

**Community Facilities District No. 3
Chino Valley Unified School District
Amended Rate and Method of Apportionment of Special Tax**

I. Introduction

A special tax shall be levied upon each assessor's parcel in Community Facilities District No. 3 (CFD) within the Chino Valley Unified School District (School District), County of San Bernardino, pursuant to the Mello-Roos Community Facilities District Act of 1982 of the *California Government Code* Section 53311 *et seq.* (the Act). The special tax shall be levied by the School District Board of Education, acting in its capacity as Legislative Body of the CFD, by application of the appropriate rate as described below.

All property in the CFD, unless exempt by law or by the provisions of this document, shall be taxed for the purposes, to the extent, and in the manner provided herein.

II. Definitions

The terms used in this document have the following meaning:

Acre or Acreage: The area of a parcel as shown on an assessor parcel map, a recorded tract or Parcel Map.

Annexable Property: Property within the boundaries of the School District that is not a part of Zone 1 and/or Zone 2 as defined herein, but may petition the School District to be included in the CFD.

Back Up Tax: The amount determined in Section IVb below in the event that a parcel map or tract map (a "Remapping") is recorded against any portion of the development which will decrease the number of Taxable nonexempt units in the development from that number of i) single family or ii) multifamily residential units specified herein.

Bond: Obligations incurred by the CFD or the Agency, including Special Tax Bonds and certificates of participation.

Developed Property: Assessor Parcels in the CFD for which a building permit has been issued prior to June 30 of the preceding Fiscal Year for sale of residential or non-residential lots.

Developer: Those persons charged with the development of land in Zone 1, Zone 1 Annexations and/or in Zone 2.

Exempt Property: Parcels within the CFD which currently meet, or upon final map recordation will meet, one of the following conditions are exempt from the annual levy of the special tax:

1. Property owned by a public agency or which is in public use (such as streets, sewer easements, detention basins, etc.);
2. Property which is an unmanned utility property;
3. Property irrevocably dedicated to a public agency for a public use;
4. Property designated as park or as open space;
5. Other property which has no intrinsic value upon foreclosure, such as sliver parcels at entries, monuments, landscaped parcels on a perimeter, etc.;
6. Property exempt by operation of law.

Fiscal Year: The period starting July 1 and ending the following June 30.

Full Development: Occurs when the last subdivision or parcel map is recorded to allow construction of 862 SFR and 308 MFR units in Zone 1 and one-hundred-fifty-seven (157) SFR units in Zone 2 (or such adjusted number of units allowed by the School District) within the CFD. For Zone 1 Annexations, Full Development occurs when the last subdivision or parcel map is recorded to allow construction of the following units (or such adjusted number of units allowed by the School District) within the Annexation.

ZONE 1 ANNEXATIONS

DEVELOPER	TRACT NUMBER	TOTAL UNITS
STG Pinehurst Associates, LP	14425-01	109
The Forecast Group LP	14425-02	83
Lewis Homes Enterprises	14425-03	80
Fieldstone	15687	83
Scheib Estate	15687	88
WH Ontario Associates (Watt)	15755	81
Walnut View Associates (Stratham)	15803	39
Polygon Higgins Ranch	15769	223
STG Silverstage	14425-04	99
Stratham Homes (When Annexed)	15983	65
Richland Meadowland, LP	14426-14427	322
Richmond-Flintridge	14285	49
GGF, LLC	14551 and 14551-1	290

Maximum Special Tax Rate: The maximum tax rate that may be levied by the CFD in any Fiscal Year for each class of Developed Property and Undeveloped Property.

Multifamily Residence (MFR): Residential property that shares a common wall between one or more residential units, or a parcel that contains more than one Single Family Residence.

Senior Exemption Buyout: The amount determined in Section IVc below to be applied to property designated at the time of building permit to be dedicated to senior citizen residential units.

Single Family Residence (SFR): A parcel with a single family residence and which is not attached to another residential unit as evidenced by the building permit(s) for such parcel.

Special Tax Requirement: The amount of the Special Tax Requirement for Zone 1 shall be \$706,200 for Fiscal Year 1995/96, and for Zone 1 Annexations shall be the number of developed units multiplied by the Maximum Annual Special Tax, each escalating at a rate of two percent (2%) per Fiscal Year thereafter as shown in Table 1. The amount of the Special Tax Requirement shall be \$94,200 in Zone 2.

Taxable Property: All property within the CFD which is not Exempt Property.

Undeveloped Property: All property within the CFD which is not classified as Developed Property or Exempt Property.

Zone 1: The area shown on the CFD No. 3 Proposed Boundary Map as Zone 1.

Zone 1 Annexations: Any area that has annexed into Zone 1, as shown on the applicable Annexation Boundary map.

Zone 2: The area shown on the CFD No. 3 Proposed Boundary Map as Zone 2.

III. Maximum Special Tax Rates

The Maximum Annual Special Tax Rates for Zone 1, Zone 1 Annexations and Zone 2 are as follows:

Table 1 - Maximum Special Tax Rates - Zone 1/Zone 1 Annexations

ZONE 1 PROPERTY CATEGORY	ZONE 1 PROPERTY CLASSIFICATION	ZONE 1 MAXIMUM ANNUAL SPECIAL TAX RATES*
1	Undeveloped	\$0.00
2	Developed SFR	\$650.00/unit
3	Developed MFR	\$485.00/unit
4	Exempt	\$0.00

*The Maximum Special Tax Rates shown in Table 1 above escalate by two percent (2%) per year, beginning in Fiscal Year 1996/97.

Table 2 - Maximum Special Tax Rates - Zone 2

ZONE 2 PROPERTY CATEGORY	ZONE 2 PROPERTY CLASSIFICATION	ZONE 2 MAXIMUM ANNUAL SPECIAL TAX RATES*
1	Undeveloped	\$94,200.00
2	Developed SFR	\$600.00/unit
3	Exempt	\$0.00

*The Maximum Special Tax Rates shown in Table 2 above do not escalate.

Property within Zone 1 and Zone 1 Annexations is also subject to the Back Up Tax described in Section IVb below. The property within Zone 2 is also subject to the one time special tax described in Section IVc below.

IV. Method of Apportionment of Special Tax

A. Annual Special Tax

The CFD will determine the Special Tax Requirement for the Fiscal Year to be collected from Taxable Property in the CFD for that Fiscal Year. Such determination will begin with the 1995/96 Fiscal Year.

Zone 1 annual special tax shall be levied against all Zone 1 parcels for a period of the longer of i) thirty (30) years beginning with Fiscal Year 1995/96 or ii) twenty (20) years after an individual parcel becomes designated as Developed Property.

Zone 1 Annexations annual special tax shall be levied against all Zone 1 Annexations for a period of the longer of i) thirty (30) years beginning with the Fiscal Year subsequent to annexation or ii) twenty (20) year after an individual parcel becomes designated as Developed Property.

Zone 2 annual special tax shall be levied against all Zone 2 parcels beginning with Fiscal Year 1995/96 for a period ending twenty-five (25) years after an individual parcel becomes designated as Developed Property.

The CFD will levy the Zone 1 and Zone 1 Annexations special tax and Zone 2 special tax as follows:

1. All property will be classified as Developed Property, Undeveloped Property or Exempt, according to the categories listed in Table 1 and/or Table 2 as of June 30 of the preceding Fiscal Year.
2. The special tax shall be levied on each parcel of Developed Property at the Maximum Annual Special Tax Rate for Developed Property from Table 1 and/or Table 2.
3. Beginning in Fiscal Year 1996/97 for Zone 2, the total of Item 2 above shall be subtracted from the Zone 2 Special Tax Requirement amount. If the Zone 2 Special Tax Requirement is more than the total of Item 2 above for Zone 2, then the Special Tax under this subsection shall be levied upon Undeveloped Property within Zone 2 *pro rata* on an Acreage basis, to the extent necessary, when added to the total of Item 2, to equal the Zone 2 Special Tax Requirement.

B. Back Up Tax - Zone 1 and Zone 1 Annexations

In the event that a parcel map or tract map (a "Remapping") is recorded against any portion of Zone 1 or any Zone 1 Annexations which decreases the number of Taxable nonexempt SFR in Zone 1 or any Zone 1 Annexation at Full Development, as specified herein or of MFR units based on Full Development in Zone 1 or any Zone 1 Annexation, then the Developer causing such decrease in units shall pay the Back Up Tax to the CFD at the time such map records, based on Full Development in Zone 1 or any Zone 1 Annexation. The Back Up Tax shall be determined as that amount equal to the net present value, using eight percent (8%) as the discount rate for the calculation, of the total authorized maximum annual special tax for the number of Taxable

nonexempt SFR or MFR units in each residential category so decreased by the Remapping over the longer of the remaining life of (a) a thirty (30) year stream beginning with the Fiscal Year 1995/96 for Zone 1 or the Fiscal Year subsequent to annexation for Zone 1 Annexations, or (b) a twenty (20) year stream beginning on the date of the recordation of such Remapping. Notwithstanding the foregoing, if a decrease in Taxable nonexempt units is the sole result of action taken by the City of Chino Hills or the City of Chino, then the Developer shall not be obligated to pay any Back Up Tax with respect to such decreased units.

C. One Time Special Tax - Zone 2

The CFD will levy a one-time special tax on properties within Zone 2, in the amount of one-thousand dollars (\$1,000) per SFR unit based on Full Development within Zone 2. Such special tax shall be paid to the School District immediately following recordation of the Notice of Special Tax Lien.

V. Prepayment of Senior Housing - Zone 1 or Zone 1 Annexations

In the event that any lot or parcel within Zone 1 or Zone 1 Annexations included in the CFD is designated at the time building permits are issued for such lot or parcel, as restricted to occupation by senior citizens, then upon payment to the CFD by the owner of such lot or parcel of the "Buyout Amount," the CFD shall record a Notice of Cancellation of Special Tax Lien pursuant to Section 53344 of the Act for such lot or parcel. The Buyout Amount shall be the amount equal to the net present value, using eight percent (8%) as the discount rate over the longer of the remaining portion of (a) a thirty (30) year stream beginning with Fiscal Year 1995/96 for Zone 1 or the Fiscal Year subsequent to annexation for Zone 1 Annexations, or (b) a twenty (20) year stream beginning on the date of issuance of the building permit for such parcel or lot, of the sum of i) the amount of the portion of Special Tax A of CFD No. 5 or CFD No. 9 within the City of Chino Hills, County of San Bernardino, which would have been levied on such lot or parcel by the City of Chino Hills as of May 25, 1995 for Zone 1 or the date of annexation for Zone 1 Annexations, and ii) the amount authorized and limited by Section 65995 of the *California Government Code*, as the amount of such fee, charge, dedication or other requirement would have been calculated pursuant to that Section for such lot or parcel as of the date of payment of the buyout.

VI. Discharge of Special Tax Obligation

Any owner of property subject to the special tax may discharge the special tax obligation in full, by making payment as follows:

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

P = Prepayment Amount

PVT = Present Value of Special Taxes

F = Fees

Present Value of Special Taxes (PVT) shall mean for Zone 1 and Zone 1 Annexations, the present value of the Maximum Annual Special Tax applicable to the subject lot or parcel in each year remaining until the year ending thirty (30) years after the 1995/96 Fiscal Year for Zone 1 or the Fiscal Year subsequent to annexation for Zone 1 Annexations, or twenty (20) years after the date of issuance of the building permit for such parcel or lot, which ever is later, using the yield on the Bonds as the discount rate if Bonds have been issued and sold and using eight percent (8%) as the discount rate if Bonds have not been issued and sold.

Present Value of Special Taxes (PVT) shall mean for Zone 2, the present value of the Maximum Annual Special Tax applicable to the subject lot or parcel in each year remaining until the year ending twenty-five (25) years after the date of issuance of a building permit for such parcel or lot.

The Maximum Annual Special Tax used in such calculation shall be determined by the classification of parcels shown in Table 1 and/or Table 2 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 the CFD, the fiscal agent, the special tax consultant and any consultants retained by the CFD in connection with the prepayment calculation, and bond redemption, if any.

VII. Manner of Collection

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, except as herein, and, provided however that the Special Tax may be collected at a different time or in a different manner if necessary to meet its financial obligations. The Special Tax shall be subject to the same penalties and procedures, sale and lien priority in case of delinquency as provided for with *ad valorem* taxes. In the event of a

delinquency, the CFD will pursue foreclosure as specified in the bond documents if Bonds are issued or as determined by the CFD if Bonds are not issued.

VIII. Review and Appeal

Any property owner who feels that the portion of the Special Tax levied on their property is in error, may file an Appeal no later than May 1 of the fiscal year in which the levy occurred, with the School District Superintendent, or his/her designee, appealing the levy of the Special Tax on his or her property. The School District Superintendent, or his/her designee, will promptly review the Appeal and if necessary, meet with the applicant, and decide the merits of the appeal. If the findings of the School District Superintendent or his/her designee verify that the Special Tax levied should be modified, the Special Tax levy for future Fiscal Years may shall be corrected and a credit against future Special Taxes may shall be arranged, if applicable. Any over charges shall be corrected solely by means of adjustments to future Special Tax levies; no or cash refunds shall be made, as determined by the Superintendent or his /her designee. Any dispute over the decision of the School District Superintendent or his/her designee shall be referred to the Legislative Body and the decision of the Legislative Body shall be final.