



Community Facilities District Report

for the

**City of Lake Elsinore
Community Facilities District
No. 2005-4 (Lakeview Villas)**

Prepared by:



Harris & Associates

August 15, 2005

COMMUNITY FACILITIES DISTRICT REPORT

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I. Introduction

WHEREAS, the City Council of the City of Lake Elsinore (hereinafter referred to as the “Council”), pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (hereinafter referred to as the “Act”) did establish its intentions to form a community facilities district, consisting of the territory described in Exhibit A, and did expressly order the filing of a written “Report” with the Board for the proposed community facilities district. This community facilities district shall hereinafter be referred to as Community Facilities District No. 2005-4 of the City of Lake Elsinore (Lakeview Villas) (hereinafter referred to as CFD No. 2005-4); and

WHEREAS, the Resolution of Intention of the City Council of the City of Lake Elsinore to establish Community Facilities District No. 2005-4 of the City of Lake Elsinore (Lakeview Villas), to authorize the levy of a Special Tax to pay the costs of acquiring, constructing, or maintaining certain facilities and expenses of CFD No. 2005-4 and to pay debt service on bonded indebtedness, did direct that said Report generally contain the following:

- a. A brief description of the public facilities, by type, which will be required to adequately meet the needs of CFD No. 2005-4; and
- b. An estimate of the cost of providing those public facilities, including the cost of environmental evaluations of such facilities, and an estimate of the fair and reasonable cost of any incidental expenses to be incurred.

NOW, THEREFORE, I, Dennis A. Anderson, authorized representative of Harris & Associates, pursuant to the provisions of the Act, do hereby submit the following report.

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II. Project Description

Pursuant to land use entitlements approved by the City of Lake Elsinore (the “City”) and Elsinore Lakeview Estates (the “Developer”), the Developer plans to construct approximately 155 multi-family dwelling units, known as Lakeview Villas. The City has proposed to form one community facilities district for the purpose of financing certain infrastructure and public facilities and maintenance for the benefit of Lakeview Villas.

CFD No. 2005-4 encompasses approximately 27.9 gross acres of land. Of this acreage, 7.8 acres are expected to be developed for residential uses.

CFD No. 2005-4 will be formed to finance the acquisition and/or construction of storm drain, City fees, and fees and improvements of the Elsinore Valley Municipal Water District. See Section III for a list of facilities to be acquired and maintenance services to be funded.

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III. Description of Facilities & Services

Facilities

A community facilities district may provide for the purchase, construction, expansion or rehabilitation of any real or other tangible property with an estimated useful life of five (5) years or longer which is necessary to meet increased demands placed upon local agencies as a result of development occurring within a community facilities district. In addition, a community facilities district may provide for the on-going costs for services and infrastructure maintenance for police, fire, parks, open space, parkways and storm drain facilities, as long as those services are in addition to services already received by the property within the district.

The facilities described in the Report are all facilities which the City is authorized, pursuant to an agreement meeting the requirements of Section 53316.2 of the Act or otherwise (the "Joint Community Facilities Agreement") to own, construct, or finance, and which are required to adequately meet the needs of CFD No. 2005-4. The actual facilities described herein are those currently expected to be required to adequately meet, in part, the needs of CFD No. 2005-4. Because the actual needs of CFD No. 2005-4 arising as development progresses therein may differ from those currently anticipated, the City reserves the right to modify the actual facilities proposed herein to the extent the City deems necessary, in its sole discretion, to meet those needs.

The proposed facilities for CFD No. 2005-4 include all or a portion of design, construction, indirect costs and administration relating to the following improvements associated with Tentative Parcel Map 32127:

1. Storm Drain Improvements

CFD No. 2005-4 will also be authorized to finance City capital improvement fees imposed pursuant to City fee programs and fees and improvements of the Elsinore Valley Municipal Water District.

In addition to the improvements above, the CFD is anticipated to cover the on-going costs for maintenance of the public parks, open space and storm drain improvements.

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IV. Cost Estimate

The cost estimate for the facilities described in Section III is set forth below. The actual facilities to be financed will ultimately be determined in accordance with the Funding, Construction and Acquisition Agreement between the City and Developer.

**Community Facilities District No. 2005-4
(Lakeview Villas)
Estimated Facilities Costs**

Facilities	Cost Estimate
Storm Drain Improvements	\$ 350,721
Railroad Canyon Benefit Reimb. District Fee	\$ 511,500
Public Buildings Impact Fee	\$ 192,045
Fire Mitigation Fee	\$ 23,250
Library Fee	\$ 23,250
Park Fee	\$ 248,000
Traffic Impact Fee	\$ 139,810
TUMF	\$ 1,123,440
MSHCP Fee	\$ 255,905
EVMWD Water System Improvements	\$ 1,704,996
EVMWD Sewer Connection Fees	\$ 752,525
EVMWD Water Connection Fees	\$ 841,495
EVMWD Irrigation Meter Fees	\$ 95,946
Total Estimated Construction Cost	\$ 6,262,883

It should be noted that the facilities cost estimates include all indirect costs such as project management, design engineering, right-of-way engineering, soils engineering and testing, plan checking, permits, fees, advertisement and award costs and inspections. Actual costs may differ from the amounts shown, which are estimates only and are not intended to be maximum limits in what may be expended.

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V. Bonded Indebtedness and Incidental Expenses

A. Projected Bond Sales

The maximum authorized bonded indebtedness for CFD No. 2005-4 is \$9,000,000.

B. Incidental Bond Issuance Expenses to be included in the Proposed Bonded Indebtedness

Pursuant to Section 53345.3 of the Act, bonded indebtedness may include all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the proposed debt is to be incurred, including, but not limited to, the costs of legal, fiscal, and financial consultant fees; bond and other reserve funds; discount fees; interest on any bonds of the district due and payable prior to the expiration of one year from the date of completion of the facilities, not to exceed two years; election costs; and all cost of issuance of the bonds, including, but not limited to, fees for bond counsel, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, and other credit enhancement costs, and printing costs. For the bonds proposed to be issued by CFD No. 2005-4, capitalized interest is estimated for 12 months, the reserve fund is equal to the highest debt service payment in any year, and all other incidental bond issuance expenses at approximately 5.0 percent of the face amount of the bonds.

C. Incidental Expenses to be Included in the Annual Levy of Special Taxes

Pursuant to Section 53340 of the Act, the proceeds of any special tax may only be used to pay, in whole or part, the cost of providing public facilities, services and incidental expenses. As defined by the Act, incidental expenses include, but are not limited to, the cost of planning and designing public facilities to be financed, including the cost of environmental evaluations of those facilities; the costs associated with the creation of the district, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the district; any other expenses incidental to the construction, completion, and inspection of the authorized work; and the retirement of existing bonded indebtedness. While the actual cost of administering CFD No. 2005-4 may vary, it is anticipated that the amount of special taxes which can be collected will be sufficient to fund at least \$25,000 in annual administrative expenses.

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VI. Rate and Method of Apportionment of the Special Tax

All of the property located within CFD No. 2005-4, unless exempted by law or by the Rate and Method of Apportionment, shall be taxed for the purpose of providing necessary facilities to serve CFD No. 2005-4. Pursuant to Section 53325.3 of the Act, the tax imposed “is a Special Tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property.” The Special Tax “may be based on benefit received by parcels of real property, the cost of making facilities or authorized services available to each parcel or other reasonable basis as determined by the legislative body,” although the Special Tax may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution.

As shown in Exhibit B, the Rate and Method of Apportionment approved in the Resolution of Intention provides information sufficient to allow each property owner within CFD No. 2005-4 to estimate the maximum annual Special Tax he or she will be required to pay. Sections A through C, below, provide additional information on the Rate and Method of Apportionment of the Special Tax for CFD No. 2005-4, as is proposed to be adopted in the Resolution of Formation for CFD No. 2005-4. Please note that all capitalized terms used herein, unless otherwise indicated, shall have the meanings defined in the Rate and Method of Apportionment.

A. Explanation for Special Tax Apportionment

When a community facilities district (a “CFD”) is formed, a special tax may be levied on each parcel of taxable property within the CFD to pay for the construction, acquisition and rehabilitation of public facilities, to pay for authorized services or to repay bonded indebtedness or other related expenses incurred by the CFD. This special tax must be apportioned in a reasonable manner; however, the tax may not be apportioned on an ad valorem basis.

When more than one type of land use is present within a CFD, several criteria may be considered when apportioning the special tax. Generally, criteria based on building square footage, acreage, and land use are selected, and categories based on such criteria are established to differentiate between parcels of property. These categories are a direct result of the projected product mix, and are reflective of the proposed land use types within that CFD. Specific special tax levels are assigned to each land use class, with all parcels within a land use class assigned the same special tax rate.

The facilities to be funded by CFD No. 2005-4 are generally in-tract infrastructure improvements. These improvements are required for the orderly development of the property within CFD No. 2005-4. Each property will benefit from the improvements in several ways: 1) traffic circulation, 2) site access, 3) recreational amenities, 4) access to utilities, and 5) overall quality of life enhancement. The special tax can be apportioned using several different factors related to each property, including density, land area, traffic generation, and building square footage.

Five Land Use Classes have been established for Developed Property, as shown in Table 1 below. The Special Tax for a single family residential property will vary directly with the amount of residential floor area on each parcel. The Special Tax for multi-family residential property will be determined by the number of units within the complex. The Special Tax for non-residential property will be determined based on the acreage of the parcel(s). The Special

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Tax for Undeveloped Property and Provisional Undeveloped Property will be determined by the acreage of the property.

Based on the types of public facilities that are proposed for CFD No. 2005-4 and the factors described above, the Special Taxes assigned to specific land uses are generally proportionate to the relative benefits received by them, and, accordingly, the Special Taxes in CFD No. 2005-4 can be considered fair and reasonable.

In addition, a maintenance special tax (Special Tax for Services) has been established to cover the on-going costs of maintenance of the parks, open space and public storm drain system required from new development. The Special Tax for Residential Property will be based on a per unit basis. The area of the property will determine the Special Tax for Non-Residential Property.

B. Maximum Special Tax Rates

Special Tax for Facilities

Table 1, on the following page, lists the Assigned Special Tax rates for fiscal year 2006-07 that are proposed to be levied against Developed Property within CFD No. 2005-4. The Maximum Special Taxes for developed property cannot exceed the rates shown in Table 1 for fiscal year 2006-07, except when the Backup Special Tax is used as discussed in Section C below. The Maximum Special Tax that may be levied against Undeveloped Property and Provisional Undeveloped Property cannot exceed \$127,440 per Acre for fiscal year 2006-07. The Assigned Special Taxes and Maximum Special Taxes will increase at a rate of two percent per year.

Each year, the City Council shall levy the Special Tax, subject to the methodology and Maximum Special Taxes set forth in the Rate and Method of Apportionment, in an amount sufficient to meet the Special Tax Requirement.

Special Tax for Services

Table 2, on the following page, lists the Maximum Special Tax rates for fiscal year 2005-06 that are proposed to be levied against property within CFD No. 2005-4. The Assigned Special Taxes and Maximum Special Taxes will increase at a rate of two percent per year.

C. Backup Special Tax

Pursuant to the Rate and Method of Apportionment, the Maximum Special Tax for Developed Property is 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. The Backup Special Tax will increase at a rate of two percent per year.

D. Accuracy of Information

In order to establish the Assigned Special Tax rates, the Backup Special Tax and the Maximum Special Tax rate for Developed Property, Undeveloped Property, and Provisional Undeveloped Property as set forth in the Rate and Method of Apportionment for CFD 2005-4, the Special Tax Consultant has relied on information including, but not limited to, absorption, land use types, building square footage, and net taxable acreage which were provided to the Special Tax

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Consultant by others. The Special Tax Consultant did not independently verify such data and disclaims responsibility for the impact of inaccurate data provided by others, if any, on the Rate and Method of Apportionment for CFD No. 2005-4, including the inability to meet the financial obligations of CFD No. 2005-4.

TABLE 1

**Special Tax for Facilities - Assigned Special Taxes for Developed Property
 For Fiscal Year 2006-07
 Community Facilities District No. 2005-4**

Land Use Type	Building Square Footage	Rate
Single Family Property	Less than 1,250	\$2,546 per Single Family Unit
Single Family Property	1,250 – 1,750	\$2,901 per Single Family Unit
Single Family Property	Greater than 1,750	\$3,117 per Single Family Unit
Apartment Property	N/A	\$17,750 per Acre
Non-Residential Property	N/A	\$17,750 per Acre

TABLE 2

**Special Tax for Services for Developed Property
 Community Facilities District No. 2005-4
 Fiscal Year 2005-2006**

Description	Rate
Single Family Property	\$242 per unit
Multifamily Property	\$121 per unit
Non-Residential Property	\$545 per Acre

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VII. Boundaries of CFD No. 2005-4

The boundaries of CFD No. 2005-4 include all land on which special taxes may be levied. A copy of the Boundary Map for CFD No. 2005-4 is included as Exhibit A.

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VIII. General Terms and Conditions

A. Substitution Facilities

The description of the public facilities, as set forth herein, are general in their nature. The final nature and location of improvements and facilities will be determined upon the preparation of final plans and specifications. The final plans may show substitutes, in lieu or modifications to the proposed work in order to accomplish the work of improvement, and any such substitution shall not be a change or modification in the proceedings as long as the facilities provide a service and are of a type substantially similar to that as set forth in this Report.

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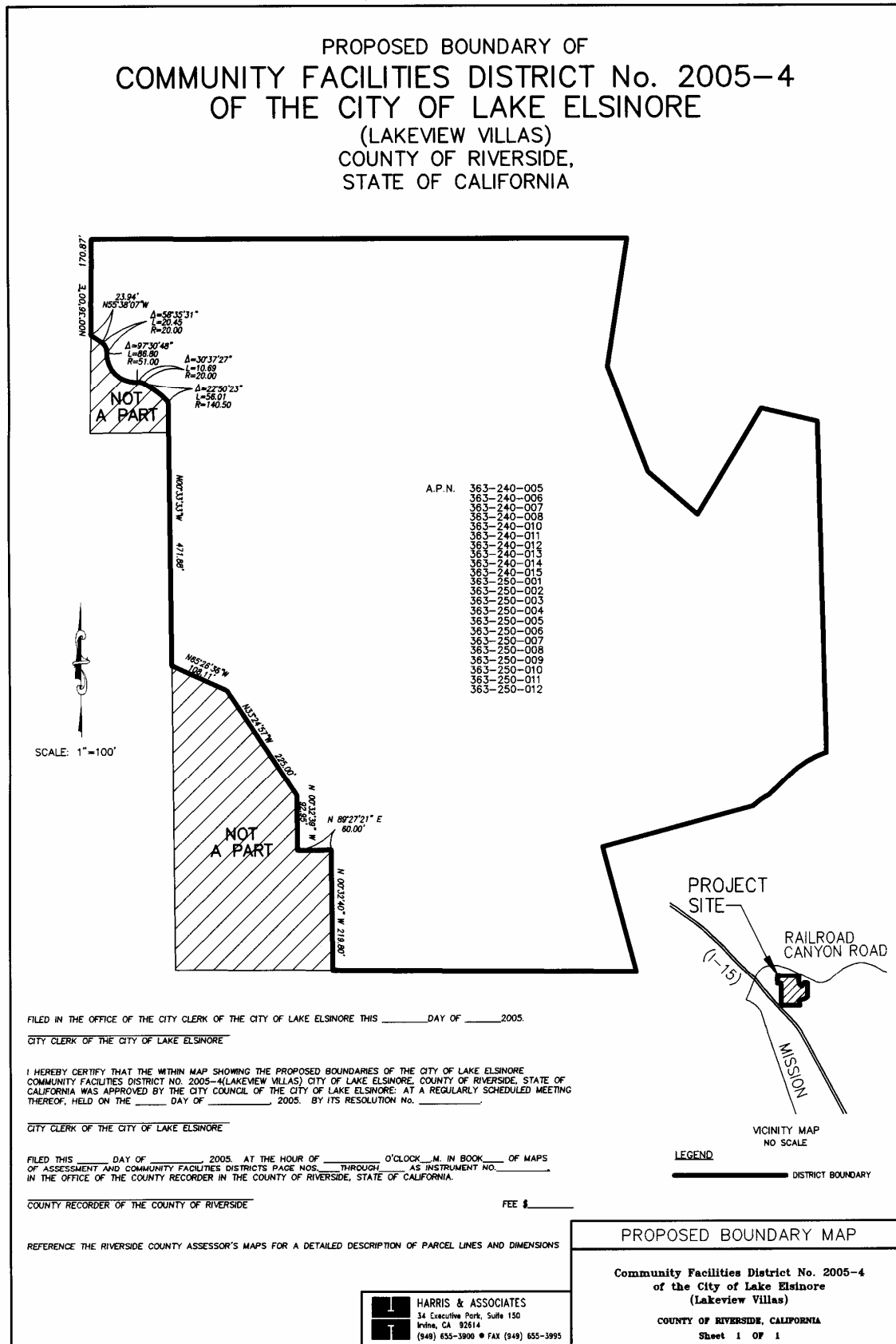
IX. Certification

Based on the information provided herein, it is my opinion that the facilities and services described herein are necessary to meet increased demands placed upon the County as a result of development occurring within the boundaries of CFD No. 2005-4 and benefit the lands within said CFD No. 2005-4. Further, it is my opinion that the special tax rates and method of apportionment, as set forth herein, are fair and equitable, uniformly applied and not discriminating or arbitrary.

Dated: August 15, 2005

Harris & Associates
Dennis A. Anderson
Associate / Project Manager

Boundary Map



Rate and Method of Apportionment

**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 2005-4
OF THE CITY OF LAKE ELSINORE
(Lakeview Villas)**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes in the City of Lake Elsinore Community Facilities District No. 2005-4 (Lakeview Villas) ("CFD No. 2005-4"). The Special Tax shall be levied on and collected in CFD No. 2005-4 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property within CFD No. 2005-4, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" 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 or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2005-4: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes for Facilities to the Trustee; the costs of the Trustee (including legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2005-4 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2005-4 or any designee thereof of complying with disclosure requirements of the City, CFD No. 2005-4 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2005-4 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2005-4 for any other administrative purposes of CFD No. 2005-4, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Apartment Property" means all Assessor's Parcels of Residential Property on which one or more Apartment Units are constructed.

"Apartment Unit" means a dwelling unit within a building comprised of attached residential units available for rental by the general public, not for sale to an end user, and under common management.

Rate and Method of Apportionment

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

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

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

"Assigned Special Tax for Facilities" means the Special Tax of that name described in Section D below.

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section E below.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities within CFD No. 2005-4 have been pledged.

"Building Square Footage" or "BSF" means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor's Parcel.

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

"CFD Administrator" means an official of the City, or designee thereof, responsible for (i) determining the Special Tax Requirement for Facilities, (ii) determining the Special Tax Requirement for Services, as defined in Section L, as applicable, and (iii) providing for the levy and collection of the Special Taxes.

"CFD No. 2005-4" means Community Facilities District No. 2005-4 (Lakeview Villas) established by the City under the Act.

"City" means the City of Lake Elsinore.

"City Council" means the City Council of the City of Lake Elsinore, acting as the Legislative Body of CFD No. 2005-4, or its designee.

"County" means the County of Riverside.

"Developed Property" means all Assessor's Parcels of Taxable Property for which a building permit for new construction was issued on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

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

Rate and Method of Apportionment

"Final Map" means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, 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 that creates individual lots for which building permits may be issued without further subdivision.

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

"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 Type" means any of the types listed in Table 1 of Section D.

"Lot" means an Assessor's Parcel for which a building permit has or may be issued for the purposes of constructing a Single Family Unit.

"Maximum Special Tax for Facilities" means the maximum Special Tax for Facilities, determined in accordance with Section C, that can be levied by CFD No. 2005-4 in any Fiscal Year on any Assessor's Parcel.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

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

"Prepayment Amount" means the amount required to prepay the Special Tax for Facilities obligation in full for an Assessor's Parcel, as described in Section G.

"Proportionately" means that the ratio of the actual Special Tax for Facilities levy to the applicable Assigned Special Tax for Facilities is equal for all applicable Assessor's Parcels. In case of Developed Property subject to the apportionment of the Special Tax for Facilities under step three of Section F, "Proportionately" in step three means that the quotient of (a) actual Special Tax for Facilities less the Assigned Special Tax for Facilities divided by (b) the Backup Special Tax for Facilities less the Assigned Special Tax for Facilities, is equal for all applicable Assessor's Parcels.

"Provisional Undeveloped Property" means all Assessor's Parcels of Taxable Property that would otherwise be classified as Exempt Property pursuant to the provisions of Section J, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage set forth in Section J as applicable.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"Single Family Property" means all Assessor's Parcels of Residential Property other than Apartment Property.

"Single Family Unit" means a residential dwelling unit other than an Apartment Unit.

Rate and Method of Apportionment

"Special Tax" means any of the special taxes authorized to be levied by CFD No. 2005-4 pursuant to the Act.

"Special Tax for Facilities" means any of the special taxes authorized to be levied by CFD No. 2005-4 pursuant to the Act to fund the Special Tax Requirement for Facilities.

"Special Tax Requirement for Facilities" means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) an amount equal to any anticipated shortfall due to Special Tax for Facilities delinquencies in the prior Fiscal Year, and (vi) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2005-4 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Undeveloped Property as set forth in Step Two of Section F, less (vii) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to the Indenture.

"Taxable Property" means all Assessor's Parcels within CFD No. 2005-4, which are not Exempt Property.

"Trustee" means the trustee, fiscal agent, or paying agent under the Indenture.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property, or Provisional Undeveloped Property.

**SECTION B
CLASSIFICATION OF ASSESSOR'S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2006-07, each Assessor's Parcel within CFD No. 2005-4 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property. In addition, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, each Assessor's Parcel of Residential Property shall further be classified as a Single Family Property or Apartment Property, and each Single Family Property shall be assigned to its appropriate Assigned Special Tax for Facilities rate based on its Building Square Footage.

**SECTION C
MAXIMUM SPECIAL TAX FOR FACILITIES**

1. Developed Property

The Maximum Special Tax for Facilities for each Assessor's Parcel of Single Family Property in any Fiscal Year shall be the greater of (i) the Assigned Special Tax for Facilities or (ii) the Backup Special Tax for Facilities.

The Maximum Special Tax for Facilities for each Assessor's Parcel of Apartment Property or Non-Residential Property shall be the applicable Assigned Special Tax for Facilities described in Table 1 of Section D.

Rate and Method of Apportionment

Prior to the issuance of Bonds, the Assigned Special Tax for Facilities on Developed Property set forth in Table 1 may be reduced in accordance with, and subject to the conditions set forth in this paragraph. If it is reasonably determined by the CFD Administrator that the overlapping debt burden (as defined in the Statement of Goals and Policies for the Use of the Mello-Roos Community Facilities Act of 1982 adopted by the City Council, the "Goals and Policies") calculated pursuant to the Goals and Policies exceeds the City's maximum level objective set forth in such document, the Maximum Special Tax for Facilities on Developed Property may be reduced (by modifying Table 1) to the amount necessary to satisfy the City's objective with respect to the maximum overlapping debt burden level with the written consent of the CFD Administrator. In order to reduce the Maximum Special Tax for Facilities on Developed Property it may be necessary to reduce the Maximum Special Tax for Facilities for Undeveloped Property. The reductions permitted pursuant to this paragraph shall be reflected in an amended Notice of Special Tax Lien which the City shall cause to be recorded by executing a certificate in substantially the form attached hereto as Exhibit "A".

Undeveloped Property and Provisional Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property, or Provisional Undeveloped Property in any Fiscal Year shall be the Assigned Special Tax for Facilities.

**SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES**

Developed Property

Each Fiscal Year, each Assessor's Parcel of Single Family Property, Apartment Property, or Non-Residential Property shall be subject to an Assigned Special Tax for Facilities. The Assigned Special Tax for Facilities applicable to an Assessor's Parcel of Developed Property for Fiscal Year 2006-07 shall be determined pursuant to Table 1 below.

**TABLE 1
ASSIGNED SPECIAL TAX FOR FACILITIES RATES
FOR DEVELOPED PROPERTY
FOR FISCAL YEAR 2006-07**

Land Use Type	Building Square Footage	Rate
Single Family Property	Less than 1,250	\$2,546 per Single Family Unit
Single Family Property	1,250 – 1,750	\$2,901 per Single Family Unit
Single Family Property	Greater than 1,750	\$3,117 per Single Family Unit
Apartment Property	N/A	\$17,750 per Acre
Non-Residential Property	N/A	\$17,750 per Acre

Rate and Method of Apportionment

2. Undeveloped Property and Provisional Undeveloped Property

Each Fiscal Year, each Assessor's Parcel of Undeveloped Property and Provisional Undeveloped Property shall be subject to an Assigned Special Tax for Facilities. The Assigned Special Tax for Facilities rate for an Assessor's Parcel classified as Undeveloped Property and Provisional Undeveloped Property for Fiscal Year 2006-07 shall be \$127,440 per Acre.

Increase in the Assigned Special Tax for Facilities

On each July 1, commencing July 1, 2007, the Assigned Special Tax for Facilities rate for Developed Property, Undeveloped Property and Provisional Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E
BACKUP SPECIAL TAX FOR FACILITIES**

At the time a Final Map is recorded for Single Family Property, the Backup Special Tax for Facilities for all Lots within such Final Map area shall be determined by dividing (a) the product of the Maximum Special Tax for Facilities rate for Undeveloped Property and the total Acreage of all Lots in such Final Map area, by (b) the total number of Lots within such Final Map area. The resulting quotient shall be the Backup Special Tax for Facilities for each Lot within such Final Map area.

The Backup Special Tax for Facilities shall not apply to Non-Residential Property or Apartment Property.

If a Final Map includes Assessor's Parcels of Developed Property which are classified or reasonably expected to be classified as Single Family Property and Non-Residential Property or Single Family Property and Apartment Property, then the Backup Special Tax for Facilities for each Lot shall be computed exclusive of the allocable portion of total Acreage attributable to Assessor's Parcels classified or reasonably expected to be classified as Non-Residential Property or Apartment Property.

Notwithstanding the foregoing, if one or more Lots are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax for Facilities for the area that has been changed or modified shall be recalculated, based on the methodology above, to equal the amount of Backup Special Tax for Facilities that would have been generated if such change did not take place.

On each July 1, commencing July 1, 2007, the Backup Special Tax for Facilities rate shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION F
METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES**

Commencing Fiscal Year 2006-07 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Facilities on all Taxable Property in accordance with the following steps:

Rate and Method of Apportionment

- Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in Table 1 to satisfy the Special Tax Requirement for Facilities.
- Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
- Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, then the Special Tax for Facilities on each Assessor's Parcel of Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.
- Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Notwithstanding the above, under no circumstances will the Special Tax for Facilities levied against any Assessor's Parcel of Residential 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 owner of any other Assessor's Parcel within CFD No. 2005-4.

SECTION G
PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following additional definitions apply to this Section G:

"CFD Public Facilities" means \$6,500,000 expressed in 2005 dollars, which shall increase by the Construction Inflation Index on July 1, 2006, and on each July 1 thereafter, or such lower amount (i) determined by the City Council as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2005-4, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes for Facilities levied under this Rate and Method of Apportionment.

"Construction Fund" means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2005-4.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the city of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction

Rate and Method of Apportionment

Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the city of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

"Outstanding Bonds" means all previously issued Bonds issued and secured by the levy of Special Taxes for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes for Facilities.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued or is expected to be issued, or an Assessor's Parcel of Provisional Undeveloped Property may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such notice the CFD Administrator shall notify such owner of the Prepayment Amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given by the Trustee pursuant to the Indenture.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Cost
plus	Administrative Fee
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
equals	Prepayment Amount

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

1. For an Assessor's Parcel of Developed Property, compute the Assigned Special Tax for Facilities and Backup Special Tax for Facilities, if any, applicable to the Assessor's Parcel. For an Assessor's Parcel of Undeveloped Property, compute the Assigned Special Tax for Facilities as though it was already designated as Developed Property based upon the building permit issued or expected to be issued for that Assessor's Parcel. For an Assessor's

Rate and Method of Apportionment

Parcel of Provisional Undeveloped Property compute the Assigned Special Tax for Facilities for that Assessor's Parcel.

2. For each Assessor's Parcel of Developed Property, Undeveloped Property or Provisional Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the Outstanding Bonds.
8. Determine the actual Special Tax for Facilities levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
9. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest redemption date for the Outstanding Bonds.
10. Add the amounts computed pursuant to paragraph 7 and 8 and subtract the amount computed pursuant to paragraph 9. This difference is the "Defeasance Cost."
11. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."

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12. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
13. If any capitalized interest for the Outstanding Bonds will not have been expended as of the date immediately following the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the expected balance in the capitalized interest fund or account under the Indenture after such first interest and/or principal payment. This amount is the "Capitalized Interest Credit."
14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit and the Capitalized Interest Credit.
15. From the Prepayment Amount, the amounts computed pursuant to paragraphs 3, 4, 10, 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 6 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by CFD No. 2005-4.

The Special Tax for Facilities prepayment amount may be insufficient to redeem a full \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

With respect to a Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 2005-4 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

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

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**SECTION H
PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES**

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued or is expected to be issued, or and Assessor's Parcel of Provisional Undeveloped Property, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

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

$$PP = (P_G - A) \times F + A$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount.
- P_G = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.
- A = the Administrative Fees and Expenses calculated according to Section G.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax for Facilities and the percentage by which the Special Tax for Facilities shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for Facilities for an Assessor's Parcel within 30 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 City Council shall (i) distribute the funds remitted to it according to Section G, and (ii) indicate in the records of CFD No. 2005-4 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

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

**SECTION I
TERMINATION OF SPECIAL TAX**

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. The Special Tax for Facilities shall cease not later than the 2041-42 Fiscal Year, however, the Special Taxes for Facilities will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the CFD No. 2005-4 Bonds have been paid; (ii) all authorized facilities of CFD No. 2005-4 have been acquired and all reimbursements to the developer have been

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paid, (iii) no delinquent Special Taxes for Facilities remain uncollected and (iv) all other obligations of CFD No. 2005-4 have been satisfied.

**SECTION J
EXEMPTIONS**

The City shall classify as Exempt Property, in order of priority, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) other types of public uses determined by the City Council, provided that no such classification would reduce the sum of all Taxable Property to less than 3.5 Acres.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 3.5 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 3.5 Acres will be classified as Provisional Undeveloped Property, and will be subject to Special Taxes for Facilities pursuant to Step Four in Section F.

**SECTION K
MANNER OF COLLECTION OF SPECIAL TAX FOR FACILITIES**

The Special Tax for Facilities shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2005-4 may collect Annual Special Taxes for Facilities at a different time or in a different manner if necessary to meet its financial obligations and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

**SECTION L
SPECIAL TAX FOR SERVICES**

The following additional definitions apply to this Section L:

"Developed Multifamily Unit" means a residential dwelling unit within a building in which each of the individual dwelling units has or shall have at least one common wall with another dwelling unit and a building permit has been issued by the City for such dwelling unit on or prior to May 1 preceding the Fiscal Year in which the Special Tax for Services is being levied.

"Developed Single Family Unit" means a residential dwelling unit other than a Developed Multifamily Unit on an Assessor's Parcel for which a building permit has been issued by the City on or prior to May 1 preceding the Fiscal Year in which the Special Tax for Services is being levied.

Rate and Method of Apportionment

"Maximum Special Tax for Services" means the maximum Special Tax for Services that can be levied by CFD No. 2005-4 in any Fiscal Year on any Assessor's Parcel.

"Operating Fund" means a fund that shall be maintained for CFD No. 2005-4 for any Fiscal Year to pay for the actual costs of maintenance related to the Service Area, and the applicable Administrative Expenses.

"Operating Fund Balance" means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

"Service Area" means parks, open space, and storm drains.

"Special Tax for Services" means any of the special taxes authorized to be levied within CFD No. 2005-4 pursuant to the Act to fund the Special Tax Requirement for Services.

"Special Tax Requirement for Services" means the amount determined in any Fiscal Year for CFD No. 2005-4 equal to (i) the budgeted costs directly related to the Service Area, including maintenance, repair and replacement of certain components of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in CFD No. 2005-4 for the previous Fiscal Year, less (iv) the Operating Fund Balance, as determined by the CFD Administrator.

1. Rate and Method of Apportionment of the Special Tax for Services

Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Services on (i) all Assessor's Parcels containing a Developed Single Family Unit or Developed Multifamily Unit and (ii) all Assessor's Parcels of Non-Residential Property, up to the applicable Maximum Special Tax for Services to fund the Special Tax Requirement for Services.

The Maximum Special Tax for Services for Fiscal Year 2005-2006 shall be \$242 per Developed Single Family Unit, \$121 per Developed Multifamily Unit, and \$545 per Acre for each Assessor's Parcel of Non-Residential Property.

On each July 1, commencing July 1, 2006, the Maximum Special Tax for Services shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

2. Duration of the Special Tax for Services

The Special Tax for Services shall be levied in perpetuity to fund the Special Tax Requirement for Services, unless no longer required as determined at the sole discretion of the City Council.

3. Collection of the Special Tax for Services

The Special Tax for Services shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2005-4 may collect the Special Tax for Services at a different time or in a different manner if necessary to meet its funding requirements.

Rate and Method of Apportionment

**SECTION M
APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator not later than twelve months after having paid the first installment of the Special Tax that is disputed. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the CFD Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

The City Council may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or residents appeals. Any decision of the City Council shall be final and binding as to all persons.

Rate and Method of Apportionment

EXHIBIT A

CERTIFICATE TO AMEND SPECIAL TAXES

Rate and Method of Apportionment

CITY OF LAKE ELSINORE AND CFD NO. 2005-X CERTIFICATE

1. Pursuant to Section ___ of the Rate and Method of Apportionment of Special Tax (the "RMA"), the City of Lake Elsinore (the "City") and Community Facilities District No. 2005-X of the City of Lake Elsinore ("CFD No. 2005-X") hereby agree to a reduction in the Maximum Special Tax for Facilities for Developed Property *[within such Improvement Area]*:

(a) The information in Table 1 relating to the Maximum Special Tax for Facilities for Developed Property and/or Undeveloped Property within *[Improvement Area X or CFD No. 2005-X]* shall be modified as follows:

[insert Table 1 showing effective change to special tax rates and/or insert change to special tax rates for Undeveloped Property]

2. Table 1 may only be modified prior to the issuance of Bonds.

3. Upon execution of the Certificate by the City and CFD No. 2005-X the City shall cause an amended Notice of Special Tax Lien *[for the Improvement Area]* to be recorded reflecting the modifications set forth herein.

By execution hereof, the undersigned acknowledges, on behalf of the City of Lake Elsinore and CFD No. 2005-X, receipt of this Certificate and modification of the RMA as set forth in this Certificate.

CITY OF LAKE ELSINORE

By: _____
CFD Administrator

Date: _____

COMMUNITY FACILITIES DISTRICT NO. 2005-X
OF THE CITY OF LAKE ELSINORE

By: _____
CFD Administrator

Date: _____

Property Owner List

**City of Lake Elsinore
Community Facilities District No. 2005-4
(Lakeview Villas)**

Property Owner List

APN	Owner	Acreage
363-240-006	ELSINORE LAKEVIEW ESTATES	1.04
363-240-010	ELSINORE LAKEVIEW ESTATES	1.27
363-240-012	ELSINORE LAKEVIEW ESTATES	1.02
363-240-013	ELSINORE LAKEVIEW ESTATES	1.00
363-240-014	ELSINORE LAKEVIEW ESTATES	1.00
363-240-015	ELSINORE LAKEVIEW ESTATES	1.00
363-240-022	ELSINORE LAKEVIEW ESTATES	1.04
363-240-024	ELSINORE LAKEVIEW ESTATES	1.34
363-240-025	ELSINORE LAKEVIEW ESTATES	0.90
363-250-001	ELSINORE LAKEVIEW ESTATES	1.00
363-250-002	ELSINORE LAKEVIEW ESTATES	1.01
363-250-003	ELSINORE LAKEVIEW ESTATES	1.19
363-250-004	ELSINORE LAKEVIEW ESTATES	1.00
363-250-005	ELSINORE LAKEVIEW ESTATES	1.06
363-250-006	ELSINORE LAKEVIEW ESTATES	1.06
363-250-007	ELSINORE LAKEVIEW ESTATES	1.39
363-250-008	ELSINORE LAKEVIEW ESTATES	1.03
363-250-009	ELSINORE LAKEVIEW ESTATES	1.00
363-250-010	ELSINORE LAKEVIEW ESTATES	1.00
363-250-011	ELSINORE LAKEVIEW ESTATES	1.02
363-250-012	ELSINORE LAKEVIEW ESTATES	1.02
Grand Total		22.39

Effective Tax Rate

**City of Lake Elsinore
Community Facilities District 2005-4 (Lakeview Villas)
Product Mix and Special Taxes (1)
Fiscal Year 2006-07**

Home Special Tax Category	Plan 1	Plan 2	Plan 3	Plan 4	Plan 4b
Home Square Footage	< 1250 sf	1250-1750 sf	1250-1750 sf	> 1750 sf	> 1750 sf
Home Price	\$ 305,870.00	\$ 343,470.00	\$ 354,919.00	\$ 366,368.00	\$ 412,164.00
Number of Units	37	38	38	39	3
Ad Valorem Tax	\$ 3,058.70	\$ 3,434.70	\$ 3,549.19	\$ 3,663.68	\$ 4,121.64
Taxes of all Agencies					
Metro Water West 1302999	\$ 17.74	\$ 19.92	\$ 20.59	\$ 21.25	\$ 23.91
N.W. Mosquito & Vector Control District	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38
Flood Control & Stormwater / Cleanwater	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75
City of Lake Elsinore Citywide LLMD	\$ 19.92	\$ 19.92	\$ 19.92	\$ 19.92	\$ 19.92
CSA 152 (storm drain maintenance) (estimate)	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
MWD Water Standby West Charge	\$ 9.22	\$ 9.22	\$ 9.22	\$ 9.22	\$ 9.22
Flood Zone 3 Benefit Assessment District	\$ 23.46	\$ 23.46	\$ 23.46	\$ 23.46	\$ 23.46
City of Lake Elsinore CFD No. 2003-1	\$ 156.06	\$ 156.06	\$ 156.06	\$ 156.06	\$ 156.06
Proposed CFD No. 2005-4 Special Tax for Services	\$ 121.00	\$ 121.00	\$ 121.00	\$ 121.00	\$ 121.00
Special Taxes	\$ 2,546.00	\$ 2,901.00	\$ 2,901.00	\$ 3,117.00	\$ 3,117.00
Annual Home Tax Rate (%)	1.95%	1.95%	1.92%	1.95%	1.84%
Gross Acreage	27.9 acres				
Exempt Acreage (Public & Association Property)	20.1 acres				
Net Taxable Acreage	7.8 acres				
Undeveloped Special Tax Rate	\$127,440 /acre				
Max Tax Rate	Greater of Assigned Tax Rate or \$17,750/acre				

(1) based on Proposed Special Tax and Bonded Indebtedness, prepared by DPF, dated June 29, 2005