
**COMMUNITY FACILITIES DISTRICT NO. 4
(COLLEGE PARK)
IMPROVEMENT AREA A
OF CHINO VALLEY UNIFIED SCHOOL DISTRICT
MODIFIED RATE AND METHOD OF
APPORTIONMENT**

A Special Tax shall be levied on all Taxable Property (as defined below) within the boundaries of Improvement Area A of Community Facilities District No. 4 (College Park) ("IA A of CFD No. 4") of the Chino Valley Unified School District ("School District") and collected each Fiscal Year commencing in Fiscal Year 2006/2007 in an amount determined by the Board (as defined below), through the application of this Rate and Method of Apportionment of the Special Tax to the extent and in the manner herein provided.

1. DEFINITIONS

"Acreage" or **"Acre"** means the land area of an Assessor's Parcel as shown on an Assessor's parcel map, or if the land area is not shown on an Assessor's parcel map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. An Acre means 43,560 square feet of land.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the expenses incurred by the School District on behalf of IA A of CFD No. 4 related to the determination of the amount of the levy of Annual Special Taxes; the collection of Annual Special Taxes including the expenses of collecting delinquencies; the administration of the Bonds; the payment of salaries and benefits of any employee of the School District whose employment duties are directly related to the administration of IA A of CFD No. 4; and the costs otherwise incurred in order to carry out authorized purposes of IA A of CFD No. 4.

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

"Assessor" means the Assessor of the County.

"Assessor's Parcel" means a lot or parcel shown on an Assessor's parcel map with an assigned Assessor's parcel number.

“Assigned Special Tax” means the Special Tax for each Land Use Class, as determined in accordance with Section 3 below.

“Backup Special Tax” means the Special Tax applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section 3 below.

“Board” means the Board of Education of the School District, or its designee, acting as the legislative body of IA A of CFD No. 4 under the provisions of the Act.

“Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, secured in whole or in part by the levy of Special Taxes.

“Building Permit” means a building permit issued for new construction or renovation of one or more Residential Units within IA A of CFD No. 4.

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

“CFD Administrator” means an authorized representative of the School District, or designee thereof, responsible for determining the Special Tax Requirement, for levying the Special Taxes, calculating the Backup Special Tax following recordation of the Final Subdivision Maps, and calculating the One-Time Special Tax .

“County” means the County of San Bernardino, California.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

“Developed Property” means for each Fiscal Year, all Assessor’s Parcels of Taxable Property, exclusive of Assessor’s Parcels of Provisional Undeveloped Property, for which a Building Permit was issued prior to April 1 of the previous Fiscal Year.

“Exempt Property” means Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 9.

“Final Subdivision Map” means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 or lot line adjustment that creates individual lots for which building permits may be issued without further subdivision.

“Fiscal Year” means the period starting on July 1 and ending the following June 30.

“IA A of CFD No. 4” means Improvement Area A of Community Facilities District No. 4 (College Park) of the School District.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 under Section 3 below.

“Lot” means an individual legal lot created by a Final Subdivision Map.

“Maximum Special Tax” means the greatest amount of Special Tax, determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“One-Time Special Tax” means a one-time Special Tax applicable to an Assessor’s Parcel of Taxable Property payable at the time a Building Permit is issued and determined in accordance with Section 4 of this Rate and Method of Apportionment.

“Outstanding Bonds” means all Bonds, which are deemed to be outstanding under the Indenture.

“Partial Prepayment Amount” means a prepayment of a portion of the Special Tax Obligation applicable to a parcel of Taxable Property as set forth in Section 7 below.

“Property Owner Association Property” means any Assessor’s Parcel within the boundaries of IA A of CFD No. 4 owned in fee by a property owner association, including any master or sub-association.

“Proportionately” or “Proportionate” means for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property. The term "Proportionately" may similarly be applied to other categories of Taxable Property as described in Section 5 below.

“Provisional Undeveloped Property” means all Assessor’s Parcels of Property Owner Association Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 9, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 9.

“Residential Floor Area” means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor’s Parcel.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

“School District” means the Chino Valley Unified School District.

“School Fees” means statutory Level 2 fees imposed by the School District.

“Special Tax” means any special tax authorized to be levied within IA A of CFD No. 4 pursuant to the Act and this Rate and Method of Apportionment.

“One-Time Special Tax” means a one-time Special Tax applicable to an Assessor’s Parcel of Taxable Property payable at the time a Building Permit is issued and determined in accordance with Section 4 of this Rate and Method of Apportionment.

“Special Tax Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Annual Special Tax for the remaining life of IA A of CFD No. 4.

“Special Tax Requirement” means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) the costs associated with the release of funds from an escrow account established in association with the Bonds; (vi) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property, and (vii) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (viii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“State” means the State of California.

“Taxable Property” means all of the Assessor's Parcels within the boundaries of IA A of CFD No. 4, which are not exempt from the levy of the Special Tax pursuant to law or Section 9 below.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property within the boundaries of IA A of CFD No. 4 not classified as Developed Property or Provisional Undeveloped Property.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2006/2007, each Assessor's Parcel within IA A of CFD No. 4 shall be classified as Taxable Property or Exempt Property. In addition, each Fiscal Year, all Taxable Property within IA A of CFD No. 4 shall be classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections 3, 4 and 5 below. Assessor's Parcels of Developed Property shall be further classified to its applicable Land Use Class based on its Residential Floor Area.

3. MAXIMUM SPECIAL TAX RATES

A. Developed Property

(i). Maximum Special Tax

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

(ii). Assigned Special Tax

The Assigned Special Tax applicable to an Assessor's Parcel classified as Developed Property shall be determined pursuant to Table 1 below.

Table 1
Assigned Special Tax Rates

Land Use Class	Residential Floor Area	Assigned Special Tax
1	Less than 1,800 Sq. Ft.	\$811 per Unit
2	1,800 to 2,249 Sq. Ft.	\$1,019 per Unit
3	2,250 to 2,549 Sq. Ft.	\$1,158 per Unit
4	2,550 to 2,849 Sq. Ft.	\$1,297 per Unit
5	2,850 to 3,299 Sq. Ft.	\$1,448 per Unit
6	3,300 or Greater Sq. Ft.	\$1,783 per Unit

(iii). Backup Special Tax

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Special Tax. In each Fiscal Year, the Backup Special Tax rate for Developed Property within a Final Subdivision Map shall be the rate per dwelling unit calculated according to the following formula:

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

The terms above have the following meanings:

B = Backup Special Tax per Assessor's Parcel within the applicable Final Subdivision Map.

Z = Maximum Special Tax for Undeveloped Property within the applicable Final Subdivision Map for the Fiscal Year in which the final subdivision is recorded.

A = Acreage of Taxable Property, excluding Provisional Undeveloped Property in such Final Subdivision Map

that lie within the boundaries of IA A of CFD No. 4, as determined by the CFD Administrator pursuant to Section 9.

L = Total number of Lots of Developed Property within the Final Subdivision Map that lie within the boundaries of IA A of CFD No. 4.

B. Provisional Undeveloped Property and Undeveloped Property.

The Maximum Special Tax for Provisional Undeveloped Property and Undeveloped Property shall be \$9,591 per Acre.

4. ONE-TIME SPECIAL TAX

Each Assessor's Parcel of Taxable Property within IA A of CFD No. 4 shall be subject to a One-Time Special Tax. The One-Time Special Tax shall be calculated by the following formula.

$$OT = \frac{F - \$4.61 * S}{L}$$

OT = One-Time Special Tax per Assessor's Parcel.

F = the greater of (a) \$5.11, or (b) 125% of the School Fees at the time of Building Permit issuance.

S = the actual square footage of Residential Floor Area of a Residential Unit(s).

5. METHOD OF APPORTIONMENT

For each Fiscal Year the Board shall levy Annual Special Taxes on all Taxable Property in accordance with the following steps:

First: The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to the applicable Assigned Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Annual Special

Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel; and

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Annual Special Tax shall be levied in equal percentages on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax for Provisional Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA A of CFD No. 4, except for those Assessor's Parcels of Developed Property whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA A of CFD No. 4.

6. COLLECTION OF SPECIAL TAXES

Collection of the Annual Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Board may provide for (i) other means of collecting the Annual Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes to meet the financial obligations of IA A of CFD No. 4.

Collection of the One-Time Special Tax Payment shall be made by the School District at the time a Building Permit is issued.

7. PREPAYMENT OF SPECIAL TAX OBLIGATION

A. Prepayment in Full

The Annual Special Tax applicable to a Taxable Property in IA A of CFD No. 4 may be prepaid and the obligation of the Taxable Property to pay any Annual Special Tax permanently satisfied as described herein. An owner of a Taxable Property intending to prepay the Annual Special Tax obligation shall provide the School District (or its designee) with written notice of intent to prepay and identify the company or agency that will be acting as the escrow agent, if any. The School District shall provide such property owner with a statement of the prepayment amount for such Taxable Property within thirty (30) days of the request and may charge a reasonable fee for providing this service. Within the School District's sole discretion, prepayment may be required to be made sixty (60) or more days prior to any redemption date for IA A of CFD No.

4 Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount (defined below) may be calculated as summarized below:

$P = PVT + \text{Premium} + F$, where

P = Prepayment Amount

PVT = Present Value of Annual Special Taxes

F = Fees

“Present Value of Special Taxes (PVT)” shall mean the present value of the Annual Special Tax applicable to the subject Assessor’s Parcel in each year remaining until the year ending thirty (30) years after a property is first subject to the Annual Special Tax using the yield on the Bonds as the discount rate if Bonds have been issued and sold and using a discount rate determined by School District Superintendent at the time of prepayment if Bonds have not been issued and sold.

The Annual Special Tax used in such calculation shall be determined by the classification of parcels shown above.

“Premium” shall mean, if Bonds have been issued, the bond call costs (not to exceed three percent (3%) of PVT) associated with the redemption of Bonds. If no Bonds have been issued, no premium shall be applied.

“Fees” shall mean the fees of IA A of CFD No. 4, the School District, the special tax consultant and any consultants retained by IA A of CFD No. 4 in connection with the prepayment calculation, and redemption of Bonds, if any.

In addition, any property owner prepaying its Special Taxes must pay current and any delinquent Special Taxes and penalties prior to prepayment.

B. Prepayment in Part

The Special Tax on an Assessor’s Parcel of Developed Property or Undeveloped Property for which a Building Permit has been issued may be partially prepaid prior to or concurrent with the close of escrow of a sale to the initial. The amount of the prepayment shall be calculated as in Section 7.A.; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times PT + F.$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Present Value of Special Taxes calculated according to Section 7.A.

PT = the percentage by which the owner of the Assessor's Parcel(s) is partially
prepaying the Special Tax
F = Fees

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the School District shall (i) distribute the funds remitted to it according to Section 7.A., and (ii) indicate in the records of IA A of CFD No. 4 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage $(1.00 - F)$ of the remaining Maximum Annual Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section 3.

8. TERM OF ANNUAL SPECIAL TAX

The Annual Special Taxes shall be levied and collected only so long as they are needed to pay the principal of and interest on debt incurred in order to acquire and/or construct the facilities of IA A of CFD No. 4, or so long as they are needed to pay the costs or expenses related to the construction of facilities authorized. However, in no event shall any Developed Property be subject to the Annual Special Tax for more than thirty-three (33) years following the date such property is first subject to the payment of such tax.

9. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels of Property Owner Association Property, or (iii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization (iv) Assessor's Parcels developed or planned to be developed exclusively for any type of non-residential use, (v) Assessor's Parcels with public utility easement by the restriction, as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property in IA A of CFD No. 4 to less than 93.028 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA A of CFD No. 4 to less than 93.028 acres of Acreage be classified as Provisional Undeveloped Property, and will continue to be subject to the Special Tax accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD

Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section 9 above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

10. APPEALS

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with a representative of the School District or his/her designee appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of such notice, the representative of the School District or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. The representative or designee thereof shall interpret this Rate and Method of Apportionment and make determinations relative to the administration of the Special Tax and any landowner appears are herein specified. The decision of the representative or designee shall be final and binding as to all persons.