RATE AND METHOD OF APPORTIONMENT
OF A SPECIAL TAX FOR
COMMUNITY FACILITIES DISTRICT NO. 02-1 OF THE
FONTANA UNIFIED SCHOOL DISTRICT

The Board of Education (the "Board") of the Fontana Unified School District (the "School District") sitting as the legislative body of Community Facilities District No. 02-1 of the Fontana Unified School District ("CFD No. 02-1"), shall levy and collect a special tax (the "Special Tax") applicable to each Assessor's Parcel located within the boundaries of CFD No. 02-1. The Special Tax shall be levied to provide funds for CFD No. 02-1, the proceeds of which will be used to finance the acquisition and construction of school sites and facilities. The Special Tax will be levied at the applicable rate for developed property ("Developed Property"). Each Assessor's Parcel which is Developed Property or Undeveloped Property shall be taxed as set forth in Section 3.

All property located within the boundaries of CFD No. 02-1 shall be taxed for the purposes, to the extent and in the manner herein set forth unless exempted by law or by the provisions of Section 4 herein.

Section 1. Definitions.

"**Developed Property**" shall mean all assessor's parcels for which a building permit was issued prior to March 1 of the preceding Fiscal Year and which has not otherwise paid Tax "A" in full (as defined herein).
"**Fiscal Year**" shall mean the period of time commencing on July 1 of any year and ending the following June 30.
"**Taxable Property**" shall mean the area within the boundaries of CFD No. 02-1 which is not exempt from application of the Special Tax by operation of law or Section 4 herein.
"**Undeveloped Property**" shall mean all property within CFD No. 02-1 which is not classified as Developed Property.

Section 2. Assignment to Land Use Class.

The School District shall on or before July 1 of each year classify all property as either Developed Property or Undeveloped Property within the boundaries of CFD No. 02-1.

Section 3. Apportionment of Special Tax.

Commencing in Fiscal Year 2002-2003 and for each Fiscal Year thereafter, the Board shall determine the amount of Special Taxes to be collected from all Taxable Property located within CFD No. 02-1. Special Taxes will be levied for twenty-five (25) years. Commencing in Fiscal Year 2002-2003, each parcel of Developed Property so classified as of July 1 will have an annual Tax "B" Special Tax obligation as follows:

Table I

Taxable Square Feet of Per Unit Special Tax "B"

Land Use Category	Unit	Dwelling Units	Square Feet
1	$1,173	Reisd. D/U	2,150 sq. ft. or greater
2	$1,092	Reisd. D/U	2,000 – 2,149 sq. ft.
3	$955	Reisd. D/U	1,750 – 1,999 sq. ft.
4	$900	Reisd. D/U	1,650 – 1,749 sq. ft.
5	$819	Reisd. D/U	1,500 – 1,649 sq. ft.
6	$736	Reisd. D/U	1,350 – 1,499 sq. ft.
7	$682	Reisd. D/U	1,250 – 1,349 sq. ft.
8	$547	Reisd. D/U	1,000 – 1,249 sq. ft.
9	$492	Reisd. D/U	999 sq. ft. or less

Provided, however, that the per unit Tax "B" obligation shown above shall be reduced by $43 for each $500 of Tax "A" (as defined below) which is paid prior to or concurrently with the issuance of a building permit.

Commencing in Fiscal Year 2003-2004 and each Fiscal Year thereafter, the per unit annual Special Tax "B" obligation (as reduced due to prepayments of Tax "A" prior or subsequent to the issuance of a building permit, as described above and below) shall increase by two percent (2%).

Each parcel of Developed Property shall also be subject to an annual $25 Special Tax, payable semi-annually, for the cost of administration of the levy of the Special Taxes.

The owner may prepay all of Tax "A" (as described below) or any portion thereof in $500 increments, after a building permit is issued for a particular residential unit under the assumption that the unpaid balance of Tax "A" accrues interest at the rate of seven (7%) per annum, compounded monthly, commencing with the July 1 following issuance of the building permit for that residential unit. Tax "A" for each residential unit shall be as follows:

Table II

Taxable Square Feet of Per Unit Special Tax "B"

Land Use Category	Unit	Dwelling Units	Square Feet
1	$13,673.00	Reisd. D/U	2,150 sq. ft. or greater
2	$12,719.00	Reisd. D/U	2,000 – 2,149 sq. ft.
3	$11,129.00	Reisd. D/U	1,750 – 1,999 sq. ft.
4	$10,493.00	Reisd. D/U	1,650 – 1,749 sq. ft.
5	$9,539.00	Reisd. D/U	1,500 – 1,649 sq. ft.
6	$8,585.00	Reisd. D/U	1,350 – 1,499 sq. ft.
7	$7,949.00	Reisd. D/U	1,250 – 1,349 sq. ft.
8	$6,359.00	Reisd. D/U	1,000 – 1,249 sq. ft.
9	$5,723.00	Reisd. D/U	999 sq. ft. or less

Provided, however, the Tax "A" shown above shall be reduced by any amounts of Tax "A" paid prior to or concurrently with the issuance of a building permit.

Commencing in Fiscal Year 2003-2004 and each Fiscal Year thereafter, Tax "A" shall increase by two percent (2%). Provided, however, that Tax "A" on each property shall decrease by the amount of (i) Tax "A" which is prepaid prior to or subsequent to the issuance of a building permit, and (ii) any Tax "B" Special Taxes paid on said property.

For every $500 of Tax "A" paid, the annual Tax "B" Special Tax obligation (payable semi-annually) will decrease by $43.

The annual $25 Special Tax for the cost of administration of the levy of the Special Tax shall not be discharged unless the entire Tax "A" for a parcel has been paid in full.

Section 4. Exemptions.

The Special Tax shall not be levied upon parks, public properties, utility properties belonging to public or private utilities and properties exempt from general ad valorem property taxes.

Section 5. Manner of Collection.

The Special Taxes for CFD No. 02-1 will be collected in the same manner and at the same time as ordinary ad valorem property taxes, and the Special Taxes will be subject to the same penalties and procedures, sale, and lien priority in the event of delinquencies as provided for ad valorem taxes.