

EXHIBIT A

AMENDED RATE AND METHOD OF APPORTIONMENT OF
SPECIAL TAX
FOR COMMUNITY FACILITIES DISTRICT NO. 91-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT

An Annual Special Tax and a Single Payment Special Tax (defined below) shall be levied on and collected in Community Facilities District No. 91-1 of the Moreno Valley Unified School District ("CFD No. 91-1") each Fiscal Year, in an amount determined by the Board of Education (the "Board") of the Moreno Valley Unified School District (the "School District") through the application of the appropriate Annual Special Tax for "Developed Property" and the appropriate Single Payment Special Tax for each "Undeveloped Property" as described below. All of the property in CFD No. 91-1, unless exempted by law or by the provisions of Section E below, 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:

"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 any costs incurred by the School District on behalf of CFD No. 91-1 related to the determination of the amount of annual levy of the Annual Special Tax and the Single Payment Special Tax, the collection of the Annual Special Tax and the Single Payment Special Tax, the administration of the bonds of CFD No. 91-1, and the other costs incurred in order to carry out the authorized purposes of CFD No. 91-1.

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

"Annual Special Tax Requirement" means that amount required in any Fiscal Year to pay: (1) debt service on all bonds or other indebtedness or other periodic costs on the bonds or other indebtedness of CFD No. 91-1, (2) the cost of acquisition, construction, furnishing or equipping of the Facilities, (3) the Administrative Expenses of CFD No. 91-1, (4) the accumulation of funds reasonably required for future debt service, (5) costs associated with the release of funds from an escrow account, (6) any amounts required to establish or replenish any reserve funds established in association with bonds or other indebtedness of CFD No. 91-1, (7) lease payments for existing or future facilities, and (8) any other payments permitted by law.

"Apartment" means a single dwelling unit within a building or buildings comprised of attached residential units available for rental by the general public.

"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 County Assessor of the County of Riverside designating parcels by Assessor's Parcel numbers.

"Board" means the Board of Education of the Moreno Valley Unified School District, acting as the administrator and legislative body of CFD No. 91-1.

"Commercial/Industrial" means Developed Property for an Assessor's Parcel that is to be developed or is developed for commercial or industrial use.

"Condominium" means a unit meeting the statutory definition of a condominium contained in Civil Code Section 1351.

"County" means the County of Riverside.

"Developed Property" means for any Fiscal Year all Taxable Property for which a building permit was issued as of March 1 of the Fiscal Year preceding the Fiscal Year in which the Annual Special Tax is being levied.

"Facilities" means any real property, improvements to real property, furnishings, equipment or facilities designated by the Board for use by the School District with an estimated useful life of five years or longer which are eligible for financing under the provisions of the Act.

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

"Land Use Class" means any of the classes for Developed Property listed in Table 1 below.

"Maximum Annual Special Tax" means the maximum Annual Special Tax, determined in accordance with Section C, that can be levied by the Board in any Fiscal Year on each Land Use Class of Developed Property.

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

"Senior Citizen Housing" means any senior citizen housing, residential care facilities for the elderly, or multilevel facilities for the elderly which would be subject to the limitations on school fees set forth in Government Code Section 65995.1; provided that such units qualify as a "senior citizen housing development" pursuant to California Civil Code Sections 51.2 and 51.3.

"Single Family Attached" means Developed Property, other than Apartments, which is either a Condominium, or which contains a structure or structures made up of two or more units that share common walls, that is to be developed, or is developed for residential use.

"Single Family Detached" means Developed Property which contains a structure of one dwelling unit that is to be developed, or is developed for residential use.

"Single Payment Special Tax" means the one-time Special Tax to be levied in any Fiscal Year on an Assessor's Parcel pursuant to Sections C and D below in connection with the issuance of a building permit for such Assessor's Parcel.

"Taxable Property" means all Assessor's Parcels within the boundaries of CFD No. 91-1 which are not exempt from the Annual Special Tax or the Single Payment Special Tax pursuant to law or Section E below.

"Undeveloped Property" means all Taxable Property for which a building permit was not issued as of March 1 of the previous Fiscal Year.

B. Assignment to Land Use Categories

As of July 1 of each Fiscal Year, all Taxable Property within CFD No. 91-1 shall be categorized as Developed Property or Undeveloped Property. Developed Property shall be subject to an Annual Special Tax in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. For purposes of determining the applicable Maximum Annual Special Tax for each Assessor's Parcel of Developed Property, all Developed Property shall be assigned to a Land Use Class designated in Table 1 below. Single Family Detached Units shall be assigned to Land Use Class 1. Single Family Attached Units shall be assigned to Land Use Class 2. Apartments shall be assigned to Land Use Class 3. Commercial/Industrial Assessor's Parcels shall be assigned to Land Use Class 4.

If an Assessor's Parcel of Developed Property undergoes a change in use subsequent to its initial assignment to a Land Use Class, then on the July 1 subsequent to such change in use such Assessor's Parcel will be reassigned to the appropriate Land Use Class in Table 1; provided, however, if the change in use results in a use other than as set forth in Table 1 or if CFD No. 91-1 determines that such reassignment would cause it to be unable to levy and collect an amount equal to the Annual Special Tax Requirement for such Fiscal Year, then such Assessor's Parcel shall continue to be assigned to its previous Land Use Class and shall be subject to the Maximum Annual Special Tax for such Land Use Class until such time, if any, as CFD No. 91-1 determines that such reassignment or exemption will not preclude the levy and collection of the Annual Special Tax Requirement for all subsequent Fiscal Years during which the Annual Special Tax will be levied.

All Assessor's Parcels categorized as Undeveloped Property shall be subject to a Single Payment Special Tax pursuant to Sections C and D below.

C. Maximum Special Tax Rate

1. Developed Property

The Maximum Annual Special Tax for each Assessor's Parcel classified as Developed Property shall be the amount determined by reference to Table 1 and the paragraph following Table 1.

TABLE 1

Maximum Annual Special Tax Rates for
Developed Property in Fiscal Year 1992-93

<u>Land Use Class</u>	<u>Land Use</u>	<u>Maximum Annual Special Tax for Fiscal Year 1992-93</u>
1	Single Family Detached	\$500 per unit
2	Single Family Attached	\$350 per unit
3	Apartment	\$165 per unit
4	Commercial/Industrial	\$0.054 per building square foot

In determining the Maximum Annual Special Tax which may be levied in any Fiscal Year, on July 1, 1993 and on each July 1 thereafter, the Maximum Annual Special Tax set forth in Table 1 for each Land Use Class shall be increased by an amount equal to the greater of (i) the annual percentage change in the Lee Saylor construction cost index for Class D construction for the preceding twelve (12) months, or (ii) 2.0 percent of the amount in effect for the previous Fiscal Year (the "Index"); provided, however, that for each Fiscal Year subsequent to the Fiscal Year in which an Assessor's Parcel is initially categorized as Developed Property, the Maximum Annual Special Tax for such Assessor's Parcel shall increase by an amount equal to 2.0 percent of the amount in effect for the previous Fiscal Year.

2. Undeveloped Property

The Maximum Single Payment Special Tax in Fiscal Year 1991-92 for an Assessor's Parcel classified as Undeveloped Property shall be \$1.65 per square foot of "Assessable Space" for residential property, other than Senior Citizen Housing, and \$0.27 per square foot of "Chargeable Covered and Enclosed Space" (as such terms are defined below) for commercial and industrial property and Senior Citizen Housing.

"Assessable Space" shall mean all of the square footage within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, detached accessory structure or similar area. "Chargeable Covered and Enclosed Space" shall mean the covered and enclosed space determined to be within the perimeter of a commercial or industrial structure, not including any storage areas incidental to the principal use of the development, garage, parking structure, enclosed walkway, or utility or disposal area. The determination of "Assessable Space" or "Chargeable Covered and Enclosed Space" within the perimeter of a residential structure and a commercial or industrial structure, respectively, shall be determined by reference to the building permit application for such parcel, as submitted to the County of Riverside, the City of Moreno Valley or other authorized local government and shall

be calculated in accordance with the standard practice of the entity issuing the building permit in calculating structural perimeters.

In determining the Maximum Single Payment Special Tax which may be levied in any Fiscal Year, on July 1, 1992 and on each July 1 thereafter, the Maximum Single Payment Special Tax shall be increased by an amount equal to the greater of (i) the annual percentage change in the Lee Saylor construction cost index for Class D construction for the preceding twelve (12) months, or (ii) 2.0% of the amount in effect for the previous Fiscal Year.

D. Method of Apportionment of the Special Tax

Commencing with Fiscal Year 1992-93 and for each following Fiscal Year, the Board shall determine the Annual Special Tax Requirement to be collected from Taxable Property in CFD No. 91-1 in the Fiscal Year. The Board shall levy the Annual Special Tax Proportionately on all Assessor's Parcels of Developed Property by levying up to the Maximum Annual Special Tax for Land Use Classes 1 through 4 until the amount of the levy equals the Annual Special Tax Requirement.

The Board shall levy the Maximum Single Payment Special Tax on each Assessor's Parcel of Undeveloped Property at the time of building permit issuance for such property. The Maximum Single Payment Special Tax shall only be levied at the time of building permit issuance and the School District shall not consent to the issuance of a building permit for an Assessor's Parcel until the Maximum Single Payment Special Tax has been paid for such Assessor's Parcel.

E. Limitations

The Board shall not levy an Annual Special Tax on properties owned by the State of California, federal or other local governments, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act. Developed Property which becomes the property of the State of California, the federal government or other public agency after being categorized as Developed Property is liable for the Annual Special Tax levied in the Fiscal Year during which such transfer occurs and will be subject to the Maximum Annual Special Tax in each Fiscal Year thereafter under the original Land Use Class for an Assessor's Parcel if said Annual Special Taxes are necessary to meet the Annual Special Tax Requirement. Such Assessor's Parcels may be exempted, at the direction of the Board in any Fiscal Year, if the Annual Special Tax to be derived therefrom in any Fiscal Year is not needed to meet the Annual Special Tax Requirement. The Annual Special Tax for an Assessor's Parcel transferred to a public agency may be prepaid with the consent of CFD No. 91-1 in accordance with a formula to be set forth by CFD No. 91-1 as of the date of prepayment.

No Annual Special Tax shall be levied on a unit of Senior Citizen Housing except that the Board may levy the applicable Annual Special Tax in any Fiscal Year in which it determines that children are present in such unit who are enrolled in a school in the School District.

F. Prepayment

At the time of the issuance of a building permit for an Assessor's Parcel, or subsequent to the issuance of a building permit for an Assessor's Parcel but prior to the issuance of any bonds of CFD No. 91-1, the owner of such parcel may prepay the amount specified below, in which case no Annual Special Tax shall be levied on such Assessor's Parcel in any Fiscal Year. Prior to July 1, 1992, the amount of the prepayment shall equal \$7,200 for each Assessor's Parcel on which a Single Family Detached unit is to be located, minus the amount of any Single Payment Special Tax paid for such Assessor's Parcel, \$5,000 for each Assessor's Parcel on which a Single Family Attached unit is to be located, minus the amount of any Single Payment Special Tax paid for such Assessor's Parcel, \$2,400 for each Apartment unit to be located on an Assessor's Parcel, minus the amount of any Single Payment Special Tax paid for such Assessor's Parcel, and \$0.90 per square foot of Chargeable Covered and Enclosed Space of a Commercial/Industrial project to be located on an Assessor's Parcel, minus the amount of any Single Payment Special Tax paid for such Assessor's Parcel. On July 1, 1992 and each July 1 thereafter, the prepayment amounts shall be calculated for the current Fiscal Year, which shall be the amounts in effect for the previous Fiscal Year multiplied by the percentage increase in the Index from the preceding July 1. The Annual Special Tax for any Assessor's Parcel may be paid in whole after the issuance of a building permit and the sale of bonds by CFD No. 91-1 with the consent of CFD No. 91-1 in accordance with a formula to be set forth by CFD No. 91-1 as of the date of prepayment. The prepayment amount shall be determined by the Board as adequate to pay that Assessor's Parcel's proportionate share of the Maximum Annual Special Tax to the date that CFD No. 91-1 bonds may be redeemed with such amounts.

G. Manner of Collection

The Annual Special Tax will be collected in the same manner and at the same time as ordinary ad valorem property taxes and subject to the same penalties and provisions; however, the Annual Special Tax may be collected at a different time or in a different manner if necessary for CFD No.91-1 to meet its financial obligations.

The Single Payment Special Tax will be collected by the School District at or before the time a building permit application for any Undeveloped Property is submitted to the County of Riverside, the City of Moreno Valley or any other authorized local government responsible for issuing the building permit for an Assessor's Parcel.

H. Review/Appeal Board

The Board shall establish as part of the proceedings and administration of CFD No. 91-1 a special three-member Review/ Appeal Board. Any landowner or resident who contends that the amount of the Annual Special Tax or the Single Payment Special Tax, as to his parcel, is in error may file a notice with the Review/Appeal Board appealing the amount of the Annual Special Tax or the Single Payment Special Tax assigned to such parcel. The Review/Appeal Board shall interpret this Rate and Method of Apportionment of the Annual Special Tax and the Single Payment Special Tax and make determinations relative to the annual administration of the Annual Special Tax and the Single Payment Special Tax and any landowner or resident appeals, as herein specified.