RATE AND METHOD OF APPORTIONMENT
FOR
IMPROVEMENT AREA NO. 3
OF
CITY OF AZUSA
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(ROSEDALE)

Special Taxes as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 3 ("IA No. 3") of the City of Azusa Community Facilities District No. 2005-1 (Rosedale) ("CFD No. 2005-1") and collected each Fiscal Year commencing in Fiscal Year 2024-2025, in an amount determined by the Council through the application of the appropriate Special Tax for "Developed Property" and "Undeveloped Property" as described below. All of the real property in IA No. 3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

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.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of IA No. 3 including: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, IA No. 3 or any designee thereof related to an appeal of the Special Tax; that portion of the City's overhead and staff time related to the administration of IA No. 3; and the City's third party expenses related to the administration of IA No. 3. Administrative Expenses shall also include amounts estimated or advanced by the City or IA No. 3 for any other administrative purposes of IA No. 3, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel shown 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.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Services, and providing for the levy and collection of the Special Taxes.

"CFD No. 2005-1" means Community Facilities District No. 2005-1 (Rosedale) of the City of Azusa.

"City" means the City of Azusa.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 2005-1.

"County" means the County of Los Angeles.

"Developed Property" means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued after January 1, 2023, and as of May 1 of the previous Fiscal Year.

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

"Improvement Area No. 3" or **"IA No. 3"** means Improvement Area No. 3 of CFD No. 2005-1, as identified on the annexation map for CFD No. 2005-1, Improvement Area No. 3.

"Land Use Class" means any of the classes listed in Table 1.

"Maximum Special Tax " means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel within IA No. 3.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which one or more building permits have been issued for non-residential use.

"Property Owner Association Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of IA No. 3 that was owned by or irrevocably offered for dedication to a property owner association, including any master or sub-association, as of January 1 of the previous Fiscal Year.

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

"Public Property" means, for each Fiscal Year, (i) any property within the boundaries of IA No. 3 that was owned by or irrevocably offered for dedication to the federal government, the State, the City or any other public agency as of January 1 of the previous Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use; or (ii) any property within the boundaries of IA No. 3 that was encumbered, as of January 1 of the previous Fiscal Year, by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

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

"RMA" means this Rate and Method of Apportionment.

"Special Tax" means the annual special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement for Services.

"Special Tax Requirement for Services" means that amount required in any Fiscal Year for CFD No. 2005-1 to: (i) pay directly for all public services eligible under the Act; (ii) pay Administrative Expenses as determined by the CFD Administrator; less (iii) a credit for funds available to reduce the annual Special

Tax levy, as determined by the CFD Administrator. The Special Tax Requirement for Services represents the total amount to be levied in any Fiscal Year within IA No. 3.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of IA No. 3 which are not exempt from the Special Tax pursuant to law or Section E below.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within IA No. 3 shall be classified as Developed Property or Undeveloped Property and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. Developed Property shall be classified as Residential Property and Non-Residential Property.

C. MAXIMUM SPECIAL TAX RATE

The Fiscal Year 2024-25 Maximum Special Tax for each Assessor's Parcel classified as Residential Property, Non-Residential Property and Undeveloped Property shall be the amount shown below in Table 1.

TABLE 1

Maximum Special Tax for Fiscal Year 2024-25

Land Use Class	Land Use Description	FY 2024-25 Maximum Special Tax
1	Residential Property	$816 Per dwelling unit
2	Non-Residential Property	$4,697 Per Acre
3	Undeveloped Property	$4,697 Per Acre

On each July 1, commencing on July 1, 2025, the Maximum Special Tax applicable to Land Use Class 1-3 shall be increased by two-percent (2%) of the amount in effect for the previous Fiscal Year.

There shall be no Special Tax levied on Property Owner Association Property and Public Property.

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax for all Land Use Classes located on that Assessor's Parcel.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2024-2025 and for each following Fiscal Year, the City shall determine the Special Tax Requirement for Services and levy the Special Tax as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Residential Property at up to 100% of the applicable Maximum Special Tax for Residential Property as needed to satisfy the Special Tax Requirement for Services.

Second: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Non-Residential Property at up to 100% of the Maximum Special Tax for Non-Residential Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement for Services after the second step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property

E. EXEMPTIONS

No Special Tax shall be levied on Property Owner Association Property or Public Property.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Council by ordinance or resolution for the purpose of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that IA No. 3 may directly bill the Special Tax, may collect Special Taxes 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.

H. TERM OF SPECIAL TAX

The Special Tax shall be levied as long as necessary to meet the Special Tax Requirement for Services.