the Special Tax Fund in the following order of priority:

(a) To the Administrative Expense Fund to bring the balance to the Administrative Expense Requirement (as defined) up to a maximum of $40,000.00.

(b) To the Interest Account of the Bond Fund an amount such that the balance in the Interest Account one business day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds on said Interest Payment Date. Monies in the Interest Account shall be used for the payment of interest on the Bonds as the same become due.

(c) To the Principal Account of the Bond Fund, an amount up to the amount needed to make the principal payment due on the Bonds during the current Bond Year.

(d) To the Sinking Fund Redemption Account of the Redemption Fund an amount up to the amount needed to make the Mandatory Sinking Payments due on the Bonds during the current Bond Year.

(e) To the Reserve Fund and the accounts therein, pro rata among the Reserve Fund and the accounts therein based upon the corresponding Reserve Requirements, the amount(s), if any, necessary to replenish the Reserve Fund and the accounts therein to the corresponding Reserve Requirement(s), taking into account all interest earnings on funds held in the Reserve Fund and the accounts therein. This shall include amounts necessary to satisfy any obligations to any provider of a reserve fund surety in place of all or a portion of the corresponding Reserve Requirement.

(f) To the extent the Administrative Expense Requirement is not fully satisfied in (a) above, to the Administrative Expense Fund in the amount required to bring the balance therein to the Administrative Expense Requirement.

(g) Any remaining Special Taxes and other amounts constituting Gross Taxes shall remain in the Special Tax Fund, subject to the provisions of (h), below.

(h) Any remaining Special Taxes and other amounts constituting Gross Taxes, if any, shall remain in the Special Tax Fund until the end of the Bond Year. At the end of the Bond Year any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Bonds (including payment of Mandatory Sinking Fund Payments due during the current Bond Year), to restore the Reserve Fund as provided for in (e), above, or to pay current or pending Administrative Expenses as provided for in (a) and (f), above, shall, without further action by any party, be transferred by the Fiscal Agent to the District free and clear of any lien thereon and may be applied by the District for authorized purposes in accordance with the Formation Resolution. Any funds which are required to cure any such delinquency shall be retained in the Special Tax Fund and expended or transferred, at the earliest possible date, for such purpose.

At the date of the redemption, defeasance or maturity of the last Bond and after all principal and interest then due on any Bond has been paid or provided for, all other covenants are complied with and all fees and expenses of the Fiscal Agent have been paid, monies in the Special Tax Fund will be transferred to the District by the Fiscal Agent and may be used by the District for any lawful purpose. Funds in the Special Tax Fund shall be invested in accordance with the provisions of the Fiscal Agent Agreement, as supplemented. Investment earnings on amounts in the Special Tax Fund, if any, shall be retained therein."

(See "SECURITY FOR THE BONDS – Special Tax Fund" in the Preliminary Official Statement for further information).

Prepayment Account of the Special Tax Fund

Prepaid special taxes collected by the District (net of any costs of collection) shall be transferred, no later than ten (10) days after receipt thereof, to the Fiscal Agent and the District shall direct the Fiscal Agent to deposit the prepaid special taxes in the prepayment account of the Special Tax Fund. Prepaid special taxes shall be used to call and redeem outstanding Bonds on a pro rata basis.

<u>Reserve Fund and Reserve Accounts</u>:

The Third Supplemental Fiscal Agent Agreement creates the 2014 Account of the Reserve Fund. The 2014 Account of the Reserve Fund shall be funded either with proceeds of the Series 2014 Special Tax Refunding Bonds or with a Reserve Fund Surety as set forth below. The following terms shall apply to the Reserve Fund and the 2014 Account of the Reserve Fund as established by the Fiscal Agent Agreement and supplemented by the Second Supplement Fiscal Agent Agreement:

(a) There shall be maintained in the 2014 Account of the Reserve Fund an amount equal to the Reserve Requirement for the Series 2014 Special Tax Refunding Bonds. Notwithstanding the foregoing, in the event of a redemption or partial defeasance of the Series 2014 Special Tax Refunding Bonds, the 2014 Reserve Requirement for the Series 2014 Special Tax Refunding Bonds shall thereafter be determined by the District and communicated to the Fiscal Agent in writing and any funds an excess of such re-determined Reserve Requirement for the Series 2014 Special Tax Refunding Bonds shall be utilized as set forth in the Third Supplemental Fiscal Agent Agreement.

(b) Monies in the 2014 Account of the Reserve Fund shall be used solely for the purpose of (i) making transfers to the Bond Fund or Redemption Fund to pay the principal of, including Mandatory Sinking Payments, and interest and principal on the Series 2014 Special Tax Refunding Bonds when due to the extent that monies in the Interest Account and the Principal Account of the Bond Fund or monies in the corresponding Sinking Fund Redemption Account are insufficient therefore, (ii) making any required transfer to the Rebate Fund upon written direction from the District, (iii) making any transfers to the Bond Fund or Redemption Fund in connection with prepayments of the Special Taxes; (iv) paying the principal and interest due on the Series 2014 Special Tax Refunding Bonds in the final Bond Year, and (v) application to the defeasance of such Series 2014 Special Tax Refunding Bonds in accordance with the provisions of the Fiscal Agent Agreement, as supplemented. If the amounts in the Interest Account or the Principal Account of the Bond Fund and the Sinking Fund Redemption Account of the Redemption Fund are insufficient to pay the principal of, including Mandatory Sinking Payments, or interest on the Series 2014 Special Tax Refunding Bonds when due, the Fiscal Agent shall, one Business Day prior to an Interest Payment Date, withdraw from the 2014 Account of the Reserve Fund for deposit in the Interest Account and the Principal Account of the Bond Fund, or the Sinking Fund Redemption Account of the Redemption Fund, monies necessary for such purpose. Following any transfer to the Interest Account or the Principal Account of the Bond Fund, or the Sinking Fund Payment Account of the Redemption Fund, the Fiscal Agent shall notify the District of the amount needed to replenish the 2006 Account of the Reserve Fund to the 2014 Reserve Requirement of the Series 2014 Special Tax Refunding Bonds and the District shall include such amount as is required at that time to correct such deficiency in the next Special Tax levy to the extent of the permitted maximum Special Tax rates.

Monies in the 2014 Account of the Reserve Fund shall be invested in accordance with the provisions of the Fiscal Agent Agreement, as supplemented. Notwithstanding any provision therein to the contrary, monies in the 2006 Account of the Reserve Fund in excess of the 2006 Reserve Requirement for the Series 2014 Special Tax Refunding Bonds (exclusive of Excess Investment Earnings) shall be withdrawn on or prior to 15 days prior to each Interest Payment Date and applied as follows: (i) until such time as the 2006 Subaccount of the School Construction Account is closed in accordance with the provisions of the Third Supplemental Fiscal Agent Agreement, all investment earnings on amounts in the 2006 Account of the Reserve Fund (exclusive of Excess Investment Earnings and funds needed to restore the Reserve Fund to the Reserve Requirement) shall be deposited into the 2006 Subaccount of the School Construction Account; and (ii) after expiration of the transfers under (i) above, thereafter all investment earnings on amounts in the 2006 Account of the Reserve Fund since the previous Interest Payment Date (exclusive of Excess Investment Earnings) shall be transferred to the Interest Account of the Bond Fund, and any remaining excess shall be transferred to the Principal Account of the Bond Fund, or to the Sinking Fund Redemption Account of the Redemption Fund to the extent required to make any principal payment or Mandatory Sinking Payments on the next following September 1. The Fiscal Agent shall transfer Excess Investment Earnings from the 2006 Account of the Reserve Fund earnings upon written direction of the District pursuant to the Tax Certificate.

(c) Notwithstanding anything in the Fiscal Agent Agreement, as supplemented, to the contrary, the District shall transfer to the Fiscal Agent for deposit into the 2006 Account of the Reserve Fund, from available monies in the Special Tax Fund, the amount needed to restore the 2006 Account to the Reserve Requirement for the Series 2014 Special Tax Refunding Bonds as specified in the Fiscal Agent Agreement, as supplemented. Monies in the Special Tax Fund shall be deemed available for transfer to the 2006 Account of the Reserve Fund only if such amounts will not be needed to make the deposit required to be made to the Interest Account and the Principal Account of the Bond Fund or the corresponding Sinking Fund Redemption Account of the Redemption Fund for the next Interest Payment Date.

(d) The Reserve Requirement for the 2014 Special Tax Bonds, or any portion thereof, may, with the prior written consent of the 2014 Bonds Insurer, be satisfied by crediting to the 2014 Account of the Reserve Fund monies, a letter of credit, a bond insurance policy, or any other comparable credit facility or any combination thereof, which in the aggregate make funds available in the 2014 Account of the Reserve Fund in an amount equal to the Reserve Requirement for the 2014 Special Tax Bonds; however, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such letter of credit, bond insurance policy or any other comparable credit facility, must have a rating of at least "A" from one or more of the Rating Agencies (provided that the Fiscal Agent shall be under no obligation and have no responsibility whatsoever to independently determine or verify such rating(s) other than at the time of delivery). In the event of the use of such a surety, the Fiscal Agent shall be provided with copies of all documents in regard thereto and shall, to the extent not in conflict with the provisions of this Fiscal Agent Agreement, conform to the forms thereof for purposes of submitting draws, and making reimbursements, thereon. In the event of the use of such a surety, S&P shall, if S&P shall then be rating the Series 2014 Special Tax Refunding Bonds, or the Bonds, as shall be applicable, be provided written notice, by the Fiscal Agent, of (i) any draw on such surety at the time such occurs; and (ii) any substitution or replacement of the then-current surety or surety provider.

(See "SECURITY FOR THE BONDS – 2014 Reserve Account of the Reserve Fund" in the Preliminary Official Statement for further information).

Investment Earnings

Monies in the Reserve Fund, including the Accounts thereof, shall be invested in Authorized Investments which provide liquidity needed to satisfy any calls on funds in the corresponding Account of the Reserve Fund. Such liquidity shall provide that at least one-half (2) of the monies in each Reserve Account of the Reserve Fund shall be available for draw in advance of any Interest Payment Date. Such Authorized Investments shall not have a final maturity of greater than three (3) years except for guaranteed investment contracts which, by their terms and conditions, allow withdrawals at such times as are required through which monies in the 2014 Account of the Reserve Fund may be invested for a longer period). No such investment shall mature later than 15 days prior to the final maturity of the corresponding Series of Bonds.

Redemption

Designated maturities of the Series 2014 Special Tax Refunding Bonds may be redeemed prior to maturity, in whole or in part, at the option of the District prior to maturity as set forth in the Fiscal Agent Agreement, as supplemented by the Third Supplemental Fiscal Agent Agreement.

The 2014 Term Bonds are subject to mandatory redemption from mandatory sinking payments deposited into the Sinking Fund Redemption Account to redeem those Outstanding Term Bonds maturing on each September 1, as specified in the Third Supplemental Fiscal Agent Agreement.

The Series 2014 Special Tax Refunding Bonds are also subject to mandatory redemption prior to their stated maturities, in whole, or in part, on any Interest Payment Date for which notice can timely be given under the terms of the Third Supplemental Fiscal Agent Agreement, from monies on deposit in the Prepayment Account of the Special Tax Fund at the redemption prices set forth in the Third Supplemental Fiscal Agent Agreement.

The Fiscal Agent shall select the Series 2014 Special Tax Refunding Bonds subject to optional redemption, mandatory sinking fund redemption or mandatory redemption from prepaid special taxes in accordance with the terms of the Fiscal Agent Agreement, as supplemented by the Third Supplemental Fiscal Agent Agreement.

(See "THE BONDS – Redemption" in the Preliminary Official Statement for further information).

Covenants

The covenants set forth in the Fiscal Agent Agreement, as supplemented, are generally applicable to the Series 2014 Special Tax Refunding Bonds. In addition, the Third Supplemental Fiscal Agent Agreement provides for a separate continuing disclosure covenant relative to the 2006 Continuing Disclosure Certificate, as set forth below:

2014 Continuing Disclosure Covenant. The District hereby covenants and agrees that it will comply with and carry out all of its obligations under the 2014 Continuing Disclosure Certificate. Notwithstanding any other provision of the 2002 Fiscal Agent Agreement and this Third Supplemental Fiscal Agent Agreement, failure of the District to comply with its obligations under the 2014 Continuing Disclosure Certificate shall not be considered an event of default under the Fiscal Agent Agreement and this Third Supplemental Fiscal Agent Agreement, and the sole remedy, in the event of any failure of the District to comply with the 2014 Continuing Disclosure Certificate, shall be an action to compel performance thereof. The Fiscal Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2014 Special Tax Refunding Bonds, shall upon receipt of reasonable indemnification acceptable to it), or any Bondowner or Beneficial Owner 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 Covenant. For purposes of this Section, "Beneficial Owners" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2014 Special Tax Refunding Bonds (including persons holding Series 2014 Special Tax Refunding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Series 2014 Special Tax Refunding Bonds for federal income tax purposes.

(See "LEGAL MATTERS – Continuing Disclosure" in the Preliminary Official Statement for further information).

NOTE: Covenant 14 as set out in the Fiscal Agent Agreement has been amended within the Third Supplemental Fiscal Agent Agreement to add the following subparagraph to Covenant 14:

"(d) Notwithstanding the provisions of subsections (a), (b) and (c) of Covenant 14, above from and after Dated Date of the Series 2014 Special Tax Refunding Bonds, the District shall not issue any additional bonds, notes or other similar evidences of indebtedness payable, in whole or in part, out of Net Taxes except: (i) bonds issued to fully or partially refund the Outstanding Bonds; and (ii) subordinate bonds, notes or other similar evidences of indebtedness."

(See "INTRODUCTION – Parity Bonds" in the Preliminary Official Statement for further information).

The Third Supplemental Fiscal Agent Agreement adds Covenant 16 to the Fiscal Agent Agreement to read as follows:

Covenant 16. Minimum Special Tax Levy. In addition to the foregoing Covenants, the District covenants to take actions to levy Special Taxes in an amount not less than an amount sufficient, in addition to payment of principal and interest on the Bonds and other requirements of the Special Tax revenues, to provide for the payment of the annual bond insurance premiums required by the terms of the 2014 Insurance Policy and the 2014 Reserve Fund Surety, subject only to the maximum tax limitations applicable to the Special Taxes as set out in the Rate and Method and the proceedings under which the Special Taxes were authorized.

Insurer's Rights

The Third Supplemental Fiscal Agent Agreement provides for various rights of the 2014 Bond Insurer with respect to various events and actions, and certain other events (as set out in the Third Supplemental Fiscal Agent Agreement) relating to the 2014 Insurance Policy and the 2014 Reserve Fund Surety for the Series 2014 Special Tax Refunding Bonds. These rights include, but are not limited to, the right of the 2014 Bond Insurer to receive various notices, the right to control certain actions and remedies in the event of a default under the terms of the Fiscal Agent Agreement, as supplemented, the right to limit certain actions to amend or supplement the Fiscal Agent Agreement, the right to approve or consent to certain actions under the terms of the Fiscal Agent Agreement and the right to require reimbursement(s) of amounts paid, or costs incurred, under the terms of the 2014 Insurance Policy and/or the 2014 Reserve Fund Surety, as applicable.

APPENDIX F

FORM OF SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. This Policy is being issued under and pursuant to, and shall be construed under and governed by, the laws of the State of New York, without regard to conflict of law provisions. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By ______________________________________
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-235-5214 (attention: Claims)

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APPENDIX G

BOOK-ENTRY-ONLY PROVISIONS

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect 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.

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds 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 Bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

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 3.6 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*.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as prepayments, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Fiscal 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, the Fiscal Agent, or the District, 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 the District or the Fiscal 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.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Fiscal Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Fiscal Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Fiscal Agent's DTC account.

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

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

THE FISCAL AGENT, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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APPENDIX H

COMMUNITY FACILITIES DISTRICT NO. 4
OF THE SAN MARCOS UNIFIED SCHOOL DISTRICT
PARCEL LISTING OF ASSESSED VALUE AND VALUE TO LIEN RATIOS

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
182-310-27-00	626 RICHLAND VIEW CT	$335,903	$362,295	$698,198	$14,177	49.25:1
182-310-30-00	1445 RICHLAND RD	231,731	451,373	683,104	14,177	48.18:1
182-310-39-00	1527 RICHLAND RD	224,000	446,000	670,000	14,940	44.84:1
182-310-40-00	1515 RICHLAND RD	207,374	404,699	612,073	14,940	40.97:1
182-310-42-00	1549 RICHLAND RD	262,000	408,000	670,000	17,079	39.23:1
182-310-46-00	1563 RICHLAND RD	182,000	436,000	618,000	14,940	41.36:1
182-310-50-00	655 RICHLAND VIEW CT	212,181	440,274	652,455	14,177	46.02:1
182-310-52-00	686 RICHLAND VIEW CT	400,000	400,000	800,000	17,079	46.84:1
182-310-53-00	640 RICHLAND VIEW CT	439,133	575,241	1,014,374	14,177	71.55:1
213-200-01-00	6813 TANZANITE DR	524,000	576,000	1,100,000	28,691	38.34:1
213-200-02-00	6817 TANZANITE DR	600,000	500,000	1,100,000	28,691	38.34:1
213-200-03-00	6821 TANZANITE DR	556,000	556,000	1,112,000	27,870	39.90:1
213-200-04-00	6825 TANZANITE DR	529,000	671,000	1,200,000	27,870	43.06:1
213-200-05-00	6829 TANZANITE DR	485,000	766,400	1,251,400	27,870	44.90:1
213-200-06-00	6833 TANZANITE DR	500,000	570,000	1,070,000	28,691	37.29:1
213-200-07-00	6825 CITRINE DR	415,000	585,000	1,000,000	28,691	34.85:1
213-200-08-00	6821 CITRINE DR	411,000	579,000	990,000	28,691	34.51:1
213-200-09-00	6817 CITRINE DR	412,000	638,000	1,050,000	28,691	36.60:1
213-200-10-00	6844 CITRINE DR	435,471	380,528	815,999	28,691	28.44:1
213-200-11-00	6840 CITRINE DR	428,400	433,500	861,900	28,691	30.04:1
213-200-12-00	6836 CITRINE DR	287,579	606,533	894,112	28,691	31.16:1
213-200-13-00	6832 CITRINE DR	305,000	378,000	683,000	28,691	23.81:1
213-200-14-00	6828 CITRINE DR	292,808	758,167	1,050,975	28,691	36.63:1
213-200-15-00	6824 CITRINE DR	365,162	501,837	866,999	28,691	30.22:1
213-200-16-00	6820 CITRINE DR	395,000	499,000	894,000	28,691	31.16:1
213-200-17-00	6816 CITRINE DR	450,000	500,000	950,000	28,691	33.11:1
213-200-18-00	6807 CITRINE DR	103,734	374,722	478,456	28,691	16.68:1
213-200-19-00	6811 CITRINE DR	395,294	564,706	960,000	28,691	33.46:1
213-200-20-00	6823 HELENITE PL	450,000	700,000	1,150,000	28,691	40.08:1
213-200-21-00	6827 HELENITE PL	308,000	462,000	770,000	28,691	26.84:1
213-200-22-00	6831 HELENITE PL	297,000	582,000	879,000	28,691	30.64:1
213-201-01-00	6837 TANZANITE DR	495,000	501,000	996,000	28,691	34.71:1
213-201-02-00	6841 TANZANITE DR	422,000	648,000	1,070,000	28,691	37.29:1
213-201-03-00	6845 TANZANITE DR	452,000	648,000	1,100,000	28,691	38.34:1
213-201-04-00	6849 TANZANITE DR	415,000	703,000	1,118,000	28,691	38.97:1
213-201-05-00	6853 TANZANITE DR	82,758	195,094	277,852	28,691	9.68:1
213-201-06-00	6857 TANZANITE DR	448,000	656,900	1,104,900	28,691	38.51:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
213-201-07-00	6863 TANZANITE DR	432,000	641,000	1,073,000	28,691	37.40:1
213-201-08-00	6860 TANZANITE DR	176,419	705,684	882,103	28,691	30.74:1
213-201-09-00	6856 TANZANITE DR	333,000	639,000	972,000	28,691	33.88:1
213-201-10-00	2235 IVORY PL	395,000	605,000	1,000,000	28,691	34.85:1
213-201-11-00	2239 IVORY PL	334,000	468,000	802,000	28,691	27.95:1
213-201-12-00	2243 IVORY PL	510,000	408,000	918,000	28,691	32.00:1
213-201-13-00	6835 HELENITE PL	374,000	556,000	930,000	28,691	32.41:1
213-201-14-00	6839 HELENITE PL	520,200	374,544	894,744	28,691	31.19:1
213-201-15-00	6843 HELENITE PL	388,000	415,000	803,000	28,691	27.99:1
213-201-16-00	6847 HELENITE PL	326,000	457,000	783,000	28,691	27.29:1
213-201-17-00	6851 HELENITE PL	307,000	484,000	791,000	28,691	27.57:1
213-201-18-00	2238 IVORY PL	340,000	551,000	891,000	28,691	31.05:1
213-201-19-00	2234 IVORY PL	355,309	514,691	870,000	28,691	30.32:1
213-201-20-00	2230 IVORY PL	492,750	211,171	703,921	28,691	24.53:1
213-201-21-00	6846 TANZANITE DR	337,000	463,000	800,000	28,691	27.88:1
213-202-01-00	2247 IVORY PL	403,000	436,000	839,000	28,691	29.24:1
213-202-02-00	6829 CITRINE DR	446,000	454,000	900,000	28,691	31.37:1
213-202-03-00	6833 CITRINE DR	389,490	500,000	889,490	28,691	31.00:1
213-202-04-00	6837 CITRINE DR	432,000	492,000	924,000	28,691	32.21:1
213-202-05-00	6841 CITRINE DR	432,000	518,000	950,000	28,691	33.11:1
213-202-06-00	6845 CITRINE DR	475,000	520,000	995,000	28,691	34.68:1
213-202-07-00	6849 CITRINE DR	370,264	430,070	800,334	28,691	27.89:1
213-202-08-00	6853 CITRINE DR	100,000	900,000	1,000,000	28,691	34.85:1
213-202-09-00	6857 CITRINE DR	438,357	530,642	968,999	28,691	33.77:1
213-202-10-00	6861 CITRINE DR	261,000	513,000	774,000	28,691	26.98:1
213-202-11-00	6868 CITRINE DR	387,600	438,600	826,200	28,691	28.80:1
213-202-12-00	6862 CITRINE DR	429,000	510,000	939,000	28,691	32.73:1
213-202-13-00	6860 CITRINE DR	280,000	720,000	1,000,000	28,691	34.85:1
213-202-14-00	6856 CITRINE DR	612,000	545,700	1,157,700	28,691	40.35:1
213-202-15-00	6852 CITRINE DR	400,000	530,000	930,000	28,691	32.41:1
213-202-16-00	6848 CITRINE DR	317,322	587,418	904,740	28,691	31.53:1
213-202-17-00	2260 IVORY PL	445,000	623,500	1,068,500	28,691	37.24:1
213-202-18-00	2256 IVORY PL	592,531	800,461	1,392,992	28,691	48.55:1
213-202-19-00	2252 IVORY PL	401,000	549,000	950,000	28,691	33.11:1
213-202-20-00	2248 IVORY PL	363,000	587,000	950,000	28,691	33.11:1
213-202-21-00	2244 IVORY PL	380,000	494,000	874,000	28,691	30.46:1
213-210-01-00	6857 AMBER LN	640,000	610,000	1,250,000	28,691	43.57:1
213-210-02-00	6861 AMBER LN	128,687	378,636	507,323	28,691	17.68:1
213-210-03-00	6865 AMBER LN	484,000	530,000	1,014,000	28,691	35.34:1
213-210-04-00	6869 AMBER LN	510,000	816,000	1,326,000	28,691	46.22:1
213-210-05-00	6879 AMBER LN	722,000	578,000	1,300,000	28,691	45.31:1
213-210-06-00	6883 AMBER LN	450,000	835,000	1,285,000	28,691	44.79:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
213-210-07-00	6882 AMBER LN	681,350	576,527	1,257,877	28,691	43.84:1
213-210-08-00	6856 AMBER LN	398,000	597,000	995,000	28,691	34.68:1
213-211-01-00	6887 AMBER LN	706,000	444,000	1,150,000	28,691	40.08:1
213-211-02-00	6891 AMBER LN	520,000	480,000	1,000,000	28,691	34.85:1
213-211-03-00	6895 AMBER LN	642,600	479,400	1,122,000	28,691	39.11:1
213-211-04-00	6899 AMBER LN	516,000	634,000	1,150,000	28,691	40.08:1
213-211-05-00	6903 AMBER LN	755,000	395,000	1,150,000	28,691	40.08:1
213-211-06-00	6907 AMBER LN	754,290	702,270	1,456,560	28,691	50.77:1
213-211-07-00	6911 AMBER LN	579,000	397,000	976,000	28,691	34.02:1
213-211-08-00	6915 AMBER LN	535,000	640,000	1,175,000	28,691	40.95:1
213-211-09-00	2344 ZODIAC ST	505,000	595,000	1,100,000	28,691	38.34:1
213-211-10-00	2348 ZODIAC ST	550,000	550,000	1,100,000	28,691	38.34:1
213-211-11-00	2352 ZODIAC ST	600,000	739,900	1,339,900	28,691	46.70:1
213-211-12-00	6898 AMBER LN	450,000	410,000	860,000	28,691	29.97:1
213-211-13-00	6894 AMBER LN	500,000	475,000	975,000	28,691	33.98:1
213-211-14-00	6890 AMBER LN	511,000	484,000	995,000	28,691	34.68:1
213-211-15-00	6886 AMBER LN	430,000	470,000	900,000	28,691	31.37:1
213-212-01-00	6919 AMBER LN	622,000	478,000	1,100,000	28,691	38.34:1
213-212-02-00	6923 AMBER LN	413,000	687,000	1,100,000	28,691	38.34:1
213-212-03-00	6927 AMBER LN	612,000	536,836	1,148,836	28,691	40.04:1
213-212-04-00	6931 AMBER LN	282,466	634,639	917,105	28,691	31.96:1
213-212-05-00	6935 AMBER LN	450,000	524,000	974,000	28,691	33.95:1
213-212-06-00	6939 AMBER LN	728,280	520,200	1,248,480	28,691	43.51:1
213-212-07-00	6943 AMBER LN	650,000	760,000	1,410,000	28,691	49.14:1
213-212-08-00	6947 AMBER LN	467,000	633,000	1,100,000	28,691	38.34:1
213-212-09-00	6951 AMBER LN	384,000	471,000	855,000	28,691	29.80:1
213-212-10-00	6950 AMBER LN	348,000	495,000	843,000	28,691	29.38:1
213-212-11-00	6946 AMBER LN	430,000	595,000	1,025,000	28,691	35.73:1
213-212-12-00	6942 AMBER LN	390,000	540,000	930,000	28,691	32.41:1
213-212-13-00	2340 ZODIAC ST	651,000	479,000	1,130,000	28,691	39.39:1
213-220-01-00	6845 JADE LN	400,000	320,000	720,000	30,303	23.76:1
213-220-02-00	6841 JADE LN	68,036	318,899	386,935	28,482	13.59:1
213-220-03-00	6837 JADE LN	275,000	375,000	650,000	28,482	22.82:1
213-220-04-00	6833 JADE LN	487,000	448,000	935,000	28,482	32.83:1
213-220-05-00	6829 JADE LN	418,000	330,000	748,000	29,304	25.53:1
213-220-06-00	6825 JADE LN	322,000	484,000	806,000	28,482	28.30:1
213-220-07-00	6821 JADE LN	474,000	356,000	830,000	28,482	29.14:1
213-220-08-00	6817 JADE LN	386,000	502,000	888,000	28,482	31.18:1
213-220-09-00	6813 JADE LN	306,000	339,000	645,000	28,482	22.65:1
213-220-10-00	6809 JADE LN	412,107	593,033	1,005,140	28,482	35.29:1
213-220-11-00	6805 JADE LN	350,000	392,000	742,000	28,482	26.05:1
213-220-12-00	6801 JADE LN	449,000	416,000	865,000	28,482	30.37:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
213-220-13-00	2344 LARIMAR AVE	417,000	339,000	756,000	29,304	25.80:1
213-220-14-00	2348 LARIMAR AVE	409,000	334,000	743,000	29,304	25.36:1
213-220-15-00	2352 LARIMAR AVE	371,427	398,573	770,000	29,304	26.28:1
213-220-16-00	2342 LAPIS RD	287,000	269,000	556,000	29,304	18.97:1
213-220-17-00	6838 JADE LN	288,000	269,000	557,000	29,304	19.01:1
213-220-18-00	6834 JADE LN	290,000	273,000	563,000	29,304	19.21:1
213-220-19-00	6830 JADE LN	350,000	350,000	700,000	29,304	23.89:1
213-220-20-00	6826 JADE LN	295,000	268,000	563,000	29,304	19.21:1
213-220-21-00	6822 JADE LN	284,000	272,000	556,000	29,304	18.97:1
213-220-22-00	6818 JADE LN	314,000	391,000	705,000	28,482	24.75:1
213-220-23-00	6814 JADE LN	282,000	262,000	544,000	28,482	19.10:1
213-220-24-00	6810 JADE LN	309,000	275,000	584,000	28,482	20.50:1
213-220-25-00	6806 JADE LN	301,000	291,000	592,000	28,482	20.78:1
213-221-01-00	2356 LARIMAR AVE	377,400	397,800	775,200	29,304	26.45:1
213-221-02-00	2360 LARIMAR AVE	334,000	284,000	618,000	29,304	21.09:1
213-221-03-00	2364 LARIMAR AVE	361,000	404,000	765,000	29,304	26.11:1
213-221-04-00	2368 LARIMAR AVE	352,000	295,000	647,000	29,304	22.08:1
213-221-05-00	2372 LARIMAR AVE	370,000	350,000	720,000	29,304	24.57:1
213-221-06-00	2376 LARIMAR AVE	370,000	330,000	700,000	29,304	23.89:1
213-221-07-00	2380 LARIMAR AVE	329,000	334,000	663,000	29,304	22.63:1
213-221-08-00	2384 LARIMAR AVE	362,349	330,230	692,579	29,304	23.63:1
213-221-09-00	2388 LARIMAR AVE	366,000	334,000	700,000	29,304	23.89:1
213-221-10-00	2392 LARIMAR AVE	355,000	321,000	676,000	29,304	23.07:1
213-221-11-00	6818 LEUCITE PL	395,584	333,715	729,299	29,304	24.89:1
213-221-12-00	6822 LEUCITE PL	504,938	375,062	880,000	29,304	30.03:1
213-221-13-00	6826 LEUCITE PL	404,686	326,289	730,975	29,304	24.94:1
213-221-14-00	6830 LEUCITE PL	309,000	242,000	551,000	29,304	18.80:1
213-221-15-00	6834 LEUCITE PL	369,000	321,000	690,000	29,304	23.55:1
213-221-16-00	2374 LAPIS RD	379,000	349,000	728,000	29,304	24.84:1
213-221-17-00	2378 LAPIS RD	123,177	525,155	648,332	29,304	22.12:1
213-221-18-00	2382 LAPIS RD	310,000	267,000	577,000	29,304	19.69:1
213-221-19-00	2386 LAPIS RD	326,000	275,000	601,000	29,304	20.51:1
213-221-20-00	2390 LAPIS RD	429,868	355,531	785,399	29,304	26.80:1
213-221-22-00	2383 LAPIS RD	582,000	466,000	1,048,000	29,304	35.76:1
213-221-23-00	2379 LAPIS RD	392,421	361,867	754,288	29,304	25.74:1
213-221-24-00	2375 LAPIS RD	319,000	279,000	598,000	29,304	20.41:1
213-221-25-00	2371 LAPIS RD	408,510	408,510	817,020	29,304	27.88:1
213-221-26-00	2367 LAPIS RD	382,000	383,000	765,000	29,304	26.11:1
213-221-27-00	2363 LAPIS RD	386,000	314,000	700,000	29,304	23.89:1
213-221-28-00	2359 LAPIS RD	312,000	289,000	601,000	29,304	20.51:1
213-221-29-00	2355 LAPIS RD	528,049	517,173	1,045,222	29,304	35.67:1
213-221-30-00	2354 LAPIS RD	352,000	337,000	689,000	29,304	23.51:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
213-221-31-00	2350 LAPIS RD	312,000	230,000	542,000	29,304	18.50:1
213-221-32-00	2346 LAPIS RD	311,000	245,000	556,000	29,304	18.97:1
213-221-33-00	6815 KORITE PL	327,031	483,022	810,053	29,304	27.64:1
213-221-34-00	6819 KORITE PL	379,891	448,210	828,101	29,304	28.26:1
213-221-35-00	6823 KORITE PL	335,000	358,000	693,000	29,304	23.65:1
213-221-36-00	6827 KORITE PL	350,000	393,000	743,000	29,304	25.36:1
213-221-37-00	6831 KORITE PL	343,000	382,000	725,000	29,304	24.74:1
213-221-38-00	6835 KORITE PL	335,000	429,000	764,000	29,304	26.07:1
213-221-39-00	6836 KORITE PL	366,631	361,869	728,500	29,304	24.86:1
213-221-40-00	6832 KORITE PL	301,000	298,000	599,000	29,304	20.44:1
213-221-41-00	6828 KORITE PL	335,000	346,000	681,000	29,304	23.24:1
213-221-42-00	6824 KORITE PL	281,000	308,000	589,000	29,304	20.10:1
213-221-43-00	6820 KORITE PL	358,000	407,000	765,000	29,304	26.11:1
213-221-44-00	2377 LARIMAR AVE	321,000	342,000	663,000	29,304	22.63:1
213-221-45-00	2381 LARIMAR AVE	298,000	268,000	566,000	29,304	19.32:1
213-221-46-00	2385 LARIMAR AVE	404,367	369,012	773,379	29,304	26.39:1
213-221-47-00	6821 LEUCITE PL	333,000	315,000	648,000	29,304	22.11:1
213-221-48-00	6825 LEUCITE PL	381,000	319,000	700,000	29,304	23.89:1
213-221-49-00	6829 LEUCITE PL	343,000	330,000	673,000	29,304	22.97:1
213-221-50-00	6833 LEUCITE PL	317,053	406,226	723,279	29,304	24.68:1
213-221-53-00	2394 LAPIS RD	266,000	378,000	644,000	29,304	21.98:1
213-230-09-00	6763 MALACHITE PL	283,297	366,939	650,236	28,482	22.83:1
213-230-10-00	6759 MALACHITE PL	525,000	693,000	1,218,000	28,482	42.76:1
213-230-11-00	6755 MALACHITE PL	567,000	583,000	1,150,000	28,482	40.38:1
213-230-12-00	6760 MALACHITE PL	357,102	560,529	917,631	30,303	30.28:1
213-230-13-00	6764 MALACHITE PL	358,492	504,008	862,500	30,303	28.46:1
213-231-16-00	6799 VERMARINE CT	307,000	390,000	697,000	29,304	23.79:1
213-231-17-00	6795 VERMARINE CT	262,103	405,514	667,617	29,304	22.78:1
213-231-18-00	6791 VERMARINE CT	335,000	437,000	772,000	29,304	26.34:1
213-231-19-00	6787 VERMARINE CT	435,000	525,000	960,000	29,304	32.76:1
213-231-20-00	6783 VERMARINE CT	335,000	565,000	900,000	29,304	30.71:1
213-231-21-00	6781 VERMARINE CT	321,000	423,000	744,000	29,304	25.39:1
213-231-22-00	6779 VERMARINE CT	297,000	446,000	743,000	29,304	25.36:1
213-231-23-00	6775 VERMARINE CT	369,000	491,000	860,000	29,304	29.35:1
213-232-01-00	2425 LAPIS RD	431,000	449,000	880,000	30,303	29.04:1
213-232-02-00	2421 LAPIS RD	395,000	559,000	954,000	30,303	31.48:1
213-232-03-00	2417 LAPIS RD	394,000	506,000	900,000	30,303	29.70:1
213-232-04-00	2413 LAPIS RD	302,259	549,103	851,362	30,303	28.10:1
213-232-05-00	2409 LAPIS RD	399,455	588,545	988,000	30,303	32.60:1
213-232-06-00	2405 LAPIS RD	383,000	477,000	860,000	30,303	28.38:1
213-232-07-00	2401 LAPIS RD	371,000	437,000	808,000	30,303	26.66:1
213-232-09-00	2420 LAPIS RD	375,808	591,420	967,228	30,303	31.92:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Assessed Value [2] Improvement	Assessed Value [2] Total	Land Secured Debt	Value-To-Lien [3]
213-232-10-00	2424 LAPIS RD	304,000	363,000	667,000	30,303	22.01:1
213-232-11-00	2428 LAPIS RD	434,000	556,000	990,000	30,303	32.67:1
213-232-12-00	2432 LAPIS RD	236,769	604,518	841,287	30,303	27.76:1
213-232-13-00	2436 LAPIS RD	373,000	527,000	900,000	29,304	30.71:1
213-232-14-00	2440 LAPIS RD	407,000	530,000	937,000	29,304	31.98:1
213-232-15-00	2444 LAPIS RD	359,000	380,000	739,000	29,304	25.22:1
213-232-16-00	2448 LAPIS RD	316,000	430,000	746,000	29,304	25.46:1
213-232-18-00	2416 LAPIS RD	500,000	500,000	1,000,000	30,303	33.00:1
213-233-01-00	6799 ONYX PL	354,000	402,000	756,000	29,304	25.80:1
213-233-02-00	6795 ONYX PL	500,000	548,125	1,048,125	29,304	35.77:1
213-233-03-00	6791 ONYX PL	317,000	388,000	705,000	29,304	24.06:1
213-233-04-00	6787 ONYX PL	309,000	389,000	698,000	29,304	23.82:1
213-233-05-00	6783 ONYX PL	355,000	425,000	780,000	29,304	26.62:1
213-233-06-00	6782 OBSIDIAN PL	356,000	370,000	726,000	29,304	24.78:1
213-233-07-00	6786 OBSIDIAN PL	253,670	303,949	557,619	29,304	19.03:1
213-233-08-00	6790 OBSIDIAN PL	288,000	347,000	635,000	29,304	21.67:1
213-233-09-00	6794 OBSIDIAN PL	374,000	430,000	804,000	29,304	27.44:1
213-233-10-00	6798 OBSIDIAN PL	300,000	369,000	669,000	29,304	22.83:1
213-233-11-00	6797 OBSIDIAN PL	397,800	423,300	821,100	29,304	28.02:1
213-233-12-00	6793 OBSIDIAN PL	272,539	550,322	822,861	29,304	28.08:1
213-233-13-00	6789 OBSIDIAN PL	288,000	337,000	625,000	29,304	21.33:1
213-233-14-00	6785 OBSIDIAN PL	348,000	384,000	732,000	29,304	24.98:1
213-233-15-00	6781 OBSIDIAN PL	286,000	342,000	628,000	29,304	21.43:1
213-233-16-00	6768 MALACHITE PL	440,895	487,305	928,200	30,303	30.63:1
213-233-17-00	6772 MALACHITE PL	254,613	471,163	725,776	30,303	23.95:1
213-233-18-00	6776 MALACHITE PL	263,000	444,000	707,000	30,303	23.33:1
213-233-19-00	6780 MALACHITE PL	108,000	669,000	777,000	30,303	25.64:1
213-233-20-00	6784 MALACHITE PL	342,000	591,000	933,000	30,303	30.79:1
213-233-21-00	6788 MALACHITE PL	323,000	557,000	880,000	30,303	29.04:1
213-233-22-00	6792 MALACHITE PL	331,000	383,000	714,000	30,303	23.56:1
213-233-23-00	6796 MALACHITE PL	520,200	381,592	901,792	30,303	29.76:1
213-233-24-00	6791 MALACHITE PL	526,000	469,000	995,000	30,303	32.84:1
213-233-25-00	6787 MALACHITE PL	479,000	516,000	995,000	30,303	32.84:1
213-233-26-00	6783 MALACHITE PL	401,000	522,000	923,000	30,303	30.46:1
213-233-27-00	6779 MALACHITE PL	439,000	508,000	947,000	30,303	31.25:1
213-233-28-00	6775 MALACHITE PL	600,000	525,000	1,125,000	30,303	37.13:1
213-233-29-00	6771 MALACHITE PL	540,000	410,000	950,000	30,303	31.35:1
213-233-30-00	6767 MALACHITE PL	412,000	537,000	949,000	30,303	31.32:1
213-240-01-00	2295 GALENA AVE	339,867	439,214	779,081	28,691	27.15:1
213-240-02-00	2291 GALENA AVE	298,000	376,000	674,000	28,691	23.49:1
213-240-03-00	2287 GALENA AVE	318,000	402,000	720,000	28,691	25.09:1
213-240-04-00	2283 GALENA AVE	275,000	396,000	671,000	30,148	22.26:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
213-240-05-00	2279 GALENA AVE	341,000	333,000	674,000	30,148	22.36:1
213-240-06-00	2275 GALENA AVE	304,000	411,000	715,000	30,148	23.72:1
213-240-07-00	2271 GALENA AVE	292,000	375,000	667,000	30,148	22.12:1
213-240-08-00	2267 GALENA AVE	352,000	295,000	647,000	28,691	22.55:1
213-240-09-00	2263 GALENA AVE	330,000	340,000	670,000	28,691	23.35:1
213-240-10-00	2259 GALENA AVE	394,068	355,932	750,000	28,691	26.14:1
213-240-11-00	2255 GALENA AVE	347,000	298,000	645,000	28,691	22.48:1
213-240-12-00	2251 GALENA AVE	325,006	337,194	662,200	28,691	23.08:1
213-240-13-00	2247 GALENA AVE	320,000	364,000	684,000	28,691	23.84:1
213-240-14-00	6947 GOLDSTONE RD	311,000	280,000	591,000	28,691	20.60:1
213-240-15-00	2219 AZURITE PL	317,000	265,000	582,000	28,691	20.29:1
213-240-16-00	2215 AZURITE PL	332,000	339,000	671,000	28,691	23.39:1
213-240-17-00	2211 AZURITE PL	360,026	352,474	712,500	28,691	24.83:1
213-240-18-00	2207 AZURITE PL	377,370	382,630	760,000	28,691	26.49:1
213-240-19-00	2203 AZURITE PL	360,000	314,000	674,000	28,691	23.49:1
213-240-20-00	2202 AZURITE PL	362,000	310,000	672,000	28,691	23.42:1
213-240-21-00	2206 AZURITE PL	376,000	369,000	745,000	28,691	25.97:1
213-240-22-00	2210 AZURITE PL	408,169	351,831	760,000	28,691	26.49:1
213-240-23-00	2214 AZURITE PL	419,333	335,466	754,799	28,691	26.31:1
213-240-24-00	2218 AZURITE PL	400,000	325,000	725,000	28,691	25.27:1
213-240-25-00	2222 AZURITE PL	263,988	427,321	691,309	28,691	24.09:1
213-240-26-00	2226 AZURITE PL	381,000	333,000	714,000	28,691	24.89:1
213-240-27-00	2230 AZURITE PL	414,000	438,000	852,000	28,691	29.70:1
213-240-28-00	2234 AZURITE PL	360,149	335,046	695,195	28,691	24.23:1
213-240-29-00	2238 AZURITE PL	403,000	277,000	680,000	28,691	23.70:1
213-240-30-00	2242 AZURITE PL	393,640	358,990	752,630	28,691	26.23:1
213-240-31-00	6941 COPAL PL	321,483	391,190	712,673	28,691	24.84:1
213-240-32-00	6937 COPAL PL	321,577	385,893	707,470	28,691	24.66:1
213-240-33-00	6933 COPAL PL	340,000	310,000	650,000	28,691	22.66:1
213-240-34-00	6929 COPAL PL	374,177	376,432	750,609	28,691	26.16:1
213-241-01-00	2248 CARNELIAN CT	300,000	288,000	588,000	29,690	19.80:1
213-241-02-00	2252 CARNELIAN CT	281,000	258,000	539,000	29,690	18.15:1
213-241-03-00	2256 CARNELIAN CT	275,000	395,000	670,000	29,690	22.57:1
213-241-04-00	2260 CARNELIAN CT	222,586	206,401	428,987	29,690	14.45:1
213-241-05-00	2264 CARNELIAN CT	288,000	284,000	572,000	29,690	19.27:1
213-241-06-00	2268 CARNELIAN CT	291,000	289,000	580,000	29,690	19.54:1
213-241-07-00	2272 CARNELIAN CT	292,000	284,000	576,000	29,690	19.40:1
213-241-08-00	2276 CARNELIAN CT	349,000	341,000	690,000	29,690	23.24:1
213-241-09-00	2277 CARNELIAN CT	360,000	356,000	716,000	29,690	24.12:1
213-241-10-00	2273 CARNELIAN CT	304,000	287,000	591,000	29,690	19.91:1
213-241-11-00	2269 CARNELIAN CT	352,000	373,600	725,600	29,690	24.44:1
213-241-12-00	6980 GOLDSTONE RD	303,000	296,000	599,000	30,148	19.87:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
213-241-13-00	6984 GOLDSTONE RD	236,000	353,000	589,000	30,148	19.54:1
213-241-14-00	6988 GOLDSTONE RD	288,000	295,000	583,000	30,148	19.34:1
213-241-15-00	6992 GOLDSTONE RD	280,478	418,221	698,699	30,148	23.18:1
213-241-16-00	6996 GOLDSTONE RD	273,844	383,156	657,000	30,148	21.79:1
213-241-17-00	6991 GOLDSTONE RD	341,244	326,855	668,099	30,148	22.16:1
213-241-18-00	6987 GOLDSTONE RD	229,000	356,000	585,000	30,148	19.40:1
213-241-19-00	6983 GOLDSTONE RD	214,000	326,000	540,000	30,148	17.91:1
213-241-20-00	6979 GOLDSTONE RD	292,612	409,657	702,269	30,148	23.29:1
213-241-21-00	6975 GOLDSTONE RD	295,000	285,000	580,000	30,148	19.24:1
213-241-22-00	6971 GOLDSTONE RD	296,000	285,000	581,000	30,148	19.27:1
213-241-23-00	6967 GOLDSTONE RD	275,000	399,000	674,000	30,148	22.36:1
213-241-24-00	6963 GOLDSTONE RD	372,179	307,903	680,082	28,691	23.70:1
213-241-25-00	6959 GOLDSTONE RD	457,005	301,160	758,165	28,691	26.43:1
213-241-26-00	6955 GOLDSTONE RD	308,000	294,000	602,000	28,691	20.98:1
213-241-27-00	6951 GOLDSTONE RD	366,000	288,000	654,000	28,691	22.79:1
213-242-01-00	6923 GOLDSTONE RD	357,000	325,000	682,000	29,690	22.97:1
213-242-02-00	6919 GOLDSTONE RD	394,553	369,099	763,652	29,690	25.72:1
213-242-03-00	6915 GOLDSTONE RD	332,000	368,000	700,000	29,690	23.58:1
213-242-04-00	6911 GOLDSTONE RD	347,000	443,000	790,000	29,690	26.61:1
213-242-05-00	6907 GOLDSTONE RD	300,000	380,000	680,000	28,691	23.70:1
213-242-06-00	6903 GOLDSTONE RD	350,000	350,000	700,000	28,691	24.40:1
213-242-07-00	2251 AVENTURINE PL	408,000	310,000	718,000	28,691	25.03:1
213-242-08-00	2255 AVENTURINE PL	307,000	358,000	665,000	28,691	23.18:1
213-242-09-00	2259 AVENTURINE PL	296,000	290,000	586,000	28,691	20.42:1
213-242-10-00	2263 AVENTURINE PL	291,000	320,000	611,000	28,691	21.30:1
213-242-11-00	2267 AVENTURINE PL	354,000	317,000	671,000	28,691	23.39:1
213-242-12-00	918 PARKWOOD AVE	400,000	375,000	775,000	28,691	27.01:1
213-242-13-00	2275 AVENTURINE PL	366,000	295,000	661,000	28,691	23.04:1
213-242-14-00	2279 AVENTURINE PL	368,000	334,000	702,000	28,691	24.47:1
213-242-15-00	2283 AVENTURINE PL	317,250	317,250	634,500	28,691	22.11:1
213-242-16-00	2282 AVENTURINE PL	351,740	407,936	759,676	28,691	26.48:1
213-242-19-00	2270 AVENTURINE PL	283,000	282,000	565,000	28,691	19.69:1
213-242-20-00	2266 AVENTURINE PL	370,000	350,000	720,000	28,691	25.09:1
213-242-21-00	2262 AVENTURINE PL	298,000	292,000	590,000	28,691	20.56:1
213-242-22-00	2258 AVENTURINE PL	355,000	353,000	708,000	28,691	24.68:1
213-242-23-00	2254 AVENTURINE PL	373,000	307,000	680,000	28,691	23.70:1
213-242-24-00	6899 GOLDSTONE RD	304,000	292,000	596,000	28,691	20.77:1
213-242-25-00	6895 GOLDSTONE RD	384,948	317,322	702,270	28,691	24.48:1
213-242-26-00	6891 GOLDSTONE RD	289,161	374,801	663,962	28,691	23.14:1
213-242-27-00	6887 GOLDSTONE RD	303,065	392,936	696,001	28,691	24.26:1
213-242-28-00	6883 GOLDSTONE RD	265,000	330,000	595,000	28,691	20.74:1
213-242-31-00	2266 TIGEREYE PL	313,723	447,474	761,197	28,691	26.53:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
213-242-32-00	2260 TIGEREYE PL	294,000	287,000	581,000	28,691	20.25:1
213-242-33-00	2256 TIGEREYE PL	270,000	390,000	660,000	28,691	23.00:1
213-242-34-00	2252 TIGEREYE PL	343,000	337,000	680,000	28,691	23.70:1
213-242-35-00	2248 TIGEREYE PL	272,033	400,996	673,029	28,691	23.46:1
213-242-39-00	2278 AVENTURINE PL	394,276	395,262	789,538	28,691	27.52:1
213-242-40-00	2274 AVENTURINE PL	283,000	309,000	592,000	28,691	20.63:1
213-242-41-00	6879 GOLDSTONE RD	321,000	316,000	637,000	28,691	22.20:1
213-242-42-00	2253 TIGEREYE PL	358,000	367,000	725,000	28,691	25.27:1
213-243-01-00	2333 GALENA AVE	348,000	377,000	725,000	29,690	24.42:1
213-243-02-00	2329 GALENA AVE	284,000	329,000	613,000	29,690	20.65:1
213-243-03-00	2325 GALENA AVE	360,000	365,000	725,000	29,690	24.42:1
213-243-04-00	2321 GALENA AVE	415,997	540,770	956,767	29,690	32.23:1
213-243-05-00	6978 BIXBITE PL	318,000	407,000	725,000	29,690	24.42:1
213-243-06-00	6982 BIXBITE PL	346,000	339,000	685,000	29,690	23.07:1
213-243-07-00	6986 BIXBITE PL	331,135	441,514	772,649	29,690	26.02:1
213-243-08-00	6990 BIXBITE PL	300,000	335,000	635,000	29,690	21.39:1
213-243-09-00	6991 BIXBITE PL	320,000	351,000	671,000	29,690	22.60:1
213-243-10-00	6987 BIXBITE PL	395,000	363,000	758,000	29,690	25.53:1
213-243-11-00	6983 BIXBITE PL	334,000	320,000	654,000	29,690	22.03:1
213-243-12-00	6979 BIXBITE PL	319,000	361,000	680,000	29,690	22.90:1
213-243-13-00	6975 BIXBITE PL	328,000	347,000	675,000	29,690	22.73:1
213-243-14-00	6971 BIXBITE PL	344,000	322,000	666,000	29,690	22.43:1
213-243-15-00	6964 AMMONITE PL	350,663	502,463	853,126	30,148	28.30:1
213-243-16-00	6968 AMMONITE PL	354,343	450,657	805,000	30,148	26.70:1
213-243-17-00	6972 AMMONITE PL	315,000	370,000	685,000	30,148	22.72:1
213-243-18-00	6976 AMMONITE PL	357,000	368,000	725,000	30,148	24.05:1
213-243-19-00	6980 AMMONITE PL	266,361	467,390	733,751	30,148	24.34:1
213-243-20-00	6984 AMMONITE PL	357,000	380,000	737,000	30,148	24.45:1
213-243-21-00	6988 AMMONITE PL	328,000	402,000	730,000	30,148	24.21:1
213-243-22-00	6992 AMMONITE PL	305,000	345,000	650,000	30,148	21.56:1
213-243-23-00	6997 AMMONITE PL	306,000	393,000	699,000	30,148	23.19:1
213-243-24-00	6993 AMMONITE PL	354,000	381,000	735,000	30,148	24.38:1
213-243-25-00	6989 AMMONITE PL	394,000	341,000	735,000	30,148	24.38:1
213-243-26-00	6985 AMMONITE PL	390,000	350,000	740,000	30,148	24.55:1
213-243-27-00	6981 AMMONITE PL	397,974	352,635	750,609	30,148	24.90:1
213-243-28-00	6977 AMMONITE PL	323,000	482,000	805,000	30,148	26.70:1
213-243-29-00	6973 AMMONITE PL	375,000	360,000	735,000	30,148	24.38:1
213-243-30-00	6969 AMMONITE PL	350,000	420,000	770,000	30,148	25.54:1
213-243-31-00	6965 AMMONITE PL	375,000	360,000	735,000	28,691	25.62:1
213-243-32-00	6961 AMMONITE PL	319,000	448,000	767,000	28,691	26.73:1
213-243-33-00	6957 AMMONITE PL	375,000	445,000	820,000	28,691	28.58:1
217-640-01-00	2890 CAMDEN DR	200,000	360,000	560,000	9,568	58.53:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
217-640-02-00	2886 CAMDEN DR	226,258	328,742	555,000	9,568	58.00:1
217-640-03-00	2882 CAMDEN DR	239,930	282,978	522,908	9,568	54.65:1
217-640-05-00	2885 CAMDEN DR	267,898	312,102	580,000	9,568	60.62:1
217-640-06-00	2889 CAMDEN DR	189,000	271,000	460,000	9,568	48.07:1
217-640-07-00	2895 CAMDEN DR	207,551	271,025	478,576	9,568	50.02:1
217-640-08-00	915 PARKWOOD AVE	209,148	313,723	522,871	9,568	54.65:1
217-640-09-00	919 PARKWOOD AVE	201,657	332,736	534,393	9,806	54.49:1
217-640-10-00	923 PARKWOOD AVE	273,000	227,000	500,000	9,806	50.99:1
217-640-11-00	927 PARKWOOD AVE	209,148	345,095	554,243	9,806	56.52:1
217-640-12-00	914 PARKWOOD AVE	179,000	324,000	503,000	9,568	52.57:1
217-640-13-00	910 PARKWOOD AVE	122,362	357,304	479,666	9,568	50.13:1
217-640-14-00	2903 CAMDEN DR	172,000	328,000	500,000	9,806	50.99:1
217-640-15-00	2905 CAMDEN DR	223,491	291,509	515,000	9,806	52.52:1
217-640-16-00	2906 CAMDEN DR	200,000	302,000	502,000	9,568	52.46:1
217-640-17-00	2902 CAMDEN DR	199,410	394,740	594,150	9,806	60.59:1
217-641-01-00	935 PARKWOOD AVE	169,569	361,738	531,307	9,806	54.18:1
217-641-02-00	939 PARKWOOD AVE	220,439	341,390	561,829	9,806	57.29:1
217-641-03-00	943 PARKWOOD AVE	184,625	353,424	538,049	9,806	54.87:1
217-641-04-00	947 PARKWOOD AVE	168,198	428,400	596,598	9,806	60.84:1
217-641-05-00	944 PARKWOOD AVE	215,000	285,000	500,000	9,806	50.99:1
217-641-06-00	938 PARKWOOD AVE	203,482	296,180	499,662	9,806	50.95:1
217-641-07-00	934 PARKWOOD AVE	240,000	310,000	550,000	9,806	56.09:1
217-641-08-00	930 PARKWOOD AVE	214,736	300,910	515,646	9,806	52.58:1
217-641-09-00	926 PARKWOOD AVE	203,822	301,098	504,920	9,806	51.49:1
217-641-10-00	922 PARKWOOD AVE	196,000	334,000	530,000	9,806	54.05:1
217-641-11-00	929 BELLWOOD LN	178,746	301,098	479,844	9,806	48.93:1
217-641-12-00	933 BELLWOOD LN	179,947	313,956	493,903	9,806	50.37:1
217-641-13-00	937 BELLWOOD LN	215,936	302,672	518,608	9,806	52.89:1
217-641-14-00	941 BELLWOOD LN	214,000	316,000	530,000	9,806	54.05:1
217-641-15-00	945 BELLWOOD LN	160,748	356,252	517,000	9,806	52.72:1
217-641-16-00	949 BELLWOOD LN	173,946	346,688	520,634	9,806	53.09:1
217-641-17-00	928 BELLWOOD LN	163,000	331,000	494,000	9,806	50.38:1
217-641-18-00	918 PARKWOOD AVE	239,930	233,812	473,742	9,568	49.51:1
217-641-22-00	2862 ASTERWOOD LN	176,350	345,726	522,076	9,806	53.24:1
217-641-23-00	2844 ASTERWOOD LN	210,000	325,000	535,000	9,806	54.56:1
217-641-24-00	2828-30 ASTERWOOD LN	205,000	355,000	560,000	9,806	57.11:1
217-641-25-00	2827 ASTERWOOD LN	175,000	375,000	550,000	9,806	56.09:1
217-641-26-00	2845 ASTERWOOD LN	204,692	315,308	520,000	9,806	53.03:1
217-641-27-00	2863 ASTERWOOD LN	211,702	356,511	568,213	9,806	57.94:1
217-650-01-00	1501 W BORDEN RD	153,733	257,225	410,958	15,898	25.85:1
217-650-02-00	1503 W BORDEN RD	195,000	275,000	470,000	15,898	29.56:1
217-650-03-00	1505 W BORDEN RD	181,000	191,000	372,000	15,898	23.40:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
217-650-04-00	695 CASITA LN	182,070	236,170	418,240	17,079	24.49:1
217-650-05-00	697 CASITA LN	205,000	243,000	448,000	17,079	26.23:1
217-650-06-00	699 CASITA LN	194,000	272,000	466,000	15,898	29.31:1
217-650-07-00	659 ALTA CT	169,000	304,000	473,000	15,898	29.75:1
217-650-08-00	657 ALTA CT	181,355	299,236	480,591	15,898	30.23:1
217-650-09-00	655 ALTA CT	173,696	296,304	470,000	15,898	29.56:1
217-650-10-00	653 ALTA CT	173,000	196,000	369,000	15,898	23.21:1
217-650-11-00	651 ALTA CT	124,000	342,000	466,000	17,079	27.28:1
217-650-12-00	691 CASITA LN	197,000	226,000	423,000	17,079	24.77:1
217-650-13-00	700 CASITA LN	84,278	250,124	334,402	15,898	21.03:1
217-650-14-00	702 CASITA LN	144,068	249,201	393,269	15,898	24.74:1
217-650-15-00	704 CASITA LN	159,000	277,000	436,000	15,898	27.42:1
217-650-16-00	706 CASITA LN	168,000	272,000	440,000	15,898	27.68:1
217-650-17-00	708 CASITA LN	167,000	265,000	432,000	15,898	27.17:1
217-650-18-00	710 CASITA LN	147,000	303,000	450,000	15,898	28.31:1
217-650-19-00	714 CASITA LN	195,000	254,000	449,000	15,898	28.24:1
217-650-20-00	716 CASITA LN	240,000	235,000	475,000	15,898	29.88:1
217-650-21-00	718 CASITA LN	147,000	261,000	408,000	15,898	25.66:1
217-650-22-00	720 CASITA LN	250,000	175,000	425,000	15,898	26.73:1
217-650-23-00	715 CASITA LN	30,004	63,968	93,972	15,898	5.91:1
217-650-24-00	713 CASITA LN	145,000	259,000	404,000	15,898	25.41:1
217-650-25-00	707 CASITA LN	188,681	216,983	405,664	15,898	25.52:1
217-650-26-00	705 CASITA LN	208,000	196,000	404,000	15,898	25.41:1
217-650-27-00	709 CASITA LN	192,000	225,000	417,000	15,898	26.23:1
217-650-28-00	1512 W BORDEN RD	166,000	282,000	448,000	15,898	28.18:1
217-650-29-00	1514 W BORDEN RD	200,000	250,000	450,000	15,898	28.31:1
217-650-30-00	1516 W BORDEN RD	200,000	250,000	450,000	15,898	28.31:1
217-650-31-00	1518 W BORDEN RD	175,000	175,000	350,000	15,898	22.02:1
217-650-32-00	1520 W BORDEN RD	185,000	165,000	350,000	15,898	22.02:1
217-650-33-00	1522 W BORDEN RD	161,204	226,694	387,898	15,898	24.40:1
217-650-34-00	1524 W BORDEN RD	170,000	180,000	350,000	15,898	22.02:1
217-650-35-00	1526 W BORDEN RD	173,521	276,479	450,000	15,898	28.31:1
217-650-36-00	1530 LOMA ALTA DR	154,400	259,719	414,119	15,898	26.05:1
217-650-37-00	1532 LOMA ALTA DR	175,121	285,052	460,173	15,898	28.95:1
217-650-38-00	1534 LOMA ALTA DR	170,000	279,000	449,000	15,898	28.24:1
217-650-39-00	1536 LOMA ALTA DR	260,000	223,000	483,000	15,898	30.38:1
217-650-40-00	1538 LOMA ALTA DR	164,000	204,000	368,000	15,898	23.15:1
217-650-41-00	1539 LOMA ALTA DR	190,000	229,000	419,000	15,898	26.36:1
217-650-42-00	1537 LOMA ALTA DR	167,000	198,000	365,000	15,898	22.96:1
217-650-43-00	1535 LOMA ALTA DR	210,000	240,000	450,000	15,898	28.31:1
217-650-44-00	1533 LOMA ALTA DR	140,000	282,000	422,000	15,898	26.54:1
217-650-45-00	1531 LOMA ALTA DR	190,000	180,000	370,000	15,898	23.27:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
217-651-01-00	689 CASITA LN	157,234	188,681	345,915	17,079	20.25:1
217-651-02-00	687 CASITA LN	232,009	238,782	470,791	17,079	27.56:1
217-651-03-00	685 CASITA LN	174,000	262,000	436,000	17,079	25.53:1
217-651-04-00	683 CASITA LN	163,553	200,586	364,139	17,079	21.32:1
217-651-05-00	681 CASITA LN	157,000	270,000	427,000	17,079	25.00:1
217-651-06-00	1540 LOMA ALTA	201,028	236,107	437,135	17,079	25.59:1
217-651-07-00	1542 LOMA ALTA	222,175	192,943	415,118	17,079	24.31:1
217-651-08-00	1544 LOMA ALTA DR	200,000	243,000	443,000	17,079	25.94:1
217-651-09-00	1546 LOMA ALTA DR	190,000	166,000	356,000	17,079	20.84:1
217-651-10-00	1548 LOMA ALTA DR	213,000	178,000	391,000	17,079	22.89:1
217-651-11-00	1550 LOMA ALTA DR	213,000	181,000	394,000	17,079	23.07:1
217-651-12-00	1554 LOMA ALTA	136,016	251,882	387,898	17,079	22.71:1
217-651-13-00	1556 LOMA ALTA DR	200,000	221,000	421,000	17,079	24.65:1
217-651-14-00	1558 LOMA ALTA DR	192,093	240,116	432,209	17,079	25.31:1
217-651-15-00	1560 LOMA ALTA DR	157,234	214,886	372,120	17,079	21.79:1
217-651-16-00	1562 LOMA ALTA	184,000	176,000	360,000	17,079	21.08:1
217-651-17-00	1564 LOMA ALTA DR	194,000	228,000	422,000	17,079	24.71:1
217-651-18-00	1566 LOMA ALTA DR	181,306	200,390	381,696	17,079	22.35:1
217-651-19-00	1568 LOMA ALTA DR	218,000	218,000	436,000	17,079	25.53:1
217-651-20-00	1570 LOMA ALTA DR	127,500	275,400	402,900	17,079	23.59:1
217-651-21-00	1572 LOMA ALTA DR	203,000	168,000	371,000	17,079	21.72:1
217-651-22-00	1574 LOMA ALTA DR	133,000	304,000	437,000	17,079	25.59:1
217-651-23-00	1563 LOMA ALTA	207,561	237,937	445,498	17,079	26.08:1
217-651-24-00	1561 LOMA ALTA DR	201,000	169,000	370,000	17,079	21.66:1
217-651-25-00	1559 LOMA ALTA DR	215,000	173,000	388,000	17,079	22.72:1
217-651-26-00	1557 LOMA ALTA DR	144,000	290,000	434,000	17,079	25.41:1
217-651-27-00	1555 LOMA ALTA DR	200,000	246,000	446,000	17,079	26.11:1
217-651-28-00	1553 LOMA ALTA DR	167,317	209,148	376,465	17,079	22.04:1
217-651-29-00	1551 LOMA ALTA DR	190,000	253,000	443,000	17,079	25.94:1
217-651-30-00	1549 LOMA ALTA DR	185,000	261,000	446,000	17,079	26.11:1
217-651-31-00	1547 LOMA ALTA DR	214,682	280,318	495,000	17,079	28.98:1
217-651-32-00	1545 LOMA ALTA	174,000	225,000	399,000	17,079	23.36:1
217-651-33-00	1541 LOMA ALTA	215,000	228,000	443,000	17,079	25.94:1
217-652-01-00	1576 LOMA ALTA DR	185,000	167,000	352,000	17,079	20.61:1
217-652-02-00	1580 LOMA ALTA DR	170,000	220,000	390,000	17,079	22.83:1
217-652-03-00	1582 LOMA ALTA DR	207,000	207,000	414,000	17,079	24.24:1
217-652-04-00	1584 LOMA ALTA DR	210,000	184,000	394,000	17,079	23.07:1
217-652-05-00	1586 LOMA ALTA DR	209,000	231,000	440,000	17,079	25.76:1
217-652-06-00	1588 LOMA ALTA DR	243,000	174,000	417,000	17,079	24.42:1
217-652-07-00	1590 LOMA ALTA DR	201,000	235,000	436,000	17,079	25.53:1
217-652-08-00	1592 LOMA ALTA DR	201,506	191,430	392,936	17,079	23.01:1
217-652-09-00	1594 LOMA ALTA DR	210,000	150,000	360,000	17,079	21.08:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
217-652-10-00	1596 LOMA ALTA DR	207,020	187,113	394,133	17,079	23.08:1
217-652-11-00	1598 LOMA ALTA DR	200,000	165,000	365,000	17,079	21.37:1
217-652-12-00	1599 LOMA ALTA	189,720	145,860	335,580	17,079	19.65:1
217-652-13-00	1597 LOMA ALTA	155,000	320,000	475,000	17,079	27.81:1
217-652-14-00	1595 LOMA ALTA	220,000	226,000	446,000	17,079	26.11:1
217-652-15-00	1591 LOMA ALTA	194,820	195,126	389,946	17,079	22.83:1
217-652-16-00	1587 LOMA ALTA DR	150,000	300,000	450,000	17,079	26.35:1
218-050-31-00	650 ARCADIA BLUFF CT	199,000	341,000	540,000	15,898	33.97:1
218-050-32-00	652 ARCADIA BLUFF CT	197,000	344,000	541,000	15,898	34.03:1
218-050-33-00	654 ARCADIA BLUFF CT	212,000	403,000	615,000	15,898	38.68:1
218-050-34-00	656 ARCADIA BLUFF CT	185,000	355,000	540,000	15,898	33.97:1
218-050-35-00	660 ARCADIA BLUFF CT	215,000	365,000	580,000	15,898	36.48:1
218-050-36-00	662 ARCADIA BLUFF CT	156,860	413,069	569,929	15,898	35.85:1
218-050-37-00	664 ARCADIA BLUFF CT	186,000	354,000	540,000	15,898	33.97:1
218-050-38-00	668 ARCADIA BLUFF CT	186,000	351,000	537,000	15,898	33.78:1
218-050-39-00	760 TURTLE POINT WAY	188,233	501,955	690,188	15,898	43.41:1
218-050-40-00	762 TURTLE POINT WAY	221,000	289,000	510,000	15,898	32.08:1
218-050-41-00	766 TURTLE POINT WAY	176,000	348,000	524,000	15,898	32.96:1
218-050-42-00	768 TURTLE POINT WAY	156,860	313,723	470,583	15,898	29.60:1
218-050-43-00	774 TURTLE POINT WAY	176,000	439,000	615,000	17,079	36.01:1
218-050-44-00	776 TURTLE POINT WAY	139,000	401,000	540,000	17,079	31.62:1
218-050-45-00	778 TURTLE POINT WAY	172,000	308,000	480,000	17,079	28.10:1
218-050-46-00	780 TURTLE POINT WAY	155,000	385,000	540,000	17,079	31.62:1
218-050-47-00	789 TURTLE POINT WAY	266,580	346,555	613,135	17,079	35.90:1
218-050-48-00	787 TURTLE POINT WAY	209,642	479,358	689,000	17,079	40.34:1
218-050-49-00	785 TURTLE POINT WAY	182,000	306,000	488,000	17,079	28.57:1
218-050-50-00	783 TURTLE POINT WAY	190,000	320,000	510,000	17,079	29.86:1
218-050-51-00	779 TURTLE POINT WAY	207,529	352,471	560,000	17,079	32.79:1
218-050-52-00	777 TURTLE POINT WAY	187,000	353,000	540,000	17,079	31.62:1
218-050-53-00	773 TURTLE POINT WAY	183,609	442,160	625,769	15,898	39.36:1
218-050-54-00	771 TURTLE POINT WAY	260,000	310,000	570,000	15,898	35.85:1
218-050-55-00	769 TURTLE POINT WAY	149,290	429,856	579,146	15,898	36.43:1
218-050-56-00	767 TURTLE POINT WAY	149,000	299,000	448,000	15,898	28.18:1
218-050-57-00	765 TURTLE POINT WAY	155,000	325,000	480,000	15,898	30.19:1
218-050-58-00	761 TURTLE POINT WAY	226,000	354,000	580,000	15,898	36.48:1
218-050-59-00	759 TURTLE POINT WAY	183,000	548,000	731,000	15,898	45.98:1
218-050-60-00	757 TURTLE POINT WAY	190,000	350,000	540,000	17,079	31.62:1
218-050-61-00	755 TURTLE POINT WAY	160,000	350,000	510,000	15,898	32.08:1
218-050-62-00	753 TURTLE POINT WAY	269,619	352,580	622,199	15,898	39.14:1
218-050-63-00	751 TURTLE POINT WAY	212,000	403,000	615,000	15,898	38.68:1
218-740-01-00	745 W BEL ESPRIT CIR	168,000	277,000	445,000	14,530	30.63:1
218-740-02-00	743 W BEL ESPRIT CIR	140,736	311,836	452,572	14,530	31.15:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
218-740-03-00	741 W BEL ESPRIT CIR	131,957	321,627	453,584	14,530	31.22:1
218-740-04-00	739 W BEL ESPRIT CIR	136,082	292,317	428,399	14,530	29.48:1
218-740-05-00	737 W BEL ESPRIT CIR	175,000	271,000	446,000	14,530	30.69:1
218-740-06-00	735 W BEL ESPRIT CIR	136,938	271,061	407,999	14,530	28.08:1
218-740-07-00	733 W BEL ESPRIT CIR	178,000	307,000	485,000	14,530	33.38:1
218-740-08-00	731 W BEL ESPRIT CIR	106,765	299,914	406,679	14,530	27.99:1
218-740-09-00	729 W BEL ESPRIT CIR	141,608	310,964	452,572	14,530	31.15:1
218-740-10-00	723 W BEL ESPRIT CIR	128,000	247,000	375,000	14,530	25.81:1
218-740-11-00	717 W BEL ESPRIT CIR	150,770	299,531	450,301	14,530	30.99:1
218-740-12-00	333 TOYON TER	107,964	367,317	475,281	14,530	32.71:1
218-740-13-00	335 TOYON TER	167,000	247,000	414,000	14,530	28.49:1
218-740-14-00	337 TOYON TER	87,573	373,080	460,653	14,530	31.70:1
218-740-15-00	339 TOYON TER	149,954	321,094	471,048	14,530	32.42:1
218-740-16-00	341 TOYON TER	215,000	233,000	448,000	14,530	30.83:1
218-740-17-00	343 TOYON TER	167,952	289,346	457,298	14,530	31.47:1
218-740-18-00	345 TOYON TER	137,958	339,363	477,321	14,530	32.85:1
218-740-19-00	347 TOYON TER	156,060	306,918	462,978	14,530	31.86:1
218-740-20-00	349 TOYON TER	131,963	323,896	455,859	14,530	31.37:1
218-740-21-00	351 TOYON TER	122,400	266,220	388,620	14,530	26.75:1
218-740-22-00	353 TOYON TER	131,963	317,778	449,741	14,530	30.95:1
218-740-23-00	355 TOYON TER	143,959	289,106	433,065	14,530	29.80:1
218-740-24-00	357 TOYON TER	146,403	355,553	501,956	14,530	34.55:1
218-740-25-00	359 TOYON TER	189,000	261,000	450,000	14,530	30.97:1
218-750-01-00	1156 ARIANA RD	179,000	391,000	570,000	14,940	38.15:1
218-750-02-00	1158 ARIANA RD	250,000	290,000	540,000	14,940	36.14:1
218-750-03-00	1160 ARIANA RD	222,000	338,000	560,000	14,940	37.48:1
218-750-04-00	1162 ARIANA RD	225,000	262,000	487,000	14,940	32.60:1
218-750-05-00	1164 ADENA WAY	199,067	521,316	720,383	15,898	45.31:1
218-750-06-00	1168 ADENA WAY	150,000	376,000	526,000	15,898	33.09:1
218-750-07-00	1170 ADENA WAY	231,000	307,000	538,000	15,898	33.84:1
218-750-08-00	1172 ADENA WAY	190,505	640,759	831,264	15,898	52.29:1
218-750-09-00	1174 ADENA WAY	141,923	215,297	357,220	15,898	22.47:1
218-750-10-00	1176 ADENA WAY	169,000	447,000	616,000	15,898	38.75:1
218-750-11-00	1178 ADENA WAY	180,000	400,000	580,000	15,898	36.48:1
218-750-12-00	1180 ADENA WAY	173,186	501,667	674,853	15,898	42.45:1
218-750-13-00	1181 ADENA WAY	159,852	406,247	566,099	15,898	35.61:1
218-750-14-00	1179 ADENA WAY	174,000	421,000	595,000	15,898	37.43:1
218-750-15-00	1177 ADENA WAY	156,000	350,000	506,000	15,898	31.83:1
218-750-16-00	1175 ADENA WAY	172,000	416,000	588,000	15,898	36.99:1
218-750-17-00	1173 ADENA WAY	161,000	479,000	640,000	15,898	40.26:1
218-750-18-00	1171 ADENA WAY	163,000	453,000	616,000	15,898	38.75:1
218-750-19-00	1159 ARIANA RD	153,000	452,000	605,000	15,898	38.05:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
218-750-20-00	1155 ARIANA RD	156,060	440,155	596,215	15,898	37.50:1
218-750-21-00	1147 ARIANA RD	156,000	301,000	457,000	14,940	30.59:1
218-750-22-00	1146 ARIANA RD	134,076	478,563	612,639	14,940	41.01:1
218-750-23-00	1148 ARIANA RD	126,419	560,243	686,662	14,940	45.96:1
218-751-01-00	1145 ARIANA RD	165,245	439,357	604,602	14,940	40.47:1
218-751-02-00	1139 ARIANA RD	200,000	370,000	570,000	14,940	38.15:1
218-751-03-00	1137 ARIANA RD	131,000	334,000	465,000	14,940	31.12:1
218-751-04-00	1135 ARIANA RD	130,000	370,000	500,000	14,940	33.47:1
218-751-05-00	1133 ARIANA RD	135,253	403,084	538,337	14,940	36.03:1
218-751-06-00	1131 ARIANA RD	153,000	369,000	522,000	14,940	34.94:1
218-751-07-00	1129 ARIANA RD	123,866	525,873	649,739	14,940	43.49:1
218-751-08-00	1127 ARIANA RD	147,000	420,000	567,000	14,940	37.95:1
218-751-09-00	1125 ARIANA RD	97,000	343,000	440,000	14,940	29.45:1
218-751-10-00	1123 ARIANA RD	163,000	492,000	655,000	14,940	43.84:1
218-751-11-00	1124 ARIANA RD	169,000	361,000	530,000	14,940	35.47:1
218-751-12-00	1126 ARIANA RD	121,229	522,911	644,140	14,940	43.11:1
218-751-13-00	1128 ARIANA RD	112,000	528,000	640,000	14,940	42.84:1
218-751-14-00	1132 ARIANA RD	136,394	327,512	463,906	14,940	31.05:1
218-751-15-00	1138 ARIANA RD	146,696	477,543	624,239	14,940	41.78:1
218-751-16-00	1140 ARIANA RD	156,000	323,000	479,000	14,940	32.06:1
218-751-17-00	1142 ARIANA RD	165,000	490,000	655,000	14,940	43.84:1
218-751-18-00	1144 ARIANA RD	128,000	432,000	560,000	14,940	37.48:1
218-752-01-00	1119 ARIANA RD	190,410	253,300	443,710	14,940	29.70:1
218-752-02-00	1117 ARIANA RD	147,619	391,409	539,028	14,940	36.08:1
218-752-03-00	1115 ARIANA RD	124,000	394,000	518,000	14,940	34.67:1
218-752-04-00	1109 ARIANA RD	179,000	436,000	615,000	15,898	38.68:1
218-752-05-00	1107 ARIANA RD	107,000	385,000	492,000	15,898	30.95:1
218-752-06-00	1105 ARIANA RD	140,000	430,000	570,000	15,898	35.85:1
218-752-07-00	1068 CRIMSON DR	180,000	460,000	640,000	15,898	40.26:1
218-752-08-00	1070 CRIMSON DR	130,000	473,000	603,000	15,898	37.93:1
218-752-09-00	1072 CRIMSON DR	152,000	320,000	472,000	15,898	29.69:1
218-752-10-00	1074 CRIMSON DR	153,000	437,000	590,000	15,898	37.11:1
218-752-11-00	1075 CRIMSON DR	316,200	354,960	671,160	15,898	42.22:1
218-752-12-00	1073 CRIMSON DR	209,000	322,000	531,000	15,898	33.40:1
218-752-13-00	1071 CRIMSON DR	159,802	483,510	643,312	15,898	40.46:1
218-752-14-00	1069 CRIMSON DR	209,646	366,880	576,526	15,898	36.26:1
218-752-15-00	1067 CRIMSON DR	142,000	435,000	577,000	15,898	36.29:1
218-752-16-00	1065 CRIMSON DR	148,998	476,002	625,000	15,898	39.31:1
218-752-17-00	1063 CRIMSON DR	181,000	379,000	560,000	15,898	35.22:1
218-752-18-00	1064 CRIMSON DR	106,000	412,000	518,000	15,898	32.58:1
218-752-19-00	1100 ARIANA RD	131,700	476,932	608,632	15,898	38.28:1
218-752-20-00	1102 ARIANA RD	140,000	445,000	585,000	15,898	36.80:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
218-752-21-00	1104 ARIANA RD	156,860	528,101	684,961	15,898	43.08:1
218-752-22-00	1106 ARIANA RD	144,436	465,564	610,000	15,898	38.37:1
218-752-23-00	1108 ARIANA RD	113,000	366,000	479,000	15,898	30.13:1
218-752-24-00	1114 ARIANA RD	173,400	408,000	581,400	14,940	38.91:1
218-752-25-00	1116 ARIANA RD	102,000	361,000	463,000	14,940	30.99:1
218-752-26-00	1118 ARIANA RD	151,000	394,000	545,000	14,940	36.48:1
218-752-27-00	1120 ARIANA RD	136,238	545,697	681,935	14,940	45.64:1
218-753-01-00	1078 CRIMSON DR	147,000	443,000	590,000	15,898	37.11:1
218-753-02-00	1080 CRIMSON DR	167,000	449,000	616,000	15,898	38.75:1
218-753-03-00	1082 CRIMSON DR	152,000	430,000	582,000	15,898	36.61:1
218-753-04-00	1084 CRIMSON DR	172,000	407,000	579,000	15,898	36.42:1
218-753-05-00	1086 CRIMSON DR	293,920	374,179	668,099	15,898	42.02:1
218-753-06-00	1088 CRIMSON DR	165,628	395,371	560,999	15,898	35.29:1
218-753-07-00	1090 CRIMSON DR	224,000	273,000	497,000	15,898	31.26:1
218-753-08-00	1092 CRIMSON DR	156,167	476,460	632,627	15,898	39.79:1
218-753-09-00	1094 CRIMSON DR	193,000	283,000	476,000	15,898	29.94:1
218-753-10-00	1093 CRIMSON DR	167,000	437,000	604,000	15,898	37.99:1
218-753-11-00	1091 CRIMSON DR	192,000	424,000	616,000	15,898	38.75:1
218-753-12-00	1085 CRIMSON DR	184,732	434,066	618,798	15,898	38.92:1
218-753-13-00	1083 CRIMSON DR	162,000	378,000	540,000	15,898	33.97:1
218-753-14-00	1081 CRIMSON DR	130,000	470,000	600,000	15,898	37.74:1
218-753-15-00	1079 CRIMSON DR	146,000	323,000	469,000	15,898	29.50:1
218-753-16-00	1077 CRIMSON DR	295,000	345,000	640,000	15,898	40.26:1
218-760-01-00	702 VEREDA RD	178,000	302,000	480,000	17,079	28.10:1
218-760-02-00	704 VEREDA RD	149,817	351,655	501,472	17,079	29.36:1
218-760-03-00	706 VEREDA RD	206,000	243,000	449,000	17,079	26.29:1
218-760-04-00	708 VEREDA RD	183,000	282,000	465,000	17,079	27.23:1
218-760-05-00	712 VEREDA RD	169,000	321,000	490,000	17,079	28.69:1
218-760-06-00	714 VEREDA RD	168,241	193,476	361,717	17,079	21.18:1
218-760-07-00	718 VEREDA RD	167,850	270,425	438,275	17,079	25.66:1
218-760-08-00	792 SETTLERS CT	202,051	396,292	598,343	15,898	37.64:1
218-760-09-00	794 SETTLERS CT	163,000	327,000	490,000	15,898	30.82:1
218-760-10-00	796 SETTLERS CT	176,510	381,490	558,000	15,898	35.10:1
218-760-11-00	783 LAVENDER CT	170,000	340,000	510,000	15,898	32.08:1
218-760-12-00	781 LAVENDER CT	113,189	352,269	465,458	15,898	29.28:1
218-760-13-00	779 LAVENDER CT	161,000	349,000	510,000	15,898	32.08:1
218-760-14-00	775 LAVENDER CT	177,000	303,000	480,000	15,898	30.19:1
218-760-15-00	773 LAVENDER CT	155,000	355,000	510,000	15,898	32.08:1
218-760-16-00	795 SETTLERS CT	143,000	367,000	510,000	15,898	32.08:1
218-760-17-00	793 SETTLERS CT	175,280	338,352	513,632	15,898	32.31:1
218-760-18-00	791 SETTLERS CT	146,373	352,353	498,726	15,898	31.37:1
218-760-19-00	789 SETTLERS CT	171,878	321,644	493,522	15,898	31.04:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
218-760-20-00	787 SETTLERS CT	163,000	327,000	490,000	15,898	30.82:1
218-760-21-00	785 SETTLERS CT	230,000	280,000	510,000	15,898	32.08:1
218-760-22-00	778 SETTLERS CT	191,093	359,706	550,799	15,898	34.65:1
218-760-23-00	780 SETTLERS CT	170,000	400,000	570,000	15,898	35.85:1
218-760-24-00	784 SETTLERS CT	187,000	333,000	520,000	15,898	32.71:1
218-760-25-00	786 SETTLERS CT	245,625	278,375	524,000	15,898	32.96:1
218-760-26-00	788 SETTLERS CT	154,000	316,000	470,000	15,898	29.56:1
218-760-27-00	776 MANDEVILLA CT	160,821	427,184	588,005	14,940	39.36:1
218-760-28-00	778 MANDEVILLA CT	197,000	323,000	520,000	14,940	34.80:1
218-760-29-00	782 MANDEVILLA CT	244,000	236,000	480,000	14,940	32.13:1
218-760-30-00	717 VEREDA RD	151,819	358,862	510,681	14,940	34.18:1
218-760-31-00	713 VEREDA RD	169,000	352,000	521,000	17,079	30.50:1
218-760-32-00	711 VEREDA RD	117,033	273,096	390,129	17,079	22.84:1
218-761-01-00	798 SETTLERS CT	151,000	359,000	510,000	15,898	32.08:1
218-761-02-00	804 SETTLERS CT	151,129	292,183	443,312	15,898	27.88:1
218-761-03-00	806 SETTLERS CT	167,317	344,202	511,519	15,898	32.17:1
218-761-04-00	808 SETTLERS CT	151,071	268,929	420,000	15,898	26.42:1
218-761-05-00	812 SETTLERS CT	175,000	305,000	480,000	15,898	30.19:1
218-761-06-00	814 SETTLERS CT	154,000	356,000	510,000	15,898	32.08:1
218-761-07-00	816 SETTLERS CT	186,000	349,000	535,000	15,898	33.65:1
218-761-08-00	820 SETTLERS CT	200,000	330,000	530,000	15,898	33.34:1
218-761-09-00	822 SETTLERS CT	175,000	349,000	524,000	15,898	32.96:1
218-761-10-00	824 SETTLERS CT	235,000	290,000	525,000	15,898	33.02:1
218-761-11-00	828 SETTLERS CT	63,926	238,439	302,365	15,898	19.02:1
218-761-12-00	830 SETTLERS CT	165,000	365,000	530,000	15,898	33.34:1
218-761-13-00	744 BANYAN CT	23,073	94,672	117,745	15,898	7.41:1
218-761-14-00	746 BANYAN CT	155,000	297,000	452,000	15,898	28.43:1
218-761-15-00	748 BANYAN CT	151,000	339,000	490,000	15,898	30.82:1
218-761-16-00	750 BANYAN CT	180,000	300,000	480,000	15,898	30.19:1
218-761-17-00	754 BANYAN CT	179,000	311,000	490,000	15,898	30.82:1
218-761-18-00	756 BANYAN CT	36,113	72,965	109,078	15,898	6.86:1
218-761-19-00	758 BANYAN CT	189,000	329,000	518,000	15,898	32.58:1
218-761-20-00	760 BANYAN CT	200,000	330,000	530,000	15,898	33.34:1
218-761-21-00	759 BANYAN CT	168,000	362,000	530,000	15,898	33.34:1
218-761-22-00	757 BANYAN CT	184,000	306,000	490,000	15,898	30.82:1
218-761-23-00	755 BANYAN CT	205,000	300,000	505,000	15,898	31.76:1
218-761-24-00	751 BANYAN CT	201,882	458,118	660,000	15,898	41.51:1
218-761-25-00	749 BANYAN CT	190,000	295,000	485,000	15,898	30.51:1
218-761-26-00	747 BANYAN CT	163,000	233,000	396,000	15,898	24.91:1
218-761-27-00	835 SETTLERS CT	159,000	321,000	480,000	15,898	30.19:1
218-761-28-00	833 SETTLERS CT	144,000	346,000	490,000	15,898	30.82:1
218-761-29-00	831 SETTLERS CT	131,000	327,000	458,000	15,898	28.81:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
218-761-30-00	829 SETTLERS CT	155,000	335,000	490,000	15,898	30.82:1
218-761-31-00	825 SETTLERS CT	156,407	386,232	542,639	15,898	34.13:1
218-761-32-00	762 LAVENDER CT	214,000	250,000	464,000	15,898	29.19:1
218-761-33-00	764 LAVENDER CT	166,000	324,000	490,000	15,898	30.82:1
218-761-34-00	774 LAVENDER CT	170,000	320,000	490,000	15,898	30.82:1
218-761-35-00	771 LAVENDER CT	144,000	346,000	490,000	15,898	30.82:1
218-761-36-00	769 LAVENDER CT	161,000	329,000	490,000	15,898	30.82:1
218-761-37-00	765 LAVENDER CT	149,000	361,000	510,000	15,898	32.08:1
218-761-38-00	763 LAVENDER CT	167,317	386,926	554,243	15,898	34.86:1
218-761-39-00	797 SETTLERS CT	185,000	365,000	550,000	15,898	34.60:1
218-762-01-00	832 SETTLERS CT	193,000	337,000	530,000	15,898	33.34:1
218-762-02-00	834 SETTLERS CT	263,000	276,000	539,000	15,898	33.90:1
218-762-03-00	725 BANYAN CT	164,000	316,000	480,000	15,898	30.19:1
218-762-04-00	723 BANYAN CT	257,000	331,000	588,000	15,898	36.99:1
218-762-05-00	721 BANYAN CT	192,670	292,553	485,223	15,898	30.52:1
218-762-06-00	905 LANTANA CT	169,000	321,000	490,000	15,898	30.82:1
218-762-07-00	903 LANTANA CT	135,000	355,000	490,000	15,898	30.82:1
218-762-08-00	902 LANTANA CT	156,000	324,000	480,000	15,898	30.19:1
218-762-09-00	904 LANTANA CT	47,264	93,135	140,399	15,898	8.83:1
218-762-10-00	908 LANTANA CT	205,000	345,000	550,000	15,898	34.60:1
218-762-11-00	910 LANTANA CT	122,000	334,000	456,000	15,898	28.68:1
218-762-12-00	912 LANTANA CT	257,000	278,000	535,000	15,898	33.65:1
218-762-13-00	914 LANTANA CT	153,000	336,000	489,000	15,898	30.76:1
218-762-14-00	918 LANTANA CT	200,000	355,000	555,000	15,898	34.91:1
218-762-15-00	920 LANTANA CT	200,000	300,000	500,000	15,898	31.45:1
218-762-16-00	720 BANYAN CT	147,000	333,000	480,000	15,898	30.19:1
218-762-17-00	722 BANYAN CT	242,000	268,000	510,000	15,898	32.08:1
218-762-18-00	724 BANYAN CT	200,000	330,000	530,000	15,898	33.34:1
218-762-19-00	728 BANYAN CT	144,000	366,000	510,000	15,898	32.08:1
218-762-20-00	730 BANYAN CT	167,606	304,098	471,704	15,898	29.67:1
218-762-21-00	732 BANYAN CT	164,000	326,000	490,000	15,898	30.82:1
218-762-22-00	734 BANYAN CT	147,000	363,000	510,000	15,898	32.08:1
218-762-23-00	738 BANYAN CT	168,438	260,425	428,863	15,898	26.98:1
218-762-24-00	740 BANYAN CT	166,000	344,000	510,000	15,898	32.08:1
218-762-25-00	742 BANYAN CT	166,000	344,000	510,000	15,898	32.08:1
220-450-03-00	210 FALCON PL	150,000	305,000	455,000	14,530	31.31:1
220-450-04-00	214 FALCON PL	102,000	304,980	406,980	14,530	28.01:1
220-450-08-00	304 SUNBIRD CT	146,403	265,620	412,023	14,530	28.36:1
220-450-10-00	321 SUNBIRD CT	157,500	292,500	450,000	14,530	30.97:1
220-450-11-00	317 SUNBIRD CT	131,957	319,095	451,052	14,530	31.04:1
220-450-12-00	315 SUNBIRD CT	122,362	291,682	414,044	14,530	28.50:1
220-450-13-00	309 SUNBIRD CT	122,362	267,521	389,883	14,530	26.83:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
220-450-14-00	307 SUNBIRD CT	122,362	307,672	430,034	14,530	29.60:1
220-450-15-00	305 SUNBIRD CT	121,762	311,297	433,059	14,530	29.80:1
220-450-16-00	230 FALCON PL	160,221	281,948	442,169	14,530	30.43:1
220-450-17-00	232 FALCON PL	107,964	310,697	418,661	14,530	28.81:1
220-450-18-00	236 FALCON PL	122,362	271,120	393,482	14,530	27.08:1
220-450-23-00	227 FALCON PL	107,964	314,296	422,260	14,530	29.06:1
220-450-24-00	225 FALCON PL	180,000	223,397	403,397	14,530	27.76:1
220-450-25-00	223 FALCON PL	119,964	349,293	469,257	14,530	32.30:1
220-450-26-00	221 FALCON PL	131,957	295,713	427,670	14,530	29.43:1
220-450-27-00	219 FALCON PL	107,964	320,308	428,272	14,530	29.47:1
220-450-28-00	217 FALCON PL	140,000	223,500	363,500	14,530	25.02:1
220-450-33-00	202 FALCON PL	149,954	325,912	475,866	14,530	32.75:1
220-450-34-00	206 FALCON PL	120,000	270,000	390,000	14,530	26.84:1
220-450-35-00	237 FALCON PL	21,183	38,254	59,437	14,530	4.09:1
220-450-36-00	235 FALCON PL	160,000	265,000	425,000	14,530	29.25:1
220-450-37-00	233 FALCON PL	119,964	290,315	410,279	14,530	28.24:1
220-450-38-00	231 FALCON PL	191,353	390,164	581,517	14,530	40.02:1
220-450-40-00	308 SUNBIRD CT	129,559	330,010	459,569	14,530	31.63:1
220-450-41-00	216 FALCON PL	67,444	219,874	287,318	14,530	19.77:1
220-450-42-00	218 FALCON PL	151,153	334,326	485,479	14,530	33.41:1
220-450-43-00	220 FALCON PL	129,563	307,821	437,384	14,530	30.10:1
220-473-01-00	396 EDGEWATER DR	126,000	315,000	441,000	15,898	27.74:1
220-473-02-00	394 EDGEWATER DR	180,000	200,000	380,000	15,898	23.90:1
220-473-03-00	390 EDGEWATER DR	131,000	249,000	380,000	15,898	23.90:1
220-473-04-00	386 EDGEWATER DR	120,903	343,567	464,470	15,898	29.22:1
220-473-05-00	382 EDGEWATER DR	153,000	255,000	408,000	15,898	25.66:1
220-473-06-00	378 EDGEWATER DR	161,874	318,126	480,000	15,898	30.19:1
220-473-07-00	374 EDGEWATER DR	161,000	214,000	375,000	15,898	23.59:1
220-473-08-00	370 EDGEWATER DR	130,000	227,000	357,000	15,898	22.46:1
220-473-09-00	366 EDGEWATER DR	200,000	220,000	420,000	15,898	26.42:1
220-473-10-00	362 EDGEWATER DR	156,860	298,036	454,896	15,898	28.61:1
220-473-11-00	358 EDGEWATER DR	160,000	230,000	390,000	15,898	24.53:1
220-473-12-00	354 EDGEWATER DR	133,000	309,000	442,000	15,898	27.80:1
220-473-13-00	352 EDGEWATER DR	141,054	298,228	439,282	15,898	27.63:1
220-473-14-00	355 EDGEWATER DR	175,000	279,000	454,000	15,898	28.56:1
220-473-15-00	357 EDGEWATER DR	161,204	303,266	464,470	15,898	29.22:1
220-473-16-00	363 EDGEWATER DR	146,000	234,000	380,000	15,898	23.90:1
220-473-17-00	371 EDGEWATER DR	145,745	346,773	492,518	15,898	30.98:1
220-473-18-00	373 EDGEWATER DR	209,000	245,000	454,000	15,898	28.56:1
220-473-19-00	377 EDGEWATER DR	116,000	248,000	364,000	15,898	22.90:1
220-473-20-00	379 EDGEWATER DR	17,892	93,173	111,065	15,898	6.99:1
220-473-21-00	383 EDGEWATER DR	151,992	288,263	440,255	15,898	27.69:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
220-473-22-00	385 EDGEWATER DR	147,900	239,700	387,600	15,898	24.38:1
220-473-23-00	391 EDGEWATER DR	158,000	327,000	485,000	15,898	30.51:1
220-473-24-00	392 FLOWER HILL WAY	149,000	228,000	377,000	17,901	21.06:1
220-473-25-00	388 FLOWER HILL WAY	206,812	216,487	423,299	15,898	26.63:1
220-473-26-00	384 FLOWER HILL WAY	194,898	227,381	422,279	15,898	26.56:1
220-473-27-00	380 FLOWER HILL WAY	212,000	188,000	400,000	15,898	25.16:1
220-473-28-00	376 FLOWER HILL WAY	235,000	259,000	494,000	15,898	31.07:1
220-473-29-00	372 FLOWER HILL WAY	126,000	300,000	426,000	15,898	26.80:1
220-473-30-00	368 FLOWER HILL WAY	140,000	232,000	372,000	17,901	20.78:1
220-473-31-00	364 FLOWER HILL WAY	150,000	270,000	420,000	17,079	24.59:1
220-473-32-00	360 FLOWER HILL WAY	120,000	257,000	377,000	17,079	22.07:1
220-473-33-00	356 FLOWER HILL WAY	204,000	306,000	510,000	17,079	29.86:1
220-473-34-00	350 FLOWER HILL WAY	135,000	314,000	449,000	17,079	26.29:1
220-473-35-00	348 FLOWER HILL WAY	145,000	238,000	383,000	17,079	22.42:1
220-473-36-00	346 FLOWER HILL WAY	147,000	287,000	434,000	17,079	25.41:1
220-473-37-00	344 FLOWER HILL WAY	141,000	326,000	467,000	17,079	27.34:1
220-473-38-00	342 FLOWER HILL WAY	150,000	270,000	420,000	17,079	24.59:1
220-473-39-00	340 FLOWER HILL WAY	111,000	248,000	359,000	17,079	21.02:1
220-473-40-00	338 FLOWER HILL WAY	109,000	230,000	339,000	17,079	19.85:1
220-473-41-00	336 FLOWER HILL WAY	195,000	260,000	455,000	17,079	26.64:1
220-473-42-00	337 FLOWER HILL WAY	168,000	267,000	435,000	17,079	25.47:1
220-473-43-00	339 FLOWER HILL WAY	120,000	287,000	407,000	17,079	23.83:1
220-473-44-00	341 FLOWER HILL WAY	188,000	223,000	411,000	17,079	24.06:1
220-473-45-00	345 FLOWER HILL WAY	126,000	316,000	442,000	17,079	25.88:1
220-473-46-00	347 FLOWER HILL WAY	122,000	279,000	401,000	17,079	23.48:1
220-473-47-00	349 FLOWER HILL WAY	154,000	300,000	454,000	17,079	26.58:1
220-473-48-00	600 HILLSIDE WAY	148,214	211,786	360,000	17,079	21.08:1
220-473-49-00	604 HILLSIDE WAY	113,000	229,000	342,000	17,079	20.02:1
220-473-50-00	606 HILLSIDE WAY	146,403	294,899	441,302	17,079	25.84:1
220-473-51-00	608 HILLSIDE WAY	118,000	336,000	454,000	17,079	26.58:1
220-473-52-00	610 HILLSIDE WAY	112,000	252,000	364,000	17,079	21.31:1
220-473-53-00	609 HILLSIDE WAY	200,000	220,000	420,000	17,079	24.59:1
220-473-54-00	607 HILLSIDE WAY	153,000	316,200	469,200	17,079	27.47:1
220-473-55-00	605 HILLSIDE WAY	127,000	229,000	356,000	17,079	20.84:1
220-473-56-00	601 HILLSIDE WAY	120,000	206,000	326,000	17,079	19.09:1
220-473-57-00	615 EDGEWATER DR	106,000	237,000	343,000	17,079	20.08:1
220-473-58-00	617 EDGEWATER DR	150,000	270,000	420,000	17,079	24.59:1
220-473-59-00	619 EDGEWATER DR	213,000	254,000	467,000	17,079	27.34:1
220-473-60-00	621 EDGEWATER DR	129,000	255,000	384,000	17,079	22.48:1
220-473-61-00	623 EDGEWATER DR	124,000	226,000	350,000	17,079	20.49:1
220-473-62-00	380 SHELLY DR	166,000	229,000	395,000	15,898	24.85:1
220-474-01-00	625 EDGEWATER DR	146,000	230,000	376,000	17,079	22.01:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
220-474-02-00	627 EDGEWATER DR	129,000	267,000	396,000	17,079	23.19:1
220-474-03-00	629 EDGEWATER DR	167,000	228,000	395,000	17,079	23.13:1
220-474-04-00	631 EDGEWATER DR	144,000	310,000	454,000	17,079	26.58:1
220-474-05-00	633 EDGEWATER DR	159,000	261,000	420,000	17,079	24.59:1
220-474-06-00	635 EDGEWATER DR	153,000	213,000	366,000	17,079	21.43:1
220-474-07-00	637 EDGEWATER DR	137,000	317,000	454,000	17,079	26.58:1
220-474-08-00	639 EDGEWATER DR	127,000	242,000	369,000	17,079	21.60:1
220-474-09-00	641 EDGEWATER DR	130,822	327,055	457,877	17,079	26.81:1
220-474-10-00	670 SADDLEBACK WAY	176,000	244,000	420,000	17,079	24.59:1
220-474-11-00	676 SADDLEBACK WAY	169,000	298,000	467,000	17,079	27.34:1
220-474-12-00	680 SADDLEBACK WAY	189,000	161,000	350,000	17,079	20.49:1
220-474-13-00	682 SADDLEBACK WAY	183,000	219,000	402,000	17,079	23.54:1
220-474-14-00	684 SADDLEBACK WAY	210,989	258,210	469,199	17,079	27.47:1
220-474-15-00	686 SADDLEBACK WAY	175,000	224,000	399,000	17,079	23.36:1
220-474-16-00	688 SADDLEBACK WAY	155,000	207,000	362,000	17,901	20.22:1
220-474-17-00	690 SADDLEBACK WAY	177,000	269,000	446,000	17,901	24.91:1
220-474-18-00	692 SADDLEBACK WAY	150,000	270,000	420,000	17,901	23.46:1
220-474-19-00	694 SADDLEBACK WAY	178,000	202,000	380,000	17,901	21.23:1
220-474-20-00	696 SADDLEBACK WAY	160,000	273,000	433,000	17,901	24.19:1
220-474-21-00	698 SADDLEBACK WAY	159,000	295,000	454,000	17,901	25.36:1
220-474-22-00	693 SADDLEBACK WAY	146,000	274,000	420,000	17,901	23.46:1
220-474-23-00	691 SADDLEBACK WAY	173,000	269,000	442,000	17,901	24.69:1
220-474-24-00	689 SADDLEBACK WAY	155,000	217,000	372,000	17,901	20.78:1
220-474-25-00	687 SADDLEBACK WAY	146,403	295,953	442,356	17,079	25.90:1
220-474-26-00	685 SADDLEBACK WAY	173,400	243,780	417,180	17,079	24.43:1
220-474-27-00	683 SADDLEBACK WAY	193,000	268,000	461,000	17,079	26.99:1
220-474-28-00	681 SADDLEBACK WAY	182,000	251,000	433,000	17,079	25.35:1
220-474-29-00	679 SADDLEBACK WAY	178,000	225,000	403,000	17,079	23.60:1
220-474-30-00	677 SADDLEBACK WAY	185,000	269,000	454,000	17,079	26.58:1
220-474-31-00	640 EDGEWATER DR	137,000	243,000	380,000	17,079	22.25:1
220-474-32-00	638 EDGEWATER DR	161,000	306,000	467,000	17,079	27.34:1
220-474-33-00	634 EDGEWATER DR	146,000	274,000	420,000	17,079	24.59:1
220-474-34-00	632 EDGEWATER DR	155,000	225,000	380,000	17,079	22.25:1
220-474-35-00	630 EDGEWATER DR	165,900	214,100	380,000	17,079	22.25:1
220-474-36-00	628 EDGEWATER DR	158,000	309,000	467,000	17,079	27.34:1
220-474-37-00	624 EDGEWATER DR	134,000	237,000	371,000	17,079	21.72:1
220-474-38-00	620 EDGEWATER DR	157,234	205,976	363,210	17,079	21.27:1
220-475-01-00	643 EDGEWATER DR	33,228	85,587	118,815	17,079	6.96:1
220-475-02-00	645 EDGEWATER DR	153,000	224,000	377,000	17,079	22.07:1
220-475-03-00	647 EDGEWATER DR	173,000	207,000	380,000	17,079	22.25:1
220-475-04-00	649 EDGEWATER DR	176,000	278,000	454,000	17,079	26.58:1
220-475-05-00	675 SADDLEBACK WAY	144,000	288,000	432,000	17,079	25.29:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
220-475-06-00	673 SADDLEBACK WAY	219,000	250,000	469,000	17,079	27.46:1
220-475-07-00	651 EDGEWATER DR	153,000	249,000	402,000	17,079	23.54:1
220-475-08-00	653 EDGEWATER DR	178,000	276,000	454,000	17,079	26.58:1
220-475-09-00	655 EDGEWATER DR	167,000	203,000	370,000	17,079	21.66:1
220-475-10-00	657 EDGEWATER DR	179,000	275,000	454,000	17,079	26.58:1
220-475-11-00	659 EDGEWATER DR	161,403	292,992	454,395	17,079	26.60:1
220-475-12-00	661 EDGEWATER DR	195,000	219,000	414,000	17,079	24.24:1
220-475-13-00	663 EDGEWATER DR	165,000	247,000	412,000	17,079	24.12:1
220-475-14-00	665 EDGEWATER DR	189,000	216,000	405,000	17,079	23.71:1
220-475-15-00	667 EDGEWATER DR	163,000	247,000	410,000	17,079	24.01:1
220-475-16-00	669 EDGEWATER DR	214,000	255,000	469,000	17,079	27.46:1
220-475-17-00	668 EDGEWATER DR	186,000	294,000	480,000	17,079	28.10:1
220-475-18-00	664 EDGEWATER DR	218,000	185,000	403,000	17,079	23.60:1
220-475-19-00	662 EDGEWATER DR	214,000	233,000	447,000	17,079	26.17:1
220-475-20-00	660 EDGEWATER DR	191,000	276,000	467,000	17,079	27.34:1
220-475-21-00	658 EDGEWATER DR	168,000	219,000	387,000	17,079	22.66:1
220-475-22-00	656 EDGEWATER DR	199,000	272,000	471,000	17,079	27.58:1
220-475-23-00	654 EDGEWATER DR	200,000	303,000	503,000	17,079	29.45:1
220-475-24-00	652 EDGEWATER DR	188,000	266,000	454,000	17,079	26.58:1
220-475-25-00	650 EDGEWATER DR	166,000	223,000	389,000	17,079	22.78:1
220-475-26-00	648 EDGEWATER DR	150,000	270,000	420,000	17,079	24.59:1
220-475-27-00	646 EDGEWATER DR	169,000	298,000	467,000	17,079	27.34:1
220-475-28-00	644 EDGEWATER DR	171,280	287,146	458,426	17,079	26.84:1
220-475-29-00	642 EDGEWATER DR	162,000	292,000	454,000	17,079	26.58:1
220-510-01-00	633 BUSH LN	153,000	163,000	316,000	17,901	17.65:1
220-510-02-00	629 BUSH LN	143,000	187,000	330,000	17,901	18.43:1
220-510-03-00	625 BUSH LN	137,000	205,000	342,000	17,901	19.11:1
220-510-04-00	621 BUSH LN	136,000	201,000	337,000	17,901	18.83:1
220-510-05-00	617 BUSH LN	110,000	198,000	308,000	17,901	17.21:1
220-510-06-00	613 BUSH LN	172,415	204,208	376,623	17,901	21.04:1
220-510-07-00	614 BUSH LN	156,000	154,000	310,000	17,901	17.32:1
220-510-08-00	618 BUSH LN	134,871	177,462	312,333	17,901	17.45:1
220-510-09-00	622 BUSH LN	142,000	188,000	330,000	17,901	18.43:1
220-510-10-00	626 BUSH LN	143,415	191,220	334,635	17,901	18.69:1
220-510-11-00	630 BUSH LN	129,040	187,057	316,097	17,901	17.66:1
220-510-12-00	635 ALLISON LN	159,000	161,000	320,000	17,901	17.88:1
220-510-13-00	631 ALLISON LN	104,823	197,998	302,821	17,901	16.92:1
220-510-14-00	627 ALLISON LN	124,848	223,686	348,534	17,901	19.47:1
220-510-15-00	623 ALLISON LN	143,000	165,000	308,000	17,901	17.21:1
220-510-16-00	619 ALLISON LN	161,268	178,941	340,209	17,901	19.01:1
220-510-17-00	615 ALLISON LN	151,129	233,746	384,875	17,901	21.50:1
220-510-18-00	611 ALLISON LN	100,514	252,290	352,804	17,901	19.71:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
220-510-19-00	607 ALLISON LN	140,000	168,000	308,000	17,901	17.21:1
220-510-20-00	603 ALLISON LN	161,678	166,047	327,725	17,901	18.31:1
220-510-21-00	604 ALLISON LN	164,353	198,357	362,710	17,901	20.26:1
220-510-22-00	608 ALLISON LN	146,403	209,148	355,551	17,901	19.86:1
220-510-23-00	612 ALLISON LN	138,000	170,000	308,000	17,901	17.21:1
220-510-24-00	616 ALLISON LN	174,563	193,184	367,747	17,901	20.54:1
220-510-25-00	620 ALLISON LN	144,000	198,000	342,000	17,901	19.11:1
220-510-26-00	624 ALLISON LN	159,019	215,981	375,000	17,901	20.95:1
220-510-27-00	628 ALLISON LN	136,000	172,000	308,000	17,901	17.21:1
220-510-28-00	632 ALLISON LN	157,000	178,000	335,000	17,901	18.71:1
220-510-29-00	659 CANOPY DR	163,964	226,036	390,000	17,901	21.79:1
220-510-30-00	655 CANOPY DR	164,000	166,000	330,000	17,901	18.43:1
220-510-31-00	651 CANOPY DR	132,600	183,600	316,200	17,901	17.66:1
220-510-32-00	647 CANOPY DR	178,000	142,000	320,000	17,901	17.88:1
220-510-33-00	643 CANOPY DR	190,000	185,000	375,000	17,901	20.95:1
220-510-34-00	639 CANOPY DR	139,312	245,688	385,000	17,901	21.51:1
220-510-35-00	635 CANOPY DR	176,317	215,611	391,928	17,901	21.89:1
220-510-36-00	640 CANOPY DR	144,000	156,000	300,000	17,901	16.76:1
220-510-37-00	636 CANOPY DR	110,714	199,286	310,000	17,901	17.32:1
220-510-38-00	594 CANOPY DR	179,000	170,000	349,000	17,901	19.50:1
220-510-39-00	590 CANOPY DR	162,000	173,000	335,000	17,901	18.71:1
222-580-01-00	2138 COAST AVE	221,021	291,179	512,200	15,552	32.93:1
222-580-02-00	2136 COAST AVE	307,958	244,494	552,452	15,552	35.52:1
222-580-03-00	2134 COAST AVE	200,000	383,000	583,000	15,552	37.49:1
222-580-04-00	2132 COAST AVE	244,728	277,642	522,370	15,552	33.59:1
222-580-05-00	2130 COAST AVE	244,728	390,926	635,654	15,552	40.87:1
222-580-06-00	2128 COAST AVE	339,000	321,000	660,000	15,552	42.44:1
222-580-07-00	2126 COAST AVE	282,617	480,448	763,065	15,552	49.06:1
222-580-08-00	2147 ROCKY POINT WAY	322,000	375,000	697,000	15,940	43.73:1
222-580-09-00	2149 ROCKY POINT WAY	287,916	368,568	656,484	15,940	41.18:1
222-580-10-00	2153 ROCKY POINT WAY	272,249	387,751	660,000	15,940	41.41:1
222-580-11-00	2155 ROCKY POINT WAY	328,000	372,000	700,000	15,940	43.91:1
222-580-12-00	2159 ROCKY POINT WAY	234,000	386,000	620,000	15,940	38.90:1
222-580-13-00	2161 ROCKY POINT WAY	421,000	339,000	760,000	15,940	47.68:1
222-580-14-00	2165 ROCKY POINT WAY	254,325	369,950	624,275	15,940	39.16:1
222-580-15-00	2167 ROCKY POINT WAY	254,325	408,962	663,287	15,940	41.61:1
222-580-16-00	2171 ROCKY POINT WAY	431,000	467,000	898,000	15,940	56.34:1
222-580-17-00	2172 ROCKY POINT WAY	230,000	570,000	800,000	15,940	50.19:1
222-580-18-00	2170 ROCKY POINT WAY	274,000	468,000	742,000	15,940	46.55:1
222-580-19-00	2168 ROCKY POINT WAY	257,443	424,213	681,656	15,940	42.76:1
222-580-21-00	2160 ROCKY POINT WAY	220,000	339,000	559,000	15,940	35.07:1
222-580-22-00	2158 ROCKY POINT WAY	255,000	356,000	611,000	15,940	38.33:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
222-580-23-00	2154 ROCKY POINT WAY	322,000	369,000	691,000	15,940	43.35:1
222-580-24-00	2152 ROCKY POINT WAY	287,916	302,194	590,110	15,940	37.02:1
222-580-25-00	2150 ROCKY POINT WAY	225,533	447,666	673,199	15,940	42.23:1
222-580-26-00	1208 ISLAND DR	311,998	417,301	729,299	15,940	45.75:1
222-580-27-00	1204 ISLAND DR	287,916	360,976	648,892	15,940	40.71:1
222-580-28-00	1200 ISLAND DR	408,000	387,600	795,600	15,940	49.91:1
222-581-01-00	2156 COAST AVE	236,989	468,281	705,270	15,940	44.25:1
222-581-02-00	2154 COAST AVE	257,323	297,993	555,316	15,940	34.84:1
222-581-03-00	2150 COAST AVE	280,500	270,300	550,800	15,552	35.42:1
222-581-04-00	2148 COAST AVE	248,000	452,000	700,000	15,552	45.01:1
222-581-05-00	2146 COAST AVE	385,000	260,000	645,000	15,552	41.47:1
222-581-06-00	2144 COAST AVE	267,000	315,000	582,000	15,552	37.42:1
222-581-07-00	2142 COAST AVE	248,000	379,000	627,000	15,552	40.32:1
222-581-08-00	2140 COAST AVE	275,320	409,391	684,711	15,552	44.03:1
222-581-09-00	2155 COAST AVE	314,099	419,662	733,761	15,940	46.03:1
222-581-10-00	2153 COAST AVE	280,000	420,000	700,000	15,940	43.91:1
222-581-11-00	2151 COAST AVE	257,925	297,393	555,318	15,552	35.71:1
222-581-12-00	2147 COAST AVE	360,000	400,000	760,000	15,552	48.87:1
222-581-13-00	2145 COAST AVE	314,781	449,911	764,692	15,552	49.17:1
222-581-14-00	2143 COAST AVE	359,000	321,000	680,000	15,552	43.72:1
222-581-15-00	2139 COAST AVE	301,000	379,000	680,000	15,552	43.72:1
222-581-16-00	2135 COAST AVE	150,039	299,594	449,633	15,552	28.91:1
222-581-17-00	2131 COAST AVE	289,391	348,017	637,408	15,552	40.99:1
222-581-18-00	2129 COAST AVE	289,391	446,514	735,905	15,552	47.32:1
222-581-19-00	2125 COAST AVE	221,158	370,441	591,599	15,552	38.04:1
222-581-20-00	2110 CRYSTAL COVE WAY	287,916	333,103	621,019	15,940	38.96:1
222-581-21-00	2112 CRYSTAL COVE WAY	232,611	319,109	551,720	15,940	34.61:1
222-581-22-00	2114 CRYSTAL COVE WAY	283,000	431,000	714,000	15,940	44.79:1
222-581-23-00	2116 CRYSTAL COVE WAY	272,000	368,000	640,000	15,940	40.15:1
222-581-24-00	2118 CRYSTAL COVE WAY	287,916	309,493	597,409	15,940	37.48:1
222-581-25-00	2120 CRYSTAL COVE WAY	287,916	352,309	640,225	15,940	40.16:1
222-581-26-00	2122 CRYSTAL COVE WAY	287,916	401,689	689,605	15,940	43.26:1
222-581-27-00	2117 CRYSTAL COVE WAY	272,000	553,000	825,000	15,940	51.76:1
222-581-28-00	2115 CRYSTAL COVE WAY	287,916	308,760	596,676	15,940	37.43:1
222-581-29-00	2113 CRYSTAL COVE WAY	287,916	401,135	689,051	15,940	43.23:1
222-700-01-00	1201 WHITE SANDS DR	155,951	377,890	533,841	15,552	34.33:1
222-700-02-00	1203 WHITE SANDS DR	265,000	272,000	537,000	15,552	34.53:1
222-700-03-00	1205 WHITE SANDS DR	207,579	320,265	527,844	15,552	33.94:1
222-700-04-00	1207 WHITE SANDS DR	208,017	284,448	492,465	14,138	34.83:1
222-700-05-00	1209 WHITE SANDS DR	163,205	353,609	516,814	15,552	33.23:1
222-700-06-00	2140 SUN VALLEY RD	239,930	341,901	581,831	15,552	37.41:1
222-700-07-00	2138 SUN VALLEY RD	327,000	273,000	600,000	15,552	38.58:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
222-700-08-00	2134 SUN VALLEY RD	330,000	270,000	600,000	15,940	37.64:1
222-700-09-00	2132 SUN VALLEY RD	171,309	393,975	565,284	15,552	36.35:1
222-700-10-00	2130 SUN VALLEY RD	220,000	305,000	525,000	14,138	37.13:1
222-700-11-00	1200 WHITE SANDS DR	208,017	321,141	529,158	15,552	34.02:1
222-700-12-00	1202 WHITE SANDS DR	149,000	426,000	575,000	15,552	36.97:1
222-700-13-00	1204 WHITE SANDS DR	199,894	340,705	540,599	15,552	34.76:1
222-700-14-00	1206 WHITE SANDS DR	160,294	275,320	435,614	14,138	30.81:1
222-700-15-00	1208 WHITE SANDS DR	290,000	280,000	570,000	15,552	36.65:1
222-700-16-00	1210 WHITE SANDS DR	293,000	307,000	600,000	15,552	38.58:1
222-700-17-00	1212 WHITE SANDS DR	309,000	267,000	576,000	15,552	37.04:1
222-700-18-00	1218 WHITE SANDS DR	238,737	330,386	569,123	15,552	36.59:1
222-700-19-00	1220 WHITE SANDS DR	146,835	281,313	428,148	14,138	30.28:1
222-700-20-00	1224 WHITE SANDS DR	306,000	300,900	606,900	15,552	39.02:1
222-701-01-00	2128 SUN VALLEY RD	132,000	468,000	600,000	15,552	38.58:1
222-701-02-00	2124 SUN VALLEY RD	132,255	198,863	331,118	14,138	23.42:1
222-701-03-00	2122 SUN VALLEY RD	340,247	298,753	639,000	15,552	41.09:1
222-701-04-00	2120 SUN VALLEY RD	223,000	266,000	489,000	15,552	31.44:1
222-701-05-00	2118 SUN VALLEY RD	171,309	338,827	510,136	15,552	32.80:1
222-701-06-00	2116 SUN VALLEY RD	331,000	245,000	576,000	15,552	37.04:1
222-701-07-00	2114 SUN VALLEY RD	171,309	409,341	580,650	15,552	37.34:1
222-701-08-00	2110 SUN VALLEY RD	275,000	269,000	544,000	14,490	37.54:1
222-701-09-00	2108 SUN VALLEY RD	203,937	379,832	583,769	15,940	36.62:1
222-701-10-00	2106 SUN VALLEY RD	118,636	293,234	411,870	15,940	25.84:1
222-701-11-00	2104 SUN VALLEY RD	179,947	450,027	629,974	15,940	39.52:1
222-701-12-00	2102 SUN VALLEY RD	203,937	255,404	459,341	14,490	31.70:1
222-701-13-00	2100 SUN VALLEY RD	177,317	152,766	330,083	15,940	20.71:1
222-701-14-00	2101 SUN VALLEY RD	210,000	385,000	595,000	15,940	37.33:1
222-701-15-00	2105 SUN VALLEY RD	246,831	299,046	545,877	14,490	37.67:1
222-701-16-00	2107 SUN VALLEY RD	292,000	247,000	539,000	15,940	33.81:1
222-701-17-00	2109 SUN VALLEY RD	31,404	98,862	130,266	15,940	8.17:1
222-701-18-00	2113 SUN VALLEY RD	203,000	478,000	681,000	15,552	43.79:1
222-701-19-00	2115 SUN VALLEY RD	171,309	386,719	558,028	15,552	35.88:1
222-701-20-00	2117 SUN VALLEY RD	282,000	256,000	538,000	15,552	34.59:1
222-701-21-00	2119 SUN VALLEY RD	171,309	311,088	482,397	15,552	31.02:1
222-702-01-00	2121 SUN VALLEY RD	298,577	280,752	579,329	14,138	40.98:1
222-702-02-00	1205 SAND DOLLAR WAY	212,946	386,199	599,145	15,552	38.52:1
222-702-03-00	1207 SAND DOLLAR WAY	171,309	411,514	582,823	15,552	37.48:1
222-702-04-00	1209 SAND DOLLAR WAY	305,000	215,000	520,000	14,138	36.78:1
222-702-05-00	1215 SAND DOLLAR WAY	171,309	303,341	474,650	15,552	30.52:1
222-702-06-00	1217 SAND DOLLAR WAY	234,718	458,108	692,826	15,552	44.55:1
222-702-07-00	1219 SAND DOLLAR WAY	182,287	381,047	563,334	15,552	36.22:1
222-702-08-00	1222 SAND DOLLAR WAY	171,309	281,313	452,622	14,138	32.01:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
222-702-09-00	1220 SAND DOLLAR WAY	171,309	324,142	495,451	15,552	31.86:1
222-702-10-00	1218 SAND DOLLAR WAY	171,309	478,484	649,793	15,552	41.78:1
222-702-11-00	1216 SAND DOLLAR WAY	171,309	377,986	549,295	15,552	35.32:1
222-702-12-00	1212 SAND DOLLAR WAY	92,576	261,018	353,594	15,552	22.74:1
222-702-13-00	1210 SAND DOLLAR WAY	171,309	420,891	592,200	15,552	38.08:1
222-702-14-00	1208 SAND DOLLAR WAY	315,000	275,100	590,100	15,552	37.94:1
222-702-15-00	1206 SAND DOLLAR WAY	190,362	489,371	679,733	15,552	43.71:1
222-702-16-00	1202 SAND DOLLAR WAY	308,000	212,000	520,000	14,138	36.78:1
222-702-17-00	2133 SUN VALLEY RD	298,000	327,000	625,000	15,552	40.19:1
222-702-18-00	2135 SUN VALLEY RD	131,256	202,757	334,013	14,138	23.63:1
222-702-19-00	1215 WHITE SANDS DR	245,000	330,000	575,000	15,552	36.97:1
222-702-20-00	1219 WHITE SANDS DR	200,000	360,000	560,000	15,552	36.01:1
222-702-21-00	1221 WHITE SANDS DR	262,425	299,575	562,000	14,138	39.75:1
222-702-22-00	1225 WHITE SANDS DR	251,156	342,336	593,492	15,552	38.16:1
222-702-23-00	1227 WHITE SANDS DR	175,424	325,799	501,223	15,552	32.23:1
222-702-24-00	1229 WHITE SANDS DR	208,017	324,158	532,175	15,552	34.22:1
222-710-01-00	2195 COAST AVE	299,914	279,518	579,432	15,552	37.26:1
222-710-02-00	2193 COAST AVE	263,000	337,000	600,000	15,552	38.58:1
222-710-03-00	2191 COAST AVE	358,000	375,000	733,000	15,552	47.13:1
222-710-04-00	2189 COAST AVE	305,912	261,736	567,648	15,552	36.50:1
222-710-05-00	2187 COAST AVE	201,506	403,012	604,518	15,552	38.87:1
222-710-06-00	2185 COAST AVE	330,000	355,000	685,000	15,552	44.05:1
222-710-07-00	2183 COAST AVE	266,247	221,409	487,656	15,552	31.36:1
222-710-08-00	2181 COAST AVE	313,000	317,000	630,000	15,552	40.51:1
222-710-09-00	2179 COAST AVE	263,921	317,786	581,707	15,940	36.49:1
222-710-10-00	2177 COAST AVE	260,000	412,000	672,000	15,940	42.16:1
222-710-11-00	2175 COAST AVE	360,000	355,000	715,000	15,940	44.86:1
222-710-12-00	2173 COAST AVE	121,276	276,529	397,805	15,940	24.96:1
222-710-13-00	2171 COAST AVE	300,000	350,000	650,000	15,940	40.78:1
222-710-14-00	2198 COAST AVE	238,961	351,039	590,000	15,552	37.94:1
222-710-15-00	2196 COAST AVE	257,000	357,000	614,000	15,552	39.48:1
222-710-16-00	2194 COAST AVE	267,166	435,924	703,090	15,552	45.21:1
222-710-17-00	2192 COAST AVE	250,846	277,642	528,488	15,552	33.98:1
222-710-18-00	2190 COAST AVE	300,000	390,000	690,000	15,552	44.37:1
222-710-19-00	2188 COAST AVE	250,846	270,425	521,271	15,552	33.52:1
222-710-20-00	2186 COAST AVE	250,846	273,974	524,820	15,552	33.75:1
222-710-21-00	1270 SUMMIT POINT WAY	299,914	426,921	726,835	15,940	45.60:1
222-710-22-00	1268 SUMMIT POINT WAY	286,000	389,000	675,000	15,940	42.35:1
222-710-23-00	1266 SUMMIT POINT WAY	299,914	368,174	668,088	15,940	41.91:1
222-710-24-00	1264 SUMMIT POINT WAY	299,914	403,565	703,479	15,940	44.13:1
222-710-25-00	1262 SUMMIT POINT WAY	299,914	401,857	701,771	15,940	44.03:1
222-710-26-00	1260 SUMMIT POINT WAY	299,914	519,385	819,299	15,940	51.40:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
222-710-27-00	1258 SUMMIT POINT WAY	299,914	389,767	689,681	15,940	43.27:1
222-710-28-00	1256 SUMMIT POINT WAY	300,000	350,000	650,000	15,940	40.78:1
222-710-29-00	2166 COAST AVE	257,323	316,230	573,553	15,940	35.98:1
222-710-30-00	2164 COAST AVE	181,355	423,162	604,517	15,940	37.92:1
222-710-31-00	2160 COAST AVE	255,000	425,000	680,000	15,940	42.66:1
222-710-32-00	2158 COAST AVE	257,323	300,437	557,760	15,940	34.99:1
222-710-33-00	2165 COAST AVE	332,000	368,000	700,000	15,940	43.91:1
222-710-34-00	2163 COAST AVE	286,000	360,000	646,000	15,940	40.53:1
222-710-35-00	2161 COAST AVE	196,000	474,000	670,000	15,940	42.03:1
222-710-36-00	2159 COAST AVE	241,807	414,094	655,901	15,940	41.15:1
222-710-37-00	2157 COAST AVE	257,323	409,524	666,847	15,940	41.84:1
222-720-01-00	2116 SEA ISLAND PL	98,343	274,689	373,032	15,940	23.40:1
222-720-02-00	2118 SEA ISLAND PL	259,123	335,712	594,835	15,940	37.32:1
222-720-03-00	2120 SEA ISLAND PL	285,000	380,000	665,000	15,552	42.76:1
222-720-04-00	2122 SEA ISLAND PL	301,913	384,439	686,352	15,552	44.13:1
222-720-05-00	2124 SEA ISLAND PL	232,000	376,000	608,000	15,552	39.09:1
222-720-06-00	2126 SEA ISLAND PL	152,766	384,598	537,364	15,552	34.55:1
222-720-07-00	2128 SEA ISLAND PL	435,000	322,000	757,000	15,552	48.67:1
222-720-08-00	2130 SEA ISLAND PL	259,123	455,804	714,927	15,940	44.85:1
222-720-09-00	2132 SEA ISLAND PL	300,618	408,281	708,899	15,940	44.47:1
222-720-10-00	2134 SEA ISLAND PL	183,607	226,619	410,226	15,940	25.74:1
222-720-11-00	2136 SEA ISLAND DR	299,914	331,104	631,018	15,940	39.59:1
222-720-12-00	2138 SEA ISLAND PL	261,000	389,000	650,000	15,940	40.78:1
222-720-13-00	2140 SEA ISLAND PL	369,000	260,000	629,000	15,940	39.46:1
222-720-14-00	2142 SEA ISLAND PL	350,000	379,000	729,000	15,940	45.73:1
222-720-15-00	2163 GOYA PL	235,000	325,000	560,000	15,940	35.13:1
222-720-16-00	2159 GOYA PL	215,936	334,083	550,019	15,940	34.51:1
222-720-17-00	2157 GOYA PL	280,500	336,600	617,100	15,940	38.71:1
222-720-18-00	2155 GOYA PL	179,947	348,244	528,191	15,940	33.14:1
222-720-19-00	2153 GOYA PL	247,000	341,000	588,000	15,552	37.81:1
222-720-20-00	2151 GOYA PL	231,147	271,706	502,853	15,552	32.33:1
222-720-21-00	2150 GOYA PL	261,000	305,000	566,000	15,552	36.39:1
222-720-22-00	2152 GOYA PL	270,000	320,000	590,000	15,552	37.94:1
222-720-23-00	2156 GOYA PL	220,053	391,840	611,893	15,940	38.39:1
222-720-24-00	2158 GOYA PL	239,930	370,399	610,329	15,940	38.29:1
222-720-25-00	2160 GOYA PL	221,935	391,533	613,468	15,940	38.49:1
222-720-26-00	2125 SEA ISLAND PL	279,000	254,000	533,000	15,940	33.44:1
222-720-27-00	2123 SEA ISLAND PL	254,325	256,345	510,670	15,940	32.04:1
222-720-28-00	2121 SEA ISLAND PL	201,506	433,137	634,643	15,940	39.81:1
222-720-29-00	2119 SEA ISLAND PL	321,300	321,300	642,600	15,940	40.31:1
222-720-30-00	2117 SEA ISLAND PL	235,292	444,441	679,733	15,940	42.64:1
222-720-31-00	2115 SEA ISLAND PL	254,325	306,473	560,798	15,940	35.18:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
222-720-32-00	1233 WHITE SANDS DR	231,147	291,226	522,373	15,552	33.59:1
222-720-33-00	1235 WHITE SANDS DR	187,000	409,000	596,000	15,552	38.32:1
222-720-34-00	1237 WHITE SANDS DR	231,147	291,601	522,748	15,552	33.61:1
222-720-35-00	1239 WHITE SANDS DR	254,000	276,000	530,000	15,552	34.08:1
222-721-01-00	2144 SEA ISLAND PL	231,882	398,118	630,000	15,940	39.52:1
222-721-02-00	SEA ISLAND PL	239,930	346,580	586,510	15,940	36.80:1
222-721-03-00	2148 SEA ISLAND PL	468,180	418,660	886,840	15,940	55.64:1
222-721-04-00	2150 SEA ISLAND PL	226,134	372,700	598,834	15,940	37.57:1
222-721-05-00	2147 SEA ISLAND PL	179,947	332,138	512,085	15,940	32.13:1
222-721-06-00	2145 SEA ISLAND PL	320,000	350,000	670,000	15,940	42.03:1
222-721-07-00	2143 SEA ISLAND PL	230,654	381,852	612,506	15,940	38.43:1
222-721-08-00	1242 WHITE SANDS DR	231,147	328,364	559,511	15,552	35.98:1
222-721-09-00	1244 WHITE SANDS DR	360,000	325,000	685,000	15,552	44.05:1
222-721-10-00	1248 WHITE SANDS DR	232,492	427,053	659,545	15,552	42.41:1
222-721-11-00	1250 WHITE SANDS DR	232,492	336,715	569,207	15,552	36.60:1
222-721-12-00	1252 WHITE SANDS DR	281,439	330,905	612,344	15,552	39.37:1
222-721-13-00	1254 WHITE SANDS DR	279,000	329,000	608,000	15,552	39.09:1
222-721-14-00	1258 WHITE SANDS DR	294,034	505,622	799,656	15,552	51.42:1
222-721-15-00	1260 WHITE SANDS DR	244,728	468,328	713,056	15,552	45.85:1
222-721-16-00	1262 WHITE SANDS DR	289,391	366,481	655,872	15,552	42.17:1
222-721-19-00	1261 WHITE SANDS DR	289,391	259,901	549,292	15,552	35.32:1
222-721-20-00	1259 WHITE SANDS DR	222,000	405,000	627,000	15,552	40.32:1
222-721-21-00	1257 WHITE SANDS DR	279,744	362,855	642,599	15,552	41.32:1
222-721-22-00	1253 WHITE SANDS DR	244,728	457,592	702,320	15,552	45.16:1
222-721-23-00	1241 WHITE SANDS DR	257,178	283,421	540,599	15,552	34.76:1
222-721-24-00	1243 WHITE SANDS DR	157,234	393,086	550,320	15,552	35.39:1
222-721-25-00	1245 WHITE SANDS DR	157,191	424,208	581,399	15,552	37.38:1
222-721-26-00	1247 WHITE SANDS DR	235,944	283,058	519,002	15,552	33.37:1
222-721-27-00	1264 WHITE SANDS DR	293,674	476,853	770,527	15,552	49.54:1
222-721-28-00	1263 WHITE SANDS DR	311,000	445,000	756,000	15,552	48.61:1
222-730-04-00	1281 EMERALD SEA WAY	45,194	148,109	193,303	14,138	13.67:1
222-730-05-00	1285 EMERALD SEA WAY	269,000	251,000	520,000	14,138	36.78:1
222-730-06-00	1294 EMERALD SEA WAY	171,309	233,200	404,509	14,138	28.61:1
222-730-07-00	1292 EMERALD SEA WAY	171,309	252,434	423,743	14,138	29.97:1
222-730-08-00	1290 EMERALD SEA WAY	211,668	362,591	574,259	14,138	40.62:1
222-730-09-00	1288 EMERALD SEA WAY	278,000	242,000	520,000	12,723	40.87:1
222-730-10-00	1286 EMERALD SEA WAY	171,309	334,549	505,858	14,138	35.78:1
222-730-11-00	1284 EMERALD SEA WAY	171,309	260,512	431,821	14,138	30.54:1
222-730-12-00	1278 EMERALD SEA WAY	171,309	295,419	466,728	12,723	36.68:1
222-730-13-00	1276 EMERALD SEA WAY	119,964	323,906	443,870	14,138	31.40:1
222-730-17-00	1275 EMERALD SEA WAY	111,731	253,726	365,457	14,138	25.85:1
222-730-18-00	1277 EMERALD SEA WAY	197,000	312,000	509,000	14,138	36.00:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
222-730-19-00	1279 EMERALD SEA WAY	266,000	214,000	480,000	14,138	33.95:1
222-740-01-00	2174 ISLAND SHORE WAY	146,835	280,852	427,687	14,138	30.25:1
222-740-02-00	2172 ISLAND SHORE WAY	146,835	265,069	411,904	14,138	29.13:1
222-740-03-00	2170 ISLAND SHORE WAY	146,835	264,799	411,634	14,138	29.12:1
222-740-04-00	2168 ISLAND SHORE WAY	146,835	218,908	365,743	14,138	25.87:1
222-740-05-00	2166 ISLAND SHORE WAY	211,877	255,262	467,139	12,723	36.71:1
222-740-06-00	2164 ISLAND SHORE WAY	257,299	277,881	535,180	14,138	37.85:1
222-740-07-00	2162 ISLAND SHORE WAY	169,323	283,540	452,863	14,138	32.03:1
222-740-08-00	2160 ISLAND SHORE WAY	190,000	255,000	445,000	12,723	34.97:1
222-740-09-00	2158 ISLAND SHORE WAY	171,309	236,830	408,139	14,138	28.87:1
222-740-10-00	2156 ISLAND SHORE WAY	171,000	227,000	398,000	14,138	28.15:1
222-740-11-00	2154 ISLAND SHORE WAY	171,309	215,238	386,547	14,138	27.34:1
222-740-12-00	2152 ISLAND SHORE WAY	255,000	225,000	480,000	14,138	33.95:1
222-740-13-00	2150 ISLAND SHORE WAY	164,000	286,000	450,000	14,138	31.83:1
222-740-14-00	2148 ISLAND SHORE WAY	165,190	209,120	374,310	12,723	29.42:1
222-740-15-00	2146 ISLAND SHORE WAY	165,190	208,300	373,490	12,723	29.35:1
222-740-16-00	2142 ISLAND SHORE WAY	171,309	227,474	398,783	14,138	28.21:1
222-740-17-00	2140 ISLAND SHORE WAY	171,309	272,157	443,466	12,723	34.85:1
222-740-18-00	2141 ISLAND SHORE WAY	187,000	331,000	518,000	14,138	36.64:1
222-740-19-00	2145 ISLAND SHORE WAY	260,000	270,000	530,000	12,723	41.66:1
222-740-20-00	2147 ISLAND SHORE WAY	280,000	260,000	540,000	14,138	38.20:1
222-740-21-00	2149 ISLAND SHORE WAY	191,000	179,000	370,000	12,723	29.08:1
222-740-22-00	2151 ISLAND SHORE WAY	238,000	242,000	480,000	14,138	33.95:1
222-740-23-00	2153 ISLAND SHORE WAY	176,000	304,000	480,000	14,138	33.95:1
222-740-24-00	2155 ISLAND SHORE WAY	171,119	294,341	465,460	14,138	32.92:1
222-740-25-00	2157 ISLAND SHORE WAY	270,000	210,000	480,000	14,138	33.95:1
222-740-26-00	2159 ISLAND SHORE WAY	230,657	301,343	532,000	14,138	37.63:1
222-740-27-00	2132 SAND CREST WAY	146,835	238,487	385,322	14,138	27.25:1
222-740-28-00	2130 SAND CREST WAY	177,185	391,061	568,246	14,138	40.19:1
222-740-29-00	2128 SAND CREST WAY	146,835	242,057	388,892	14,138	27.51:1
222-740-30-00	2126 SAND CREST WAY	238,824	308,915	547,739	14,138	38.74:1
222-740-31-00	2124 SAND CREST WAY	146,835	227,595	374,430	14,138	26.48:1
222-740-32-00	2122 SAND CREST WAY	146,835	224,558	371,393	12,723	29.19:1
222-740-33-00	2120 SAND CREST WAY	93,251	208,398	301,649	14,138	21.34:1
222-740-35-00	2121 SAND CREST WAY	189,000	331,000	520,000	14,138	36.78:1
222-740-36-00	2123 SAND CREST WAY	171,000	329,000	500,000	12,723	39.30:1
222-740-37-00	2125 SAND CREST WAY	146,835	287,754	434,589	14,138	30.74:1
222-740-38-00	2127 SAND CREST WAY	165,278	360,274	525,552	14,138	37.17:1
222-740-47-00	2137 SAND CREST WAY	145,065	274,297	419,362	14,138	29.66:1
222-740-48-00	2135 SAND CREST WAY	195,780	193,211	388,991	12,723	30.57:1
222-740-49-00	2133 SAND CREST WAY	254,000	266,000	520,000	14,138	36.78:1
222-740-50-00	2131 SAND CREST WAY	200,674	218,908	419,582	14,138	29.68:1

CFD No. 4 Parcel Listing [1] (Assessed Value And Value-To-Lien)

APN	Site Address	Assessed Value [2] Land	Improvement	Total	Land Secured Debt	Value-To-Lien [3]
222-740-51-00	2129 SAND CREST WAY	314,000	222,000	536,000	14,138	37.91:1
222-740-52-00	2119 SAND CREST WAY	238,000	282,000	520,000	14,138	36.78:1
226-601-34-00	1894 EAGLE ROCK DR	164,000	250,000	414,000	15,898	26.04:1
226-601-35-00	1890 EAGLE ROCK DR	159,356	248,692	408,048	15,898	25.67:1
226-601-36-00	1886 EAGLE ROCK DR	168,000	202,000	370,000	15,898	23.27:1
226-601-37-00	1884 EAGLE ROCK DR	141,000	254,000	395,000	15,898	24.85:1
226-601-38-00	1872 EAGLE ROCK DR	157,000	241,000	398,000	15,898	25.03:1
226-601-39-00	1862 EAGLE ROCK DR	261,000	109,000	370,000	15,898	23.27:1
226-601-40-00	1863 EAGLE ROCK DR	148,000	252,000	400,000	15,898	25.16:1
226-601-41-00	1871 EAGLE ROCK DR	171,000	199,000	370,000	15,898	23.27:1
226-601-42-00	1883 EAGLE ROCK DR	134,000	261,000	395,000	15,898	24.85:1
226-601-43-00	1885 EAGLE ROCK DR	262,000	108,000	370,000	15,898	23.27:1
226-601-44-00	1887 EAGLE ROCK DR	152,000	274,000	426,000	15,898	26.80:1
226-601-45-00	1891 EAGLE ROCK DR	135,000	247,000	382,000	15,898	24.03:1
Total		**$300,785,625**	**$420,794,933**	**$721,580,558**	**$24,078,921**	**29.97:1**

[1] The Parcels Shown Here Reflect Developed Property Owned By Individual Homeowners.

[2] Source: 2013 County Assessor's Roll.

[3] See "Direct And Overlapping Debt" For A Description Of The Overlapping Liens Used To Calculate The Value-To-Lien; The Overlapping Liens Include The Bonds But Excludes General Obligation Bonded Indebtedness.