

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2001-1 OF LAKE ELSINORE UNIFIED SCHOOL DISTRICT

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Community Facilities District No. 2001-1 ("CFD No. 2001-1") of the Lake Elsinore Unified School District ("School District"). Annual Special Taxes shall be levied on and collected in CFD No. 2001-1 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below, and all of the real property in CFD No. 2001-1, 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:

"Acreage" means the number of acres of 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 Board may rely on the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map, provided that any land area located within Zone B shall be excluded from such calculation. 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 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

"Additional Annual Special Tax Requirement" means (i) the amount required in any Fiscal Year to pay (a) debt service, lease payments, or other periodic costs on all outstanding Bonds due in the Calendar Year commencing in such Fiscal Year, (b) Administrative Expenses, (c) costs associated with the release of funds from an escrow account, and (d) any amount required to establish or replenish any reserve funds established in association with any Bonds, less (ii) the sum of (a) the total amount levied on Developed Property in such Fiscal Year pursuant to Step One of Section F and (b) any amounts on deposit in any fund or account which are available to pay debt service, lease payments, or other periodic costs on all outstanding Bonds pursuant to any applicable fiscal agent agreement, excluding amounts required to satisfy any reserve requirement. Notwithstanding the foregoing, in no event shall the Additional Annual Special Tax Requirement be less than \$0.

"Administrative Expenses" means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2001-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2001-1, the costs to the School District, CFD No. 2001-1 or any designee thereof of complying with arbitrage rebate requirements, costs to the School District, CFD No. 2001-1 or any designee

thereof of complying with disclosure requirements associated with applicable federal and state securities laws and of the Act, costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2001-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2001-1.

"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 Annual Special Tax" means any Special Tax of that name as described in Section D below.

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

"Board" means the Board of Trustees of Lake Elsinore Unified School District as the legislative body of CFD No. 2001-1 or its designee, as applicable.

"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, which obligation may be incurred by CFD No. 2001-1 or the School District and to which Special Taxes are pledged.

"Building Permit" means a permit for the construction of one or more Units. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Feet" or "BSF" means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

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

"County" means the County of Riverside.

"Developed Property" means all Assessor's Parcels for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

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

"Final Map" means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

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

"Lot" means an individual legal lot created by a Final Map for which a Building Permit has been or could be issued, provided that land for which one or more Building Permits have been or could be issued for the construction of one or more model Units shall not be construed as a Lot until such land has been subdivided by a Final Map.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2001-1 in any Fiscal Year on any Assessor's Parcel.

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

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

"Proportionately" means that the ratio of the actual Annual Special Tax levy to the applicable Special Tax is equal for all applicable Assessor's Parcels.

"Special Tax" means any of the special taxes authorized to be levied by CFD No. 2001-1 pursuant to the Act.

"Taxable Property" means all Assessor's Parcels which are not Exempt Property.

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

"Unit" means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

"Zone" means either of the areas identified as a Zone in Exhibit A to this Rate and Method of Apportionment.

"Zone A" means all property located within the area identified as Zone A in Exhibit A to this Rate and Method of Apportionment, subject to interpretation by the Board as described in Section B.

"Zone B" means all property located within the area identified as Zone B in Exhibit A to this Rate and Method of Apportionment, subject to interpretation by the Board as described in Section B.

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2001-02, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Fiscal Year, beginning with Fiscal Year 2001-02, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property or Undeveloped Property. Finally, each Fiscal Year, beginning with Fiscal Year 2001-02, the Acreage of each Assessor's Parcel within Zones A and B shall be determined at the reasonable discretion of the Board, provided that the Acreage of each Lot shall be assigned entirely to either Zone A or Zone B, where such assignment shall be made in accordance with Exhibit A, subject to the reasonable discretion of the Board to interpret Exhibit A in the interest of achieving the purposes of CFD No. 2001-1.

SECTION C MAXIMUM SPECIAL TAXES

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property for any Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax or (ii) the Backup Annual Special Tax, as applicable.

2. Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property for any Fiscal Year shall be the Assigned Annual Special Tax.

SECTION D ASSIGNED ANNUAL SPECIAL TAXES

1. Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to an Assigned Annual Special Tax in accordance with Table 1 below.

TABLE 1

**DEVELOPED PROPERTY
ASSIGNED ANNUAL SPECIAL TAX RATES**

Zone	Building Square Feet	Assigned Annual Special Tax
A	< = 1,700	\$887.00 per Unit
A	1,701 - 2,200	\$1,000.00 per Unit
A	2,201 - 2,500	\$1,100.00 per Unit
A	2,501 - 2,900	\$1,221.00 per Unit
A	> 2,900	\$1,309.00 per Unit
B	NA	\$0.00 per Unit

2. Undeveloped Property

Each Fiscal Year, each Assessor's Parcel of Undeveloped Property shall be subject to an Assigned Annual Special Tax. In each Fiscal Year, the Assigned Annual Special Tax rate for Undeveloped Property shall be \$6,618.69 per acre of Acreage in Zone A and \$0.00 per acre of Acreage in Zone B.

**SECTION E
BACKUP ANNUAL SPECIAL TAXES**

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

$$B = \frac{\$6,618.69 \text{ H A}}{L}$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot in Zone A in each Fiscal Year
A	=	Acreage of Taxable Property in Zone A in such Final Map, as determined by the Board pursuant to Section J
L	=	Lots in Zone A in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage in Zone A calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property in Zone A which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage in Zone A which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

SECTION F

METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Commencing Fiscal Year 2001-02 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

- Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.
- Step Two: If, after the first step, the Additional Annual Special Tax Requirement is greater than \$0, then the Board shall levy an Annual Special Tax Proportionately on each Assessor's Parcel of Undeveloped Property, up to the Assigned Annual Special Tax applicable to each such Assessor's Parcel, to satisfy the Additional Annual Special Tax Requirement.
- Step Three: If the sum of the amounts levied in Step Two is insufficient to satisfy the Additional Annual Special Tax Requirement, then the Board shall additionally levy an Annual Special Tax Proportionately on each Assessor's Parcel of Developed Property, up to the Backup Annual Special Tax applicable to each such Assessor's Parcel, to satisfy the Additional Annual Special Tax Requirement.

Notwithstanding the foregoing, under no circumstances will the Special Taxes levied against any Assessor's Parcel for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel.

SECTION G

PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property, as calculated in Section G.2. below, may be prepaid in full at the times and under the conditions set forth in this Section G, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

1. Prepayment Times and Conditions

a. Undeveloped Property

Prior to the issuance of a Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area in full, as calculated in Section G.2. below. The prepayment of the Annual Special Tax obligation for each such Assessor's Parcel shall be collected prior to the issuance of the Building Permit with respect to such Assessor's Parcel.

b. Developed Property

In any Fiscal Year following the first Fiscal Year in which such Assessor's Parcel was classified as Developed Property, the owner of such an Assessor's Parcel may prepay the Annual Special Tax obligation for such Assessor's Parcel in full, as calculated in Section G.2. below.

2. Prepayment Amount

The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

a. Prior to Issuance of Bonds

Prior to the issuance of Bonds, the Prepayment Amount for each applicable Assessor's Parcel shall be the rates shown in Table 2 below.

TABLE 2

PREPAYMENT AMOUNT

Zone	Building Square Feet	Prepayment Amount
A	< = 1,700	\$9,227.05 per Unit
A	1,701 - 2,200	\$9,227.05 per Unit
A	2,201 - 2,500	\$9,279.46 per Unit
A	2,501 - 2,900	\$10,300.20 per Unit
A	> 2,900	\$11,042.56 per Unit
B	NA	\$0.00 per Unit

b. Subsequent to Issuance of Bonds

Subsequent to the issuance of Bonds, 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	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

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

1. For Assessor's Parcels of Developed Property, compute the Assigned Annual Special Taxes and the Backup Annual Special Tax applicable to the Assessor's Parcel. For Assessor's Parcels of Undeveloped Property, compute the Assigned Annual Special Taxes and the Backup Annual Special Tax applicable to the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property and Undeveloped Property to be prepaid, (a) divide the Assigned Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at buildout, as reasonably determined by the Board, and (b) divide the Backup Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at buildout, as reasonably determined by the Board.

3. The amount determined pursuant to Section G.2.a. shall be (a) increased by the portion of the Bonds not allocable to project proceeds with respect to the applicable Assessor's Parcel and (b) reduced by the amount of regularly retired principal which is allocable to the applicable Assessor's Parcel, as determined by the Board. The result is the "Outstanding Gross Prepayment Amount." In no event shall any Annual Special Taxes determined to have been used to make a regularly scheduled principal payment on the Bonds be adjusted for any increase in any cost index or other basis subsequent to the date of the applicable principal payment.
4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the face value of all outstanding Bonds. If the product is greater than the Outstanding Gross Prepayment Amount, then the product shall be the "Bond Redemption Amount." If the product is less than the Outstanding Gross Prepayment Amount, then the Outstanding Gross Prepayment Amount shall be the "Bond Redemption Amount."
5. 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."
6. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 10) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the outstanding Bonds.
7. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the outstanding Bonds.
8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6. This difference is the "Defeasance."
9. 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."
10. 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, the Reserve Fund Credit shall in no event be less than 0.

11. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

The Prepayment Amount may be sufficient to redeem other than a \$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 fiscal agent agreement or indenture to be used with the next prepayment of Bonds or to make debt service payments.

With respect to an Annual Special Tax obligation that is prepaid pursuant to this Section G, the Board shall indicate in the records of CFD No. 2001-1 that there has been a prepayment of the Annual Special Tax 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 Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Taxes shall thereupon cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes 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 and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board.

SECTION H

PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel, as calculated in Section H.2. below, may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

1. Partial Prepayment Times and Conditions

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of the Annual Special Tax obligation for each such Assessor's Parcel shall be collected prior to the issuance of the Building Permit with respect to such Assessor's Parcel.

2. Partial Prepayment Amount

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

$$PP = P_G H F$$

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 Annual Special Tax obligation.

3. Partial Prepayment Procedures and Limitations

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2001-1 that there has been a partial prepayment of the Annual Special Tax obligation to indicate the partial prepayment of the Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall thereupon cease. The portion of the Annual Special Tax equal to the outstanding percentage (1.00 - F) of the remaining Annual Special Tax obligation shall continue to be levied on such Assessor's Parcel.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Taxes 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

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after the last series of Bonds has been issued, as determined by the Board, provided that Annual Special Taxes shall not be levied after 2036-37.

SECTION J EXEMPTIONS

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by or irrevocably offered for dedication to the State of California, Federal or other local governments, (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 used exclusively 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 located entirely within Zone B, or (vi) other types of

Assessor's Parcels, at the reasonable discretion of the Board, provided that no such classification would reduce the Acreage of all Taxable Property in Zone A to less than 100.48 acres of Acreage. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the Acreage of all Taxable Property in Zone A to less than 100.48 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property in Zone A to less than 100.48 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly. No portion of an Assessor's Parcel whose total Acreage, if such Assessor's Parcel were classified as Exempt Property, would reduce the Acreage of all Taxable Property in Zone A to less than 100.48 acres of Acreage shall be exempted or excluded from the calculation of the Acreage of Taxable Property.

SECTION K NOTICE OF CANCELTION

The parties involved in the formation of CFD No. 2001-1 intend that only property within Zone A should be subject to the Special Taxes of CFD No. 2001-1. However, at the time of the formation CFD No. 2001-1, the configuration of the relevant Assessor's Parcels and the application of the provisions of the Act prevented the Board from establishing definitive boundaries of CFD No. 2001-1 coterminous with the boundaries of Zone A. Therefore, property outside Zone A, which is designated as Zone B, was also necessarily included within the boundaries of CFD No. 2001-1. To ensure that property located within Zone B is not adversely affected as a result of its unavoidable inclusion within CFD No. 2001-1, the Board shall take the following actions at the times and under the conditions specified below.

As Final Maps are recorded in the County Office of the Recorder with respect to the property within Zone A, any Assessor's Parcel created entirely within Zone B will be deemed to have satisfied its Special Tax obligation with respect to CFD No. 2001-1, and the Board shall record, or cause to be recorded, a Notice of Cancellation with respect to such Assessor's Parcel, provided that the Board shall not be obligated to take any such action until documentation is provided to the Board showing to the Board's satisfaction that the relevant Final Map(s) has been recorded in the County Office of the Recorder. Notwithstanding the foregoing, in instances in which it is unclear whether an Assessor's Parcel, after the recordation of a Final Map(s) with respect to such Assessor's Parcel, should be located within Zone A or Zone B, the Board may wait until all Final Maps have been recorded before determining whether to record, or to cause to be recorded, a Notice of Cancellation with respect to such Assessor's Parcel, provided that until such determination is made, such Assessor's Parcel shall continue to be classified pursuant to Section B.

SECTION L 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 Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No.

2001-1 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 representative'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 Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION M MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2001-1 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

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EXHIBIT A

ZONE MAP OF CFD NO. 2001-1