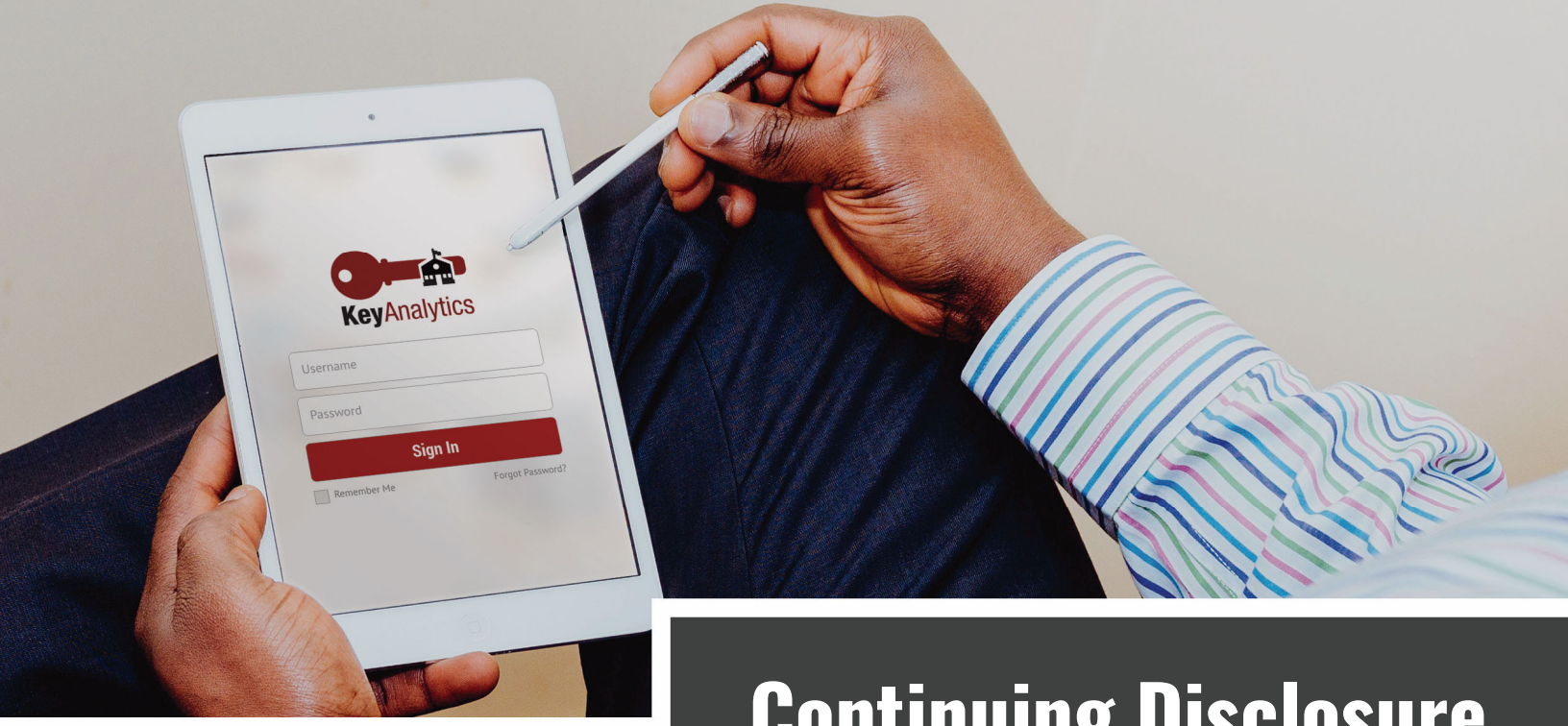


Continuing Disclosure Annual Report

Fiscal Year Ending June 30, 2025

Submitted March 1, 2026

Val Verde Unified School District

Financing Authority

Special Tax Revenue Refunding Bonds
Series 2024



2024 / 2025



KeyAnalytics

A division of California Financial Services

$13,460,000
Val Verde Unified School District Financing Authority
Special Tax Revenue Refunding Bonds
Series 2024

MATURITY DATE	CUSIP*
Current Interest Serial Bonds	
09/01/2025	918828BY9
09/01/2026	918828BZ6
09/01/2027	918828CA0
09/01/2028	918828CB8
09/01/2029	918828CC6
09/01/2030	918828CD4
09/01/2031	918828CE2
09/01/2032	918828CF9
09/01/2033	918828CG7
09/01/2034	918828CH5
09/01/2035	918828CJ1
09/01/2036	918828CK8
09/01/2037	918828CL6

**CUSIP® is a registered trademark of the American Bankers Association.*

List of Participants

Issuer

Val Verde Unified School District
Financing Authority
975 West Morgan Street
Perris, CA 92571
T. (951) 940-6100
www.valverde.edu

Bond Counsel

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, CA 94111

Special Tax Administrator

KeyAnalytics
27201 Puerta Real, Suite 260
Mission Viejo, California 92691
T. (949) 282-1077

Fiscal Agent

Zions Bancorporation, National Association
707 Wilshire Avenue, Suite 5000
Los Angeles, CA 90017

Table of Contents

I. Introduction 1

II. Audited Financial Statements 2

III. Special Taxes 3

A. Changes to the Rate and Method of Apportionment 3
B. Special Tax Prepayments 3
C. Summary of Special Tax 4
D. Special Tax Collections 5
E. Foreclosure Update 7

IV. Debt and Assessed Values 8

A. Principal Outstanding 8
B. Debt Service Schedule 8
C. Value-to-Lien 9

V. Fiscal Agent Accounts 10

A. Bond Indenture and Fiscal Agent Account Balances 10
B. Reserve Requirement 12

VI. Reports and Additional Information 13

A. Reports to the California Debt and Investment Advisory Commission 13
B. Listed Events 13
C. Additional Information 14

Exhibit A – District CFD Rate and Method of Apportionments

Exhibit B – VVUSD PFA Special Tax Revenue Refunding Bonds, Series 2024 Debt Service Schedule

Exhibit C – Local Obligation Debt Service Schedules

Exhibit D – California Debt and Investment Advisory Commission Reports

I. Introduction

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Certificate ("Disclosure Certificate") executed in connection with the issuance of the following debt by the Val Verde Unified School District Financing Authority ("Authority"):

- Special Tax Revenue Refunding Bonds, Series 2024 of the Authority issued on December 3, 2024, in the par amount of $13,460,000 ("Bonds").

Under the Disclosure Certificate, the Val Verde Unified School District ("School District") has agreed to annually provide certain information related to the security of the Bonds. This Report has been prepared by KeyAnalytics at the direction of the School District to provide the required information.

Any information contained herein which involves estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representation of fact. The information set forth herein has been furnished by the School District, or other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Report nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District, each respective Community Facilities District, or the Authority since the date hereof. Capitalized terms used herein which are not otherwise defined shall have the meaning given to them in the respective financing documents.

If there are any questions regarding the information provided herein, please contact KeyAnalytics at (949) 282-1077.

II. Audited Financial Statements

The Authority does not prepare audited annual financial statements, however, KeyAnalytics has received the School District's annual audited financial statements for Fiscal Year 2024/2025 ("Statements") The School District's Audited Financial Statements have been uploaded and are available online at http://emma.msrb.org.

The School District's annual financial statement is provided solely to comply with the Securities Exchange Commission staff's interpretation of Rule 15c2-12. No funds or assets of the School District or the Authority, other than the revenues are required to be used to pay debt service on the Bonds, and the Authority and the Community Facilities District are not obligated to advance available funds to cover any delinquencies. Investors should not rely on the financial condition of the Authority or the School District in evaluating whether to buy, hold, or sell the Bonds.

III. Special Taxes

The School District has covenanted to annually levy the Special Tax in accordance with the respective Rate and Method of Apportionment ("RMA") for Improvement Area A ("IA") of Community Facilities District ("CFD") No. 2002-1, IA No. 1 of CFD No. 2003-1, IA No. 2 of CFD No. 2003-1, and CFD No. 2003-2 (collectively, "District CFDs") attached as Exhibit A, so long as the Bonds are outstanding. The items below summarize information required by the Disclosure Certificate.

A. Changes to the Rate and Method of Apportionment

There have been no changes to the RMAs of the District CFDs since the date of the closing of the Bonds.

B. Special Tax Prepayments

There has been no prepayment of the Special Tax since the date of the closing of the Bonds.

C. Summary of Special Tax

A summary of the Fiscal Year 2025/2026 Annual Special Tax levy of each District CFD is outlined on the table on the following pages.

Special Tax Levy IA A of CFD No. 2002-1
Fiscal Year 2025/2026

Tax Class/ Land Use	Building Sq. Ft.	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Assigned Annual Special Taxes
Zone 1				
1	< 3,000 BSF	150 Units	$4,432.20 Per Unit	$664,830.00
2	3,000 BSF to 3,400 BSF	100 Units	$4,668.36 Per Unit	466,836.00
3	> 3,400 BSF	0 Units	$4,877.00 Per Unit	0.00
Developed Property		***250 Units***	***NA***	***$1,131,666.00***
Undeveloped Property		***14.99 Acres***	***$0.00 Per Acre***	***$0.00***
Zone 2				
4	< 3,500 BSF	48 Units	$4,729.72 Per Unit	$227,026.56
5	3,500 BSF to 3,900 BSF	29 Units	$4,975.18 Per Unit	144,280.22
6	> 3,900 BSF	48 Units	$5,159.30 Per Unit	247,646.40
Developed Property		***125 Units***	***NA***	***$618,953.18***
Undeveloped Property		***0.00 Acres***	***$0.00 Per Acre***	***$0.00***
Total		**375 Units / 14.99 Acres**		**$1,750,619.18**

Special Tax Levy IA No. 1 of CFD No. 2003-1
Fiscal Year 2025/2026

Tax Class/ Land Use	Sq. Footage	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Assigned Annual Special Taxes
1	≤ 1,800 Sq. Ft.	39 Units	$1,214.00 Per Unit	$47,346.00
2	1,801 Sq. Ft. to 2,000 Sq. Ft.	47 Units	$1,259.00 Per Unit	59,173.00
3	>2,000	56 Units	$1,348.00 Per Unit	75,488.00
Developed Property		***142 Units***	***NA***	***$182,007.00***
Undeveloped Property		***0.00 Acres***	***$0.00 Per Acre***	***$0.00***
Total		**142 Units**		**$182,007.00**

Special Tax Levy IA No. 2 of CFD No. 2003-1
Fiscal Year 2025/2026

Tax Class/ Land Use	Sq. Footage	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Assigned Annual Special Taxes
1	≤ 2,000 Sq. Ft.	29 Units	$1,314.60 Per Unit	$38,123.40
2	2,001 Sq. Ft. to 2,500 Sq. Ft.	53 Units	$1,407.54 Per Unit	74,599.62
3	>2,500 Sq. Ft	65 Units	$1,499.62 Per Unit	97,475.30
Developed Property		***147 Units***	***NA***	***$210,198.32***
Undeveloped Property		***0.00 Acres***	***$0.00 Per Acre***	***$0.00***
Total		**147 Units**		**$210,198.32**

Special Tax Levy of CFD No. 2003-2
Fiscal Year 2025/2026

Tax Class/ Land Use	Sq. Footage	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Assigned Annual Special Taxes
1	< 2,601 Sq. Ft.	32 Units	$1,579.50 Per Unit	$50,544.00
2	2,601 Sq. Ft. to 3,100 Sq. Ft.	30 Units	$1,617.30 Per Unit	48,519.00
3	3,101 Sq. Ft. to 3,600 Sq. Ft.	35 Units	$1,819.80 Per Unit	63,693.00
4	> 3,600 Sq. Ft.	50 Units	$1,903.50 Per Unit	95,175.00
Developed Property		***147 Units***	***NA***	***$257,931.00***
Undeveloped Property		***0.00 Acres***	***$0.00 Per Acre***	***$0.00***
Total		**147 Units**		**$257,931.00**

D. Special Tax Collections

Delinquent Special Taxes for the District CFDs, as of June 30, 2025, for Fiscal Year 2024/2025 and prior Fiscal Years are summarized in the tables on the following page. The total delinquencies for Fiscal Year 2024/2025 did not exceed 5% of the Special Tax for each of the District CFDs.

Special Tax Levies and Collections IA A of CFD No. 2002-1

Fiscal Year	Subject Fiscal Year					June 30, 2025	
	Aggregate Special Tax	Parcels Delinquent	Amount Collected	Amount Delinquent	Delinquency Rate	Remaining Amount Delinquent	Remaining Delinquency Rate
2020/2021	$1,585,591.62	3	$1,578,994.86	$6,596.76	0.42%	$0.00	0.00%
2021/2022	1,617,306.82	12	1,585,019.65	32,287.17	2.00%	0.00	0.00%
2022/2023	1,649,652.02	7	1,627,102.78	22,549.24	1.37%	0.00	0.00%
2023/2024	1,653,175.45	8	1,623,705.54	29,469.91	1.78%	13,815.14	0.84%
2024/2025	1,716,297.70	9	1,679,840.73	36,456.97	2.12%	36,456.97	2.12%

Special Tax Levies and Collections IA No. 1 of CFD No. 2003-1

Fiscal Year	Subject Fiscal Year					June 30, 2025	
	Aggregate Special Tax	Parcels Delinquent	Amount Collected	Amount Delinquent	Delinquency Rate	Remaining Amount Delinquent	Remaining Delinquency Rate
2020/2021	$182,007.00	1	$181,377.50	$629.50	0.35%	$0.00	0.00%
2021/2022	182,007.00	4	178,815.00	3,192.00	1.75%	0.00	0.00%
2022/2023	182,007.00	4	178,815.00	3,192.00	1.75%	0.00	0.00%
2023/2024	182,007.00	4	178,637.00	3,370.00	1.85%	1,348.00	0.74%
2024/2025	182,007.00	1	180,659.00	1,348.00	0.74%	1,348.00	0.74%

Special Tax Levies and Collections IA No. 2 of CFD No. 2003-1

Fiscal Year	Subject Fiscal Year					June 30, 2025	
	Aggregate Special Tax	Parcels Delinquent	Amount Collected	Amount Delinquent	Delinquency Rate	Remaining Amount Delinquent	Remaining Delinquency Rate
2020/2021	$210,198.32	1	$208,698.70	$1,499.62	0.71%	$0.00	0.00%
2021/2022	210,198.32	1	208,698.70	1,499.62	0.71%	0.00	0.00%
2022/2023	210,198.32	1	208,698.70	1,499.62	0.71%	0.00	0.00%
2023/2024	210,198.32	1	209,448.51	749.81	0.36%	0.00	0.00%
2024/2025	210,198.32	0	210,198.32	0.00	0.00%	0.00	0.00%

Special Tax Levies and Collections of CFD No. 2003-2

Fiscal Year	Subject Fiscal Year					June 30, 2025	
	Aggregate Special Tax	Parcels Delinquent	Amount Collected	Amount Delinquent	Delinquency Rate	Remaining Amount Delinquent	Remaining Delinquency Rate
2020/2021	$257,931.00	1	$257,122.35	$808.65	0.31%	$0.00	0.00%
2021/2022	257,931.00	3	253,824.30	4,106.70	1.59%	0.00	0.00%
2022/2023	257,931.00	3	253,824.30	4,106.70	1.59%	0.00	0.00%
2023/2024	257,931.00	2	256,069.35	1,861.65	0.72%	951.75	0.37%
2024/2025	257,931.00	2	254,124.00	3,807.00	1.48%	3,807.00	1.48%

E. Foreclosure Update

The District CFDs have covenanted that they will commence judicial foreclosure proceedings against any single owner with aggregate delinquent Special Taxes in excess of five (5) or more installments by the November 12th following the close of each Fiscal Year in which such Special Taxes were due and will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the November 12th following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied.

After reviewing the level of delinquencies within each District CFD, as of July 15, 2025, it was determined that IA A of CFD No. 2002-1 had one (1) parcel with delinquencies in excess of five (5) or more installments. However, pursuant to the respective Fiscal Agent Agreements, the District CFDs shall not be required to order, or take action upon, the commencement of foreclosure proceedings with respect to individual or aggregate delinquencies, if such delinquencies will not result in a draw on the applicable Account in the Authority Reserve Fund (including a draw on the Reserve Policy or the Bond Insurance Policy). This delinquency did not result in a draw on the applicable Account in the Authority Reserve Fund and thus, IA A of CFD No. 2002-1 has elected to forgo foreclosure proceedings. KeyAnalytics will continue to monitor the delinquencies for this parcel.

The table below provides summary of the amount, length, and status of delinquencies for parcels currently exceeding the individual foreclosure threshold of five (5) or more semi-annual installments.

CFD	Assessor's Parcel Number	Fiscal Year	Amount	Status
IA A of CFD No. 2002-1	321-423-010	2023/2024	$4,781.98	Unresolved
		2024/2025	$4,877.62	Unresolved
		2025/2026	$2,487.59	Unresolved
Total Amount Delinquent			**$12,147.19**	

IV. Debt and Assessed Values

The items below summarize information required by the Disclosure Certificate regarding outstanding debt and Assessed Valuations.

A. Principal Amount of Bonds Outstanding

The outstanding principal amount of the Bonds as of February 1, 2026, was $12,575,000. The principal amount of the District CFD Bonds as of February 1, 2026, are listed in the table below.

Principal Amount Local Obligations Outstanding

Community Facilities District	Prinicpal Amount Outstanding as of February 1, 2026
IA A of CFD No. 2002-1	$10,845,000.00
IA 1 of CFD No. 2003-1	1,190,000.00
IA 2 of CFD No. 2003-1	1,540,000.00
CFD No. 2003-2	1,845,000.00
Total	**$15,420,000.00**

B. Debt Service Schedule

The current Debt Service Schedule for the Bonds is attached as Exhibit B and the current Debt Service Schedules for the District CFDs are attached as Exhibit C. Currently no District CFD has issued any additional parity debt or refunding bonds.

C. Value to Lien

A summary of the value-to-lien ratios for the District CFDs is found in the table below.

Fiscal Year 2025/2026
Secured Assessed Valuation to Lien

Value-to-Lien Category	Number of Parcels	Fiscal Year 2025-26 Special Tax	Assessed Value [1]	Special Tax Bonds [2]	Value-to-Lien Ratio [3]
15:1 and Above	738	$2,067,590.46	$363,792,409.00	$13,352,411.33	27.25:1
10:1 to 15:1	71	329,358.04	26,795,197.00	2,040,356.91	13.13:1
5:1 to 10:1	1	1,903.50	76,494.00	13,615.88	5.62:1
3:1 to 5:1	1	1,903.50	54,846.00	13,615.88	4.03:1
3:1 and Below [4]	0	0.00	0.00	0.00	NA
Total [5]	**811**	**$2,400,755.50**	**$390,718,946.00**	**$15,420,000.00**	**25.34:1**

[1] Total Assessed Value as represented by the Fiscal Year 2025/2026 equalized tax roll of the County of Riverside.
[2] Other than general obligation bonds issued by the School District, the Metropolitan Water District of Southern California, and Riverside Community College District, there was no overlapping debt reported to be associated with the properties within any of the District CFDs in Fiscal Year 2025/2026, and it is unknown if there will be other land secured indebtedness for Fiscal Year 2026/2027.
[3] Average value-to-lien; actual value-to-lien ratio per Lot may vary.
[4] There are eight (8) parcels zoned as commercial/industrial within IA A of CFD No. 2002-1 that could be subject to the Special Tax should the parcels be rezoned as residential and a building permit is reissued.
[5] Totals may not sum due to rounding

V. Fiscal Agent Accounts

The items below summarize information required by the Disclosure Certificate regarding the Bond Indenture and Fiscal Agent Account balances.

A. Bond Indenture and Fiscal Agent Account Balances

The balance in each fund and account of the Bonds are listed in the table below.

Bond Indenture and Fiscal Agent Account Balances
(as of February 1, 2026)

Funds and Accounts	Amount
2024 Authority	
Costs of Issuance Fund	$0.00
Escrow Fund	0.00
Rebate Fund	0.00
Reserve Fund	0.00
Revenue Fund	21,797.89
Interest Account	0.00
Principal Account	0.00
Surplus Fund	0.00
IA A of CFD No. 2002-1	
Acquisition Fund	$0.00
School Facilities Account	0.00
Refunding Bonds Transferred Balance Account	710,275.28
Administrative Expense Fund	4,462.49
Bond Fund	0.00
Interest Account	0.60
Principal Account	2,173.63
School Facilities Fund (Surplus)	863,952.41
Special Tax Fund	892,128.81
Prepayment Account	0.00
Rebate Fund	0.00

Funds and Accounts	Amount
IA 1 of CFD No. 2003-1	
Acquisition Fund	$14.98
Administrative Expense Fund	15,407.30
Bond Fund	0.00
Interest Account	0.06
Principal Account	298.00
School Facilities Fund (Surplus)	130,703.68
Special Tax Fund	90,256.59
Prepayment Account	0.00
Rebate Fund	0.00
IA 2 of CFD No. 2003-1	
Acquisition Fund	$6.52
Administrative Expense Fund	11,878.31
Bond Fund	0.00
Interest Account	0.08
Principal Account	333.06
School Facilities Fund (Surplus)	186,256.18
Special Tax Fund	109,424.53
Prepayment Account	0.00
Rebate Fund	0.00
CFD No. 2003-2	
Acquisition Fund	$21.66
Administrative Expense Fund	29,324.22
Bond Fund	0.00
Interest Account	0.10
Principal Account	403.17
School Facilities Fund (Surplus)	190,540.09
Special Tax Fund	136,165.45
Prepayment Account	0.00
Rebate Fund	0.00
Total	**$3,395,825.09**

All other funds, accounts and subaccounts not listed on the previous pages but listed within the Fiscal Agent Agreement/Indenture have been closed and/or are $0.00.

B. Reserve Requirement

As of February 1, 2026, the Reserve Requirement for the Bonds and how it is funded is outlined in the table below. The Reserve Requirement for the Bonds is calculated based on the lesser of:

- 10% of the initial principal amount of the Bonds,
- Maximum Annual Debt Service on the Outstanding Bonds, or
- 125% average Annual Debt Service on the Outstanding Bonds.

Reserve Requirement

Bonds	Reserve Requirement	Funding Source	Balance of the Reserve Fund	Surplus/(Deficit)
Special Tax Refunding Bonds, Series 2024	$1,346,000.00	BAM Reserve Insurance Policy	$1,346,000.00	$0.00

The current balance of the Municipal Bond Debt Service Reserve Insurance Policy issued by Build America Mutual Assurance Company satisfies the Reserve Requirement.

VI. Reports and Additional Information

Below is information regarding the Bonds as required by the Disclosure Certificate.

A. Report to the California Debt and Investment Advisory Commission

A copy of the Yearly Fiscal Status Report filed to the California Debt and Investment Advisory Commission ("CDIAC") filed on or before October 30, 2025, and the Annual Debt and Transparency Report filed to CDIAC on January 31, 2026, are attached as Exhibit D.

B. Listed Events

Pursuant to the Disclosure Certificate, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults, if material;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity provider, or their failure to perform;
(vi) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(vii) Modifications to rights of security holders, if material;
(viii) Bond calls, if material, and tender offers;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;
(xii) Bankruptcy, insolvency, receivership or similar event of the Authority;
(xiii) The consummation of a merger, consolidation or acquisition involving the Authority or sale of all or substantially all of the assets of the Authority (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(xiv) Appointment of a successor, additional Fiscal Agent or name change of Fiscal Agent, if material;
(xiv) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders if material; and
(xiv) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.

None of these events occurred in Fiscal Year 2024/2025.

C. Additional Information

Pursuant to the Disclosure Certificate the School District shall provide further information, if any, as may be necessary to make the specifically required statements, considering the circumstances under which they are made, not misleading.

After a thorough review, the School District has determined that no additional information is needed for Fiscal Year 2024/2025.

Exhibit A

District Rate and Method of Apportionments

2004 RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2002-1 IMPROVEMENT AREA A OF VAL VERDE UNIFIED SCHOOL DISTRICT

The following sets forth the 2004 Rate and Method of Apportionment for the levy and collection of Special Taxes in Improvement Area ("IA") A of Community Facilities District No. 2002-1 ("CFD No. 2002-1") of Val Verde Unified School District ("School District"). An Annual Special Tax shall be levied on and collected in IA A of CFD No. 2002-1 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in IA A of CFD No. 2002-1, 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:

"Acre" or "Acreage" means the number of acres of land area of an Assessor's Parcel Map 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 parcel map at the County.

"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 any ordinary and necessary expense incurred by the School District on behalf of IA A of CFD No. 2002-1 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 IA A of CFD No. 2002-1, and costs otherwise incurred in order to carry out the authorized purposes of IA A of CFD No. 2002-1.

"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 IA A of CFD No. 2002-1.

"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 the Special Tax of that name described in Section D.

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

"Board" means the Board of Education of Val Verde Unified School District, or its designee, acting as the legislative body of IA A of CFD No. 2002-1.

"Bond Index" means the national Bond Buyer Revenue Bond Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody's A1 and S& P's A-plus, as reasonably determined by the Board.

"**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 IA A of CFD No. 2002-1 of the School District.

"Building Permit" means a permit for the construction of one or more Units issued by the County, or another public agency in the event the County no longer issues permits for the construction of Units within IA A of CFD No. 2002-1. 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 Footage" or "BSF" means the square footage of assessable internal living spaces of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, or other structures, not used as a living space, as determined by reference to the Building Permit for such a Unit.

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

"County" means the County of Riverside.

"Developed Property" means all the Assessor's Parcels of Taxable Property for which Building Permits were issued on or before May 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 Assessors' 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 Office of the Recorder of the County.

"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 could be issued.

"Maximum Special Tax" means the maximum Special Tax determined in accordance with Section C that can be levied by IA A of CFD No. 2002-1 in any Fiscal Year on any Assessor's Parcel.

"Minimum Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses of IA A of CFD No. 2002-1, (iii) the costs associated with the release of funds from an escrow account and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement or trust agreement.

"Minimum Taxable Acreage" means, for either Zone, the applicable Acreage listed in Table 4.

"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 Administrative Fees" means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

"Present Value of Taxes" means the present value of any Special Tax applicable to such Assessor's in the current Fiscal Year not yet received by the School District for IA A of CFD No. 2002-1, plus the expected Annual Special Tax applicable to such Assessor's Parcel in each remaining Fiscal Year until the termination date specified in Section H, using as the discount rate (i) the Yield On the Bonds after Bond Issuance or (ii) the most recently published Bond Index prior to Bond Issuance.

"Prepayment Amount" means the amount required to prepay the Annual Special Tax Obligation in full for an Assessor's Parcels 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.

"Reserve Fund Credit" shall be calculated as a reduction in the reserve fund for the Bonds proportional to the principal amount of Bonds to be redeemed pursuant to the prepayment. Notwithstanding the foregoing, if a surety bond or other instrument satisfies the reserve requirement at the time of the prepayment, then no Reserve Fund Credit shall be given.

"School District" means the Val Verde Unified School District.

"Special Tax(es)" means any of the special taxes authorized to be levied by IA A of CFD No. 2002-1 pursuant to the Act.

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

"Undeveloped Property" means all Assessors' 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.

"Yield on the Bonds" means the arbitrage yield for the last series of Bonds issued.

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

"Zone 1" means all property located within the area identified as Zone 1 in Exhibit A to this Rate and Method of Appointment, subject to interpretation by the Board as described in Section B.

"Zone 2" means all property located within the area identified as Zone 2 in Exhibit A to this Rate and Method of Appointment, 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 2004-2005, (i) each Assessor's Parcel within IA A of CFD No. 2002-1 shall be assigned to a Zone in accordance with Exhibit A at the reasonable discretion of the Board; (ii) each Assessor's Parcel within a Zone of IA A of CFD No. 2002-1 shall be classified as Taxable Property or Exempt Property; and (iii) each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The classification of Taxable Property assigned to a Zone shall take into consideration the Minimum Taxable Acreage of each Zone.

SECTION C
MAXIMUM SPECIAL TAXES

1. Developed Property

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

2. Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property in any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

SECTION D
ASSIGNED ANNUAL SPECIAL TAXES

1. Developed Property

The Assigned Annual Special Tax applicable to an Assessor's Parcel of Developed Property for Fiscal Year 2003-2004 shall be determined pursuant to Table 1 for Zone 1 and Table 2 for Zone 2. For each Fiscal Year thereafter, the Assigned Annual Special Tax shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

TABLE 1

DEVELOPED PROPERTY IN ZONE 1 FISCAL YEAR 2003-04 ASSIGNED ANNUAL SPECIAL TAX RATES	
BUILDING SQUARE FEET	**ASSIGNED ANNUAL SPECIAL TAX**
< 3,000 BSF	$2,866.93 per Unit
3,000 – 3,400 BSF	$3,019.68 per Unit
> 3,400 BSF	$3,154.64 per Unit

TABLE 2

DEVELOPED PROPERTY IN ZONE 1 FISCAL YEAR 2003-04 ASSIGNED ANNUAL SPECIAL TAX RATES	
BUILDING SQUARE FEET	**ASSIGNED ANNUAL SPECIAL TAX**
< 3,500 BSF	$3,059.37 per Unit
3,500 – 3,900 BSF	$3,218.15 per Unit
> 3,900 BSF	$3,337.24 per Unit

2. Undeveloped Property

The Assigned Annual Special Tax rate for an Assessor's Parcel of Undeveloped Property for Fiscal Year 2003-04 shall be determined by reference to Table 3. For each Fiscal Year thereafter, the Assigned Annual Special Tax rate for Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

TABLE 3

UNDEVELOPED PROPERTY FISCAL YEAR 2003-04 ASSIGNED SPECIAL TAX RATES	
Zone	**Assigned Annual Special Tax**
Zone 1	$10,706.32 per acre of Acreage
Zone 2	$5,546.31 per acre of Acreage

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 shall be the rate per Lot calculated according to the following formula:

$$B = \frac{Z \times A}{L}$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot for the applicable Fiscal Year
Z	=	Assigned Annual Special Tax per acre of Acreage for Undeveloped Property in the applicable Zone for the applicable Fiscal Year
A	=	Acreage of Taxable Property expected to exist in the applicable Final Map at build out, as determined by the Board pursuant to Section J
L	=	Lots 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 that is changed or modified shall be a rate per square foot of Acreage 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 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 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 2004-05 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 the sum of the amounts collected in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax 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 Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts collected in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is the Backup Annual Special Tax, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

SECTION G
PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax 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 may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide IA A of CFD No. 2002-1 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. In addition, any property owner prepaying his or her Annual Special Tax obligation must also pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel on which payment is being made, if any. The Prepayment Amount shall be calculated according to the following formula:

$$P=PVT-RFC+PAF$$

The terms above have the following meanings:

P	=	Prepayment Amount
PVT	=	Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fee

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. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

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 each Annual Special Tax obligation shall be collected for all Assessors' Parcels prior to the issuance of the first Building Permit with respect to such Final Map.

2. **Partial Prepayment Amount**

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

$$PP = P_G \times F$$

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 IA A of CFD No. 2002-1 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act 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 and Backup Annual Special Tax for the Assessor's Parcels has been reduced by an amount equal to the percentage which was partially prepaid.

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-five (35) 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 Fiscal Year 2044-45

SECTION J
EXEMPTIONS

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by 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 developed or expected to be developed exclusively for non-residential use, as reasonably determined by the Board and (vi) any other Assessor's Parcel at the reasonable discretion of the Board, provided that no such classification would reduce the acreage of Taxable Property in such Zone to less than the Minimum Taxable Acreage listed in Table 4. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the Acreage of Taxable Property in such Zone to less than the Minimum Taxable Acreage listed in Table 4. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of Taxable Property in such Zone to less that the applicable Minimum Taxable Acreage will continue to be classified as Developed or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

TABLE 4

MINIMUM TAXABLE ACREAGE	
Zone	**Acreage**
Zone 1	97.49
Zone 2	97.57
Total	**195.06**

SECTION K
APPEALS

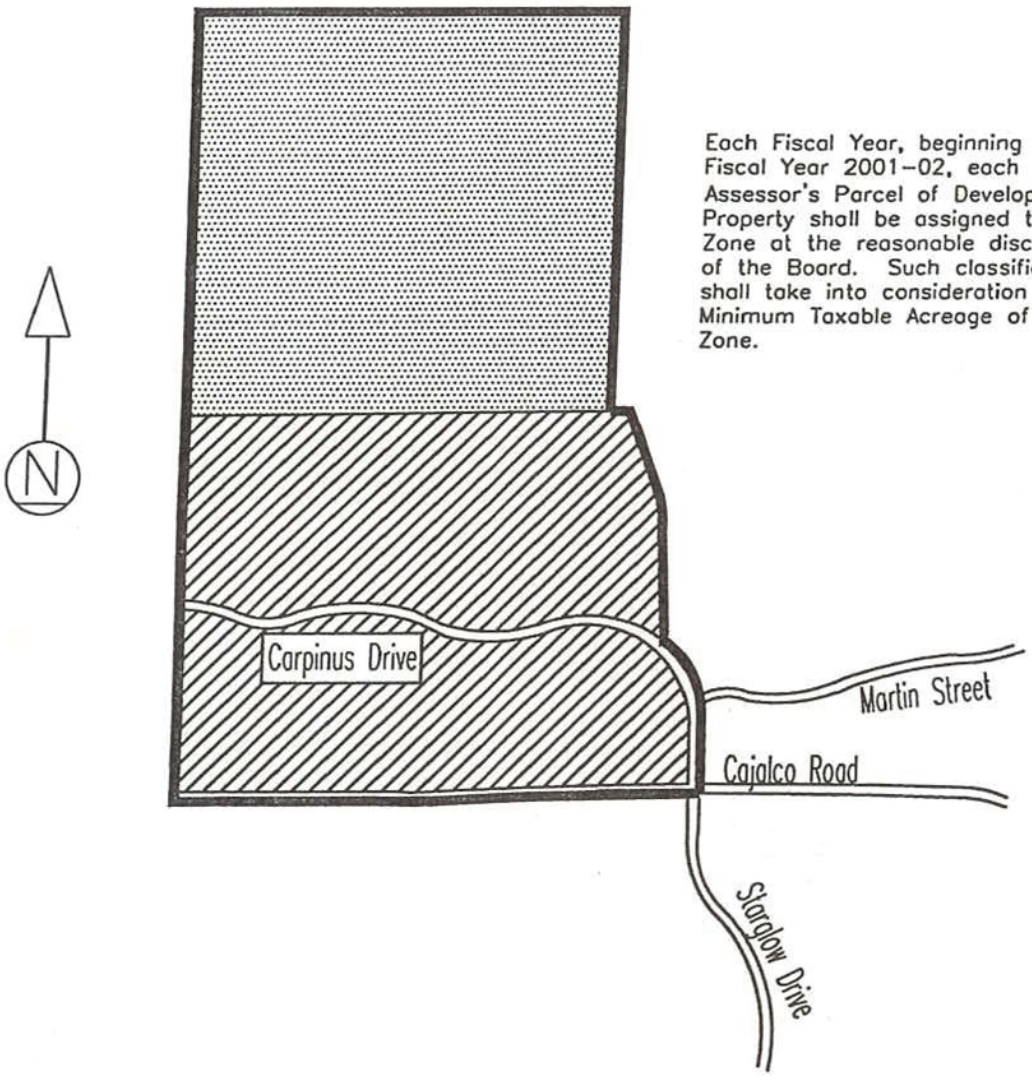
Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of IA A of CFD No. 2002-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax 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 L
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 IA A of CFD No. 2002-1 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

EXHIBIT A
ZONE MAP OF IA A OF CFD NO. 2002-1
(SEE ATTACHMENT)

EXHIBIT "A"
OF RATE AND METHOD OF APPORTIONMENT
ZONE MAP
OF IMPROVEMENT AREA A
COMMUNITY FACILITIES DISTRICT NO. 2002-1
VAL VERDE UNIFIED SCHOOL DISTRICT



Each Fiscal Year, beginning with Fiscal Year 2001-02, each Assessor's Parcel of Developed Property shall be assigned to a Zone at the reasonable discretion of the Board. Such classification shall take into consideration the Minimum Taxable Acreage of each Zone.

LEGEND

	Boundaries of Improvement Area A of Community Facilities District No. 2002-1
	Road
	Zone 1
	Zone 2

Reference is hereby made to the Assessor maps of the County of Riverside for an exact description of the lines and dimensions of each lot and parcel.

PREPARED BY
DAVID TAUSSIG & ASSOCIATES, INC.

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
(REVISED OCTOBER 14, 2003)
FOR COMMUNITY FACILITIES DISTRICT NO. 2003-1
VAL VERDE UNIFIED SCHOOL DISTRICT
IMPROVEMENT AREA NO. 1

A Special Tax as hereinafter defined shall be levied on all Taxable Property within Improvement Area No. 1 ("IA No. 1") of Community Facilities District No. 2003-1 of the Val Verde Unified School District ("CFD No. 2003-1") and collected each Fiscal Year, in an amount determined by the Board of the Val Verde Unified School District through the application of the appropriate Special Tax for "Developed Property," "Undeveloped Property," and Provisional Undeveloped Property" as described below. All Taxable Property within IA No. 1 of CFD No. 2003-1 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 as they relate to IA No. 1 of CFD No. 2003-1:

"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, lot line adjustment, condominium plan, or other recorded parcel map.

"Act" means the Mello-Roos Community 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 IA No. 1: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the School District, or a designee thereof or both); the costs of collecting the Special Tax (whether by the County, School District or otherwise); the costs of remitting the IA No. 1 Special Tax to the fiscal agent or trustee; the costs of the fiscal agent or trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 2003-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, CFD No. 2003-1 or any designee thereof of complying with disclosure requirements of the School District or CFD No. 2003-1 associated with applicable federal and state securities laws and of

the Act; the costs associated with preparing IA No. 1 Special Tax disclosure statements and responding to public inquiries regarding the IA No. 1 Special Tax; the costs of the School District, CFD No. 2003-1 or any designee thereof related to an appeal of the IA No. 1 Special Tax. Administrative Expenses shall also include amounts advanced by the School District or CFD No. 2003-1 for any other administrative purposes of IA No. 1, including without limitation, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent IA No. 1 Special Taxes.

"Assessor's Parcel" means a lot or parcel shown in 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 of Riverside designating parcels by Assessor's Parcel number.

"Association Property" means all property which is owned by, irrevocably offered or dedicated to, or for which an easement for purposes of right of way has been granted to a property owner association, including any master or sub-association.

"Assigned Annual Special Tax" means the Special Tax applicable to each Land Use Category of Developed Property, as determined in accordance with Section C.1.a. below.

"Authorized Facilities" means those improvements, as listed in the Acquisition and Financing Agreement.

"Backup Annual Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.b. below.

"Board" means the Board of Education of the Val Verde Unified School District, acting as the legislative body of CFD No. 2003-1.

"Bonds" means any bonds or other indebtedness (as defined in the Act) of IA No. 1 of CFD No. 2003-1, whether in one or more series, secured by the levy of Special Taxes.

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

"CFD No. 2003-1" means Community Facility District No. 2003-1 of the Val Verde Unified School District.

"County" means the County of Riverside.

"Developed Property" means all Taxable Property, exclusive of Provisional Undeveloped Property, for which a building permit for new construction was issued as of March 1 of the Fiscal Year preceding the Fiscal Year for which Special Taxes are being levied.

"Exempt Property" means all Assessor's Parcels designated in Section E as being exempt from the levy of Special Taxes.

"Final Subdivision" means a subdivision of property created 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 starting on July 1 and ending on the following June 30.

"Improvement Area No. 1" means Improvement Area No. 1 of CFD No. 2003-1 as identified on the boundary map for CFD No. 2003-1 or as amended from time to time.

"Indenture" means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which IA No. 1 Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Category" means any of the categories listed in Section C.1.a, Table 1.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C hereof, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

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

"Proportionately" means for Developed Property that the ratio of the Special Tax levy to the Assigned Annual Special Tax or Backup Annual Special Tax is the same for all Assessors' Parcels of Developed Property. For Undeveloped Property "Proportionately" means that the ratio of the Special Tax levy per acre to the Maximum Special Tax per ac1re is the same for all Assessor's Parcels of Undeveloped Property. For Provisional Undeveloped Property "Proportionately" means that the ratio of the Special Tax levy per acre to the Maximum Special Tax per acre is the same for all Assessor's Parcels of Provisional Undeveloped Property.

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

"Public Property" means any Assessor's Parcel within the boundary of IA No. 1 that is owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State of California, the County of Riverside, the School District or any local government or other public agency, provided 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 according to its use. Not more than 13.71 Acres of Public Property within IA No. 1 shall be designated as Exempt Property pursuant to Section E.

"Residential Floor Area" means all of the square footage of living area of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio or similar area on an Assessor's Parcel. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"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.

"School District" means the Val Verde Unified School District.

"Special Tax(es)" means the tax levied within IA No. 1 pursuant to the Rate and Method of Apportionment thereof in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

"Special Tax Obligation" means the total obligation of a Taxable Parcel to pay the Special Tax for the remaining life of the CFD.

"Special Tax Requirement" means that amount required in any Fiscal Year for IA No. 1 of CFD No. 2003-1 to: (i) pay the annual scheduled debt service on all outstanding Bonds due in the calendar year which commences in such Fiscal Year; (ii) pay other periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; and (iv) pay any amounts required to establish or replenish any reserve funds for the outstanding Bonds; and (v) pay directly the costs of the acquisition or construction of Authorized Facilities; less (vi) the credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

"Taxable Property" means all of the Assessor's Parcels within IA No. 1 which are not exempt from the Special Tax pursuant to law or Section E below.

"Undeveloped Property" means all Taxable Property not classified as Developed Property, or Provisional Undeveloped Property.

B. ASSIGNMENT TO LAND USE CATEGORY

Each Fiscal Year, all Taxable Property within IA No. 1 shall be classified as Developed Property, Undeveloped Property, or Provisional Undeveloped Property and shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C and D below. Assessor's Parcels of Developed Property shall be classified as Residential Property, or Non-Residential Property. Assessor's Parcels of Residential Property shall be further classified to its applicable land use category based on its Residential Floor Area.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel of Residential Property shall be the greater of (i) the applicable Assigned Annual Special Tax set forth in Table 1 below or (ii) the amount derived by application of the Backup Annual Special Tax to such Assessor's Parcel.

The Maximum Special Tax for each Assessor's Parcel of Non-Residential Property shall be the applicable Assigned Annual Special Tax set forth in Table 1 below.

a. Assigned Annual Special Tax

The Assigned Annual Special Tax applicable to an Assessor's Parcel of Developed Property in any Fiscal Year shall be determined pursuant to Table 1 below.

TABLE 1
Assigned Annual Special Taxes for Developed Property
Improvement Area No. 1

Land Use Category	Taxable Unit	Residential Floor Area	Assigned Annual Special Tax
1 – Residential Property	D/U	Less than 1,800 Sq. Ft.	$1,214
2 – Residential Property	D/U	1,801 Sq. Ft. -2,000 Sq. Ft.	$1,259
3 – Residential Property	D/U	Greater than 2,000 Sq. Ft.	$1,348
4 – Non-residential	Acre	N/A	$7,701

b. Backup Annual Special Tax

Each Fiscal Year, each Assessor's Parcel of Residential Property shall be subject to a Backup Annual Special Tax. In each Fiscal Year, the Backup Annual Special Tax rate for Residential Property within a Final Subdivision shall be the rate per dwelling unit calculated according to the following formula:

$$B = \frac{\$7,701 \times A}{L}$$

The terms above have the following meanings as they relate to IA No. 1:

B = Backup Annual Special Tax per Assessor's Parcel in each Fiscal Year
A = Acreage of Taxable Property excluding Provisional Undeveloped Property in such Final Subdivision, as

determined by the CFD Administrator pursuant to Section E.

L = Total Assessor's Parcels within the Final Subdivision that lie within the boundaries of IA No. 1, which are classified or to be classified as Residential Property.

If a Final Subdivision includes Assessor Parcels designated for both residential and non-residential construction, then the Backup Annual Special Tax for each Assessor's Parcel of Residential Property within such Final Subdivision shall be computed by the CFD Administrator exclusive of the allocable portion of total Acreage of Taxable Property attributable to Assessor Parcels for which building permits for non-residential construction may be issued.

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

1. Determine the total Backup Annual Special Taxes that will apply to the changed or modified Final Subdivision prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property excluding Provisional Undeveloped Property which will exist in such changed or modified Final Subdivision, as reasonably determined by the CFD Administrator.

3. The result of paragraph 2 above shall be divided by 43,560. This result is the Backup Annual Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Residential Property in such changed or modified Final Subdivision for all remaining Fiscal Years in which the Special Tax may be levied.

2. Undeveloped Property and Provisional Undeveloped Property

The Maximum Special Tax for Undeveloped Property and Provisional Undeveloped Property shall be $7,701 per Acre.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2003-2004 and for each following Fiscal Year, the Board shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Annual Special Tax to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement excluding any portion of the Special Tax Requirement designated for the purpose set forth in (v) of the definition of Special Tax Requirement after the first 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;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax to be levied on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by the application of the Backup Annual Special Tax shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to the applicable Maximum Special Tax.

Notwithstanding the above, under no circumstances will the Special Taxes 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 (10%) per Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 1.

E. EXEMPTIONS

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by 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 homeowner's association, or (iv) Assessor's Parcels with public utility easement by the restriction, as determined reasonably by the Board, provided that no such classification would reduce the sum of all Taxable Property in IA No. 1 to less than 23.50 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA No. 1 to less than 23.50 acres of Acreage be classified as Provisional Undeveloped Property, and will continue to be subject to the IA No. 1 Special Taxes accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes Exempt Property.

The Maximum Special Tax Obligation for any property which would be classified as Public Property upon its transfer or dedication to a public agency but which is classified as Provisional Undeveloped Property pursuant to the paragraph above E shall be prepaid in full by the seller pursuant to Section H.1, prior to the transfer/dedication of such property to such public agency. Until the Maximum Special Tax obligation for any such Public Property is prepaid, the property shall continue to be subject to the levy of the Special Tax as Provisional Undeveloped Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section E above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

F. 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 CFD No. 2003-1 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

Assessor's Parcels having delinquent Special Taxes as permitted by the Act.

G. APPEALS

The Board shall establish as part of the proceedings and administration of CFD No. 2003-1 a special three-member Review/Appeal Committee. Any landowner or resident who feels that the amount of the Special Tax, as to their Assessor's Parcel, is in error, may file a notice with the Review/Appeal Committee appealing the amount of the Special Tax levied on such Assessor's Parcel. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"CFD Public Facilities Costs" means either $1,800,000 in 2003 dollars, which shall increase by the Construction Inflation Index on July 1, 2004, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the Authorized Facilities to be Financed by IA No. 1 under the authorized Mello-Roos financing program for IA No. 1, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more IA No. 1 Bonds (except refunding bonds) to be supported by IA No. 1 Special Taxes.

"Construction Fund" means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the Authorized Facilities.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Construction Cost Index measured as of the calendar year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by IA No. 1 Administrator that is reasonably comparable to the Engineering News-Record Construction Cost Index.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or

construct the Authorized Facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance Public Facilities Costs.

"Outstanding Bonds" means all previously issued Bonds issued by IA No. 1 and secured by the levy of Special Taxes, which will remain outstanding after the current Fiscal Year. This amount shall exclude Bonds to be redeemed with the proceeds of prior prepayments of Maximum Special Taxes.

1. Prepayment in Full

The Special Tax Obligation applicable to an Assessor's Parcel in IA No. 1 may be prepaid and the obligation of the Assessor's Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor's Parcel only if at the time of prepayment any delinquent Special Taxes are paid as part of the prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than 60 days prior to any redemption date for the IA No. 1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount	
	plus	Redemption Premium
	plus	Future Facilities Prepayment Amount
	plus	Defeasance Amount
	plus	Prepayment Administrative Fees and Expenses
	less	Reserve Fund Credit
	less	Capitalized Interest Credit
Total:	equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.

2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that 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. For Provisional Undeveloped Property to be prepaid, compute the Maximum Special Tax for such Assessor's Parcel using the Assigned Special Tax for Provisional Undeveloped Property.

3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for IA No. 1 based on the Developed Property Special Taxes which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 1 as determined by the CFD Administrator, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid, and

   (b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Taxes at build-out for IA No. 1, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid.

4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the "Redemption Premium").

6. Compute the current Future Facilities Costs.

7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Prepayment Amount").

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the "Defeasance Amount").

11. Calculate the administrative fees and expenses of IA No. 1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming IA No. 1, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Administrative Fees and Expenses").

12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.

13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of 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 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

14. The Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the "Prepayment Amount").

15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, 10, 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by CFD No. 2003-1.

The Prepayment Amount may be sufficient to redeem an amount other than a $5,000 increment of IA No. 1 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 redeem IA No. 1 Bonds to be used with the next prepayment of IA No. 1 Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding Bonds.

2. Prepayment in Part

The Special Tax on an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment
P_E = the Prepayment Amount calculated according to Section H.1.
F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (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 School District shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 2003-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Annual Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

I. TERM OF THE SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax shall be levied on all Assessor's Parcels subject to the Special Tax. If any delinquent Special Taxes remain uncollected prior to or after all Bonds are retired, the Special Tax may be levied to the extent necessary to reimburse IA No. 1 for uncollected Special Taxes associated with the levy of such Special Taxes, but not later than the 2042-43 Fiscal Year.

MODIFIED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
(SECOND REVISED, DECEMBER 14, 2004)
FOR COMMUNITY FACILITIES DISTRICT NO. 2003-1
VAL VERDE UNIFIED SCHOOL DISTRICT
IMPROVEMENT AREA NO. 2

A Special Tax as hereinafter defined shall be levied on all Taxable Property within Improvement Area No. 2 ("IA No. 2") of Community Facilities District No. 2003-1 of the Val Verde Unified School District ("CFD No. 2003-1") and collected each Fiscal Year, in an amount determined by the Board of the Val Verde Unified School District through the application of the appropriate Special Tax for "Developed Property," "Undeveloped Property," and "Provisional Undeveloped Property" as described below. All Taxable Property within IA No. 2 of CFD No. 2003-1 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 as they relate to IA No. 2 of CFD No. 2003-1:

"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, lot line adjustment, condominium plan, or other recorded parcel map.

"Act" means the Mello-Roos Community 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 IA No. 2 including but not limited to: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the School District, or a designee thereof or both); the costs of collecting the Special Tax (whether by the County, School District or otherwise); the costs of remitting the IA No. 2 Special Tax to the fiscal agent or trustee; the costs of the fiscal agent or trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 2003-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, CFD No. 2003-1 or any designee thereof of complying with disclosure requirements of the School District or CFD No. 2003-1 associated with applicable federal and state securities laws and of the Act; the costs associated with preparing IA No. 2 Special Tax disclosure statements and responding to public inquiries regarding the IA No. 2 Special Tax; the costs of the School District, CFD

No. 2003-1 or any designee thereof related to an appeal of the IA No. 2 Special Tax. Administrative Expenses shall also include amounts advanced by the School District or CFD No. 2003-1 for any other administrative purposes of IA No. 2, including without limitation, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent IA No. 2 Special Taxes.

"Assessor's Parcel" means a lot or parcel shown in 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 of Riverside designating parcels by Assessor's Parcel number.

"Association Property" means all property which is owned by, irrevocably offered or dedicated to, or for which an easement for purposes of right of way has been granted to a property owner association, including any master or sub-association.

"Assigned Annual Special Tax" means the Special Tax applicable to each Land Use Category of Developed Property, as determined in accordance with Section C.1.a. below.

"Authorized Facilities" means those improvements, as listed in the Acquisition and Financing Agreement.

"Backup Annual Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.b. below.

"Board" means the Board of Education of the Val Verde Unified School District, acting as the legislative body of CFD No. 2003-1.

"Bonds" means any bonds or other indebtedness (as defined in the Act) of IA No. 2 of CFD No. 2003-1, whether in one or more series, secured by the levy of Special Taxes.

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

"CFD No. 2003-1" means Community Facility District No. 2003-1 of the Val Verde Unified School District.

"County" means the County of Riverside.

"Developed Property" means all Taxable Property, exclusive of Provisional Undeveloped Property, for which a building permit for new construction was issued as of March 1 of the Fiscal Year preceding the Fiscal Year for which Special Taxes are being levied.

"Exempt Property" means all Assessor's Parcels designated in Section E as being exempt from the levy of Special Taxes.

"Final Subdivision" means a subdivision of property created 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 starting on July 1 and ending on the following June 30.

"Improvement Area No. 2" means Improvement Area No. 2 of CFD No. 2003-1 as identified on the boundary map for CFD No. 2003-1 or as amended from time to time.

"Indenture" means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which IA No. 2 Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Category" means any of the categories listed in Section C.1.a, Table 1.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C hereof, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

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

"Proportionately" means for Developed Property that the ratio of the Special Tax levy to the Assigned Annual Special Tax or Backup Annual Special Tax is the same for all Assessors' Parcels of Developed Property. For Undeveloped Property "Proportionately" means that the ratio of the Special Tax levy per acre to the Maximum Special Tax per acre is the same for all Assessor's Parcels of Undeveloped Property. For Provisional Undeveloped Property "Proportionately" means that the ratio of the Special Tax levy per acre to the Maximum Special

Tax per acre is the same for all Assessor's Parcels of Provisional Undeveloped Property.

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

"Public Property" means any Assessor's Parcel within the boundary of IA No. 2 that is owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State of California, the County of Riverside, the School District or any local government or other public agency, provided 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 according to its use. Not more than 13.58 Acres of Public Property within IA No. 2 shall be designated as Exempt Property pursuant to Section E.

"Residential Floor Area" means all of the square footage of living area of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio or similar area on an Assessor's Parcel. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"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.

"School District" means the Val Verde Unified School District.

"Special Tax(es)" means the tax levied within IA No. 2 pursuant to the Rate and Method of Apportionment thereof in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

"Special Tax Obligation" means the total obligation of a Taxable Parcel to pay the Special Tax for the remaining life of the CFD.

"Special Tax Requirement" means that amount required in any Fiscal Year for IA No. 2 of CFD No. 2003-1 to: (i) pay the annual scheduled debt service on all outstanding Bonds due in the calendar year which commences in such Fiscal Year; (ii) pay other periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; and (iv) pay any amounts required to establish or replenish any

reserve funds for the outstanding Bonds; and (v) pay directly the costs of the acquisition or construction of Authorized Facilities; less (vi) the credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

"Taxable Property" means all of the Assessor's Parcels within IA No. 2 which are not exempt from the Special Tax pursuant to law or Section E below.

"Undeveloped Property" means all Taxable Property not classified as Developed Property, or Provisional Undeveloped Property.

B. ASSIGNMENT TO LAND USE CATEGORY

Each Fiscal Year, all Taxable Property within IA No. 2 shall be classified as Developed Property, Undeveloped Property, or Provisional Undeveloped Property and shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C and D below. Assessor's Parcels of Developed Property shall be classified as Residential Property, or Non-Residential Property. Assessor's Parcels of Residential Property shall be further classified to its applicable land use category based on its Residential Floor Area.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel of Residential Property shall be the greater of (i) the applicable Assigned Annual Special Tax set forth in Table 1 below or (ii) the amount derived by application of the Backup Annual Special Tax to such Assessor's Parcel.

The Maximum Special Tax for each Assessor's Parcel of Non-Residential Property shall be the applicable Assigned Annual Special Tax set forth in Table 1 below.

a. Assigned Annual Special Tax

The Assigned Annual Special Tax applicable to an Assessor's Parcel of Developed Property in any Fiscal Year shall be determined pursuant to Table 1 below.

TABLE 1
Assigned Annual Special Taxes for Developed Property
Improvement Area No. 2

Land Use Category	Taxable Unit	Residential Floor Area	Assigned Annual Special Tax
1 – Residential Property	D/U	2,000 Sq. Ft. or less	$1,556
2 – Residential Property	D/U	2,001 Sq. Ft. -2,500 Sq. Ft.	$1,666
3 – Residential Property	D/U	2,501 Sq. Ft. or greater	$1,775
4 – Non-residential	Acre	N/A	$12,427

b. Backup Annual Special Tax

Each Fiscal Year, each Assessor's Parcel of Residential Property shall be subject to a Backup Annual Special Tax. In each Fiscal Year, the Backup Annual Special Tax rate for Residential Property within a Final Subdivision shall be the rate per dwelling unit calculated according to the following formula:

$$B = \frac{\$12,427 \times A}{L}$$

The terms above have the following meanings as they relate to IA No. 2:

B = Backup Annual Special Tax per Assessor's Parcel in each Fiscal Year.
A = Acreage of Taxable Property excluding Provisional Undeveloped Property in such Final Subdivision, as determined by the CFD Administrator pursuant to Section E.
L = Total Assessor's Parcels within the Final Subdivision that lie within the boundaries of IA No. 2, which are classified or to be classified as Residential Property.

If a Final Subdivision includes Assessor Parcels designated for both residential and non-residential construction, then the Backup Annual Special Tax for each Assessor's Parcel of Residential Property within such Final Subdivision shall be computed by the CFD Administrator exclusive of the allocable portion of total Acreage of Taxable Property attributable to Assessor Parcels for

which building permits for non-residential construction may be issued.

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

1. Determine the total Backup Annual Special Taxes that will apply to the changed or modified Final Subdivision prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property excluding Provisional Undeveloped Property which will exist in such changed or modified Final Subdivision, as reasonably determined by the CFD Administrator.

3. The result of paragraph 2 above shall be divided by 43,560. This result is the Backup Annual Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Residential Property in such changed or modified Final Subdivision for all remaining Fiscal Years in which the Special Tax may be levied.

2. Undeveloped Property and Provisional Undeveloped Property

The Maximum Special Tax for Undeveloped Property and Provisional Undeveloped Property shall be $12,427 per Acre.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2005-2006 and for each following Fiscal Year, the Board shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Annual Special Tax to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement excluding any portion of the Special Tax Requirement designated for the purpose set forth in (v) of the definition of Special Tax Requirement after the first 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;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax to be levied on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by the application of the Backup Annual Special Tax shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to the applicable Maximum Special Tax.

Notwithstanding the above, under no circumstances will the Special Taxes 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 (10%) per Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 2.

E. EXEMPTIONS

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by 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 homeowner's association, or (iv) Assessor's Parcels with public utility easement by the restriction, as determined reasonably by the Board, provided that no such classification would reduce the sum of all Taxable Property in IA No. 2 to less than 20.02 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA No. 2 to less than 20.02 acres of Acreage be classified as Provisional Undeveloped Property, and will continue to be subject to the IA No. 2 Special Taxes accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes Exempt Property.

The Maximum Special Tax Obligation for any property which would be classified as Public Property upon its transfer or dedication to a public agency but which is classified as Provisional Undeveloped Property pursuant to the paragraph above E shall be prepaid in full by the seller pursuant to Section H.1, prior to the transfer/dedication of such property to such public agency. Until the Maximum Special Tax obligation for any such Public Property is prepaid, the property shall continue to be subject to the levy of the Special Tax as Provisional Undeveloped Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section E above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

F. 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 CFD No. 2003-1 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 Assessor's Parcels having delinquent Special Taxes as permitted by the Act.

G. APPEALS

The Board shall establish as part of the proceedings and administration of CFD No. 2003-1 a special three-member Review/Appeal Committee. Any landowner or resident who feels that the amount of the Special Tax, as to their Assessor's Parcel, is in error, may file a notice with the Review/Appeal Committee appealing the amount of the Special Tax levied on such Assessor's Parcel. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"CFD Public Facilities Costs" means either $2,050,000 in 2004 dollars, which shall increase by the Construction Inflation Index on July 1, 2005, and on each

July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the Authorized Facilities to be Financed by IA No. 2 under the authorized Mello-Roos financing program for IA No. 2, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more IA No. 2 Bonds (except refunding bonds) to be supported by IA No. 2 Special Taxes.

"Construction Fund" means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the Authorized Facilities.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Construction Cost Index measured as of the calendar year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by IA No. 2 Administrator that is reasonably comparable to the Engineering News-Record Construction Cost Index.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the Authorized Facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance Public Facilities Costs.

"Outstanding Bonds" means all previously issued Bonds issued by IA No. 2 and secured by the levy of Special Taxes, which will remain outstanding after the current Fiscal Year. This amount shall exclude Bonds to be redeemed with the proceeds of prior prepayments of Maximum Special Taxes.

1. Prepayment in Full

The Special Tax Obligation applicable to an Assessor's Parcel in IA No. 2 may be prepaid and the obligation of the Assessor's Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor's Parcel only if at the time of prepayment any delinquent Special Taxes are paid as part of the prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than

60 days prior to any redemption date for the IA No. 2 Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount	
	plus	Redemption Premium
	plus	Future Facilities Prepayment Amount
	plus	Defeasance Amount
	plus	Prepayment Administrative Fees and Expenses
	less	Reserve Fund Credit
	less	Capitalized Interest Credit
Total:	equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.

2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that 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. For Provisional Undeveloped Property to be prepaid, compute the Maximum Special Tax for such Assessor's Parcel using the Assigned Special Tax for Provisional Undeveloped Property.

3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for IA No. 2 based on the Developed Property Special Taxes which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 2 as determined by the CFD Administrator, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Taxes at build-out for IA No. 2, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid.

4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the "Redemption Premium").

6. Compute the current Future Facilities Costs.

7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Prepayment Amount").

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the "Defeasance Amount").

11. Calculate the administrative fees and expenses of IA No. 2, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming IA No. 2, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Administrative Fees and Expenses").

12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.

13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of 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 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

14. The Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the "Prepayment Amount").

15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, 10, 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by CFD No. 2003-1.

The Prepayment Amount may be sufficient to redeem an amount other than a $5,000 increment of IA No. 2 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 redeem IA No. 2 Bonds to be used with the next prepayment of IA No. 2 Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor’s Parcel, and the Special Tax Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding Bonds.

2. Prepayment in Part

The Special Tax on an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment
P_E = the Prepayment Amount calculated according to Section H1.
F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (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 School District shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 2003-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Annual Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

I. TERM OF THE SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax shall be levied on all Assessor's Parcels subject to the Special Tax. If any delinquent Special Taxes remain uncollected prior to or after all Bonds are retired, the Special Tax may be levied to the extent necessary to reimburse IA No. 2 for uncollected Special Taxes associated with the levy of such Special Taxes, but not later than the 2044-45 Fiscal Year.

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
FOR COMMUNITY FACILITIES DISTRICT NO. 2003-2 (John Laing Homes)
VAL VERDE UNIFIED SCHOOL DISTRICT

A Special Tax as hereinafter defined shall be levied on all Taxable Property within Community Facilities District No. 2003-2 of the Val Verde Unified School District ("CFD No. 2003-2") and collected each Fiscal Year, in an amount determined by the Board of the Val Verde Unified School District through the application of the appropriate Special Tax for "Developed Property," "Undeveloped Property," and Provisional Undeveloped Property" as described below. All Taxable Property within CFD No. 2003-2 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 as they relate to CFD No. 2003-2:

"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, lot line adjustment, condominium plan, or other recorded parcel map.

"Act" means the Mello-Roos Community 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. 2003-2: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the School District, or a designee thereof or both); the costs of collecting the Special Tax (whether by the County, School District or otherwise); the costs of remitting the CFD No. 2003-2 Special Tax to the fiscal agent or trustee; the costs of the fiscal agent or trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 2003-2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, CFD No. 2003-2 or any designee thereof of complying with disclosure requirements of the School District or CFD No. 2003-2 associated with applicable federal and state securities laws and of the Act; the costs associated with preparing the CFD No. 2003-2 Special Tax disclosure statements and responding to public inquiries regarding the CFD No. 2003-2 Special Tax; the costs of the School District, CFD No. 2003-2 or any designee thereof related to an

appeal of the CFD No. 2003-2 Special Tax. Administrative Expenses shall also include amounts advanced by the School District or CFD No. 2003-2 for any other administrative purposes of CFD No. 2003-2, including without limitation, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent CFD No. 2003-2 Special Taxes.

"Assessor's Parcel" means a lot or parcel shown in 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 of Riverside designating parcels by Assessor's Parcel number.

"Association Property" means all property which is owned by, irrevocably offered or dedicated to, or for which an easement for purposes of right of way has been granted to a property owner association, including any master or sub-association.

"Assigned Annual Special Tax" means the Special Tax applicable to each Land Use Category of Developed Property, as determined in accordance with Section C.1.a. below.

"Authorized Facilities" means those improvements, as listed in the Acquisition and Financing Agreement.

"Backup Annual Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.b. below.

"Board" means the Board of Education of the Val Verde Unified School District, acting as the legislative body of CFD No. 2003-2.

"Bonds" means any bonds or other indebtedness (as defined in the Act) of CFD No. 2003-2, whether in one or more series, secured by the levy of Special Taxes.

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

"CFD No. 2003-2" means Community Facility District No. 2003-2 of the Val Verde Unified School District.

"County" means the County of Riverside.

"Developed Property" means all Taxable Property, exclusive of Provisional Undeveloped Property, for which a building permit for new construction was issued as of March 1 of the Fiscal Year preceding the Fiscal Year for which Special Taxes are being levied.

"Exempt Property" means all Assessor's Parcels designated in Section E as being exempt from the levy of Special Taxes.

"Final Subdivision" means a subdivision of property created 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 starting on July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which CFD No. 2003-2 Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Category" means any of the categories listed in Section C.1.a, Table 1.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C hereof, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

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

"Proportionately" means for Developed Property that the ratio of the Special Tax levy to the Assigned Annual Special Tax or Backup Annual Special Tax is the same for all Assessors' Parcels of Developed Property. For Undeveloped Property "Proportionately" means that the ratio of the Special Tax levy per acre to the Maximum Special Tax per acre is the same for all Assessor's Parcels of Undeveloped Property. For Provisional Undeveloped Property "Proportionately" means that the ratio of the Special Tax levy per acre to the Maximum Special Tax per acre is the same for all Assessor's Parcels of Provisional Undeveloped Property.

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

"Public Property" means any Assessor's Parcel within the boundary of CFD No. 2003-2 that is owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State of California, the County of Riverside, the School District or any local government or other public agency, provided 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 according to its use.

"Residential Floor Area" means all of the square footage of living area of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio or similar area on an Assessor's Parcel. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"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.

"School District" means the Val Verde Unified School District.

"Special Tax(es)" means the tax levied within CFD No. 2003-2 pursuant to the Rate and Method of Apportionment thereof in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

"Special Tax Obligation" means the total obligation of a Taxable Parcel to pay the Special Tax for the remaining life of the CFD.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 2003-2 to: (i) pay the annual scheduled debt service on all outstanding Bonds due in the calendar year which commences in such Fiscal Year; (ii) pay other periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; and (iv) pay any amounts required to establish or replenish any reserve funds for the outstanding Bonds; and (v) pay directly the costs of the acquisition or construction of Authorized Facilities;

less (vi) the credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

"Taxable Property" means all of the Assessor's Parcels within CFD No. 2003-2 which are not exempt from the Special Tax pursuant to law or Section E below.

"Undeveloped Property" means all Taxable Property not classified as Developed Property, or Provisional Undeveloped Property.

B. ASSIGNMENT TO LAND USE CATEGORY

Each Fiscal Year, all Taxable Property within CFD No. 2003-2 shall be classified as Developed Property, Undeveloped Property, or Provisional Undeveloped Property and shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C and D below. Assessor's Parcels of Developed Property shall be classified as Residential Property, or Non-Residential Property. Assessor's Parcels of Residential Property shall be further classified to its applicable land use category based on its Residential Floor Area.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel of Residential Property shall be the greater of (i) the applicable Assigned Annual Special Tax set forth in Table 1 below or (ii) the amount derived by application of the Backup Annual Special Tax to such Assessor's Parcel.

The Maximum Special Tax for each Assessor's Parcel of Non-Residential Property shall be the applicable Assigned Annual Special Tax set forth in Table 1 below.

a. Assigned Annual Special Tax

The Assigned Annual Special Tax applicable to an Assessor's Parcel of Developed Property in any Fiscal Year shall be determined pursuant to Table 1 below.

TABLE 1
Assigned Annual Special Taxes for Developed Property

Land Use Category	Taxable Unit	Residential Floor Area	Assigned Annual Special Tax
1 – Residential Property	D/U	Less than 2,601 Sq. Ft.	$1,755
2 – Residential Property	D/U	2,601 Sq. Ft. -3,100 Sq. Ft.	$1,797
3 – Residential Property	D/U	3,101 Sq. Ft. -3,600 Sq. Ft.	$2,022
4 – Residential Property	D/U	Greater than 3,600 Sq. Ft.	$2,115
5 – Non-residential	Acre	N/A	$11,353

b. Backup Annual Special Tax

Each Fiscal Year, each Assessor's Parcel of Residential Property shall be subject to a Backup Annual Special Tax. In each Fiscal Year, the Backup Annual Special Tax rate for Residential Property within a Final Subdivision shall be the rate per dwelling unit calculated according to the following formula:

$$B = \frac{\$11,353 \times A}{L}$$

The terms above have the following meanings as they relate to CFD No. 2003-2:

B = Backup Annual Special Tax per Assessor's Parcel in each Fiscal Year

A = Acreage of Taxable Property excluding Provisional Undeveloped Property in such Final Subdivision, as determined by the CFD Administrator pursuant to Section E.

L = Total Assessor's Parcels within the Final Subdivision that lie within the boundaries of CFD No. 2003-2,

which are classified or to be classified as Residential Property.

If a Final Subdivision includes Assessor Parcels designated for both residential and non-residential construction, then the Backup Annual Special Tax for each Assessor's Parcel of Residential Property within such Final Subdivision shall be computed by the CFD Administrator exclusive of the allocable portion of total Acreage of Taxable Property attributable to Assessor Parcels for which building permits for non-residential construction may be issued.

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

1. Determine the total Backup Annual Special Taxes that will apply to the changed or modified Final Subdivision prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property excluding Provisional Undeveloped Property which will exist in such changed or modified Final Subdivision, as reasonably determined by the CFD Administrator.

3. The result of paragraph 2 above shall be divided by 43,560. This result is the Backup Annual Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Residential Property in such changed or modified Final Subdivision for all remaining Fiscal Years in which the Special Tax may be levied.

2. Undeveloped Property and Provisional Undeveloped Property

The Maximum Special Tax for Undeveloped Property and Provisional Undeveloped Property shall be $11,353 per Acre.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2004-2005 and for each following Fiscal Year, the Board shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Annual Special Tax to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement excluding any portion of the Special Tax Requirement designated for the purpose set forth in (v) of the definition of Special Tax Requirement after the first 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;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax to be levied on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by the application of the Backup Annual Special Tax shall be increased Proportionately from the Assigned Annual Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to the applicable Maximum Special Tax.

Notwithstanding the above, under no circumstances will the Special Taxes 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 (10%) per Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2003-2.

E. EXEMPTIONS

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by 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 homeowner's association, or (iv) Assessor's Parcels with public utility easement by the restriction, as determined reasonably by the Board, provided that no such classification would reduce the sum of all Taxable Property in CFD No. 2003-2 to less than 24.88 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in CFD No. 2003-2 to less than 24.88 acres of Acreage be classified as Provisional Undeveloped Property, and will continue to be subject to the CFD No. 2003-2 Special Taxes accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes Exempt Property.

The Maximum Special Tax Obligation for any property which would be classified as Public Property upon its transfer or dedication to a public agency but which is classified as Provisional Undeveloped Property pursuant to the paragraph above E shall be prepaid in full by the seller pursuant to Section H.1, prior to the transfer/dedication of such property to such public agency. Until the Maximum Special Tax obligation for any such Public Property is prepaid, the property shall continue to be subject to the levy of the Special Tax as Provisional Undeveloped Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section E above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

F. 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 CFD No. 2003-2 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 Assessor's Parcels having delinquent Special Taxes as permitted by the Act.

G. APPEALS

The Board shall establish as part of the proceedings and administration of CFD No. 2003-2 a special three-member Review/Appeal Committee. Any landowner or resident who feels that the amount of the Special Tax, as to their Assessor's Parcel, is in error, may file a notice with the Review/Appeal Committee appealing the amount of the Special Tax levied on such Assessor's Parcel. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"CFD Public Facilities Costs" means either $3,030,000 in 2003 dollars, which shall increase by the Construction Inflation Index on July 1, 2004, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the Authorized Facilities to be Financed by CFD No. 2003-2 under the authorized Mello-Roos financing program for CFD No. 2003-2, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more CFD No. 2003-2 Bonds (except refunding bonds) to be supported by CFD No. 2003-2 Special Taxes.

"Construction Fund" means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the Authorized Facilities.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Construction Cost Index measured as of the calendar year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by CFD No. 2003-2 Administrator that is reasonably comparable to the Engineering News-Record Construction Cost Index.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the Authorized Facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or

other earmarked fund that are expected to be available to finance Public Facilities Costs.

"Outstanding Bonds" means all previously issued Bonds issued by CFD No. 2003-2 and secured by the levy of Special Taxes, which will remain outstanding after the current Fiscal Year. This amount shall exclude Bonds to be redeemed with the proceeds of prior prepayments of Maximum Special Taxes.

1. Prepayment in Full

The Special Tax Obligation applicable to an Assessor's Parcel in CFD No. 2003-2 may be prepaid and the obligation of the Assessor's Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor's Parcel only if at the time of prepayment any delinquent Special Taxes are paid as part of the prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than 60 days prior to any redemption date for the CFD No. 2003-2 Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount	
	plus	Redemption Premium
	plus	Future Facilities Prepayment Amount
	plus	Defeasance Amount
	plus	Prepayment Administrative Fees and Expenses
	less	Reserve Fund Credit
	less	Capitalized Interest Credit
Total:	equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.

2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that 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. For Provisional Undeveloped Property to be prepaid, compute the Maximum Special Tax for such Assessor's Parcel using the Assigned Special Tax for Provisional Undeveloped Property.

3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for CFD No. 2003-2 based on the Developed Property Special Taxes which could be levied in the current Fiscal Year on all expected development through build-out of CFD No. 2003-2 as determined by the CFD Administrator, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid, and

   (b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Taxes at build-out for CFD No. 2003-2, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid.

4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the "Redemption Premium").

6. Compute the current Future Facilities Costs.

7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Prepayment Amount").

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the "Defeasance Amount").

11. Calculate the administrative fees and expenses of CFD No. 2003-2, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2003-2, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Administrative Fees and Expenses").

12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.

13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of 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 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

14. The Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the "Prepayment Amount").

15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, 10, 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by CFD No. 2003-2.

The Prepayment Amount may be sufficient to redeem an amount other than a $5,000 increment of CFD No. 2003-2 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 redeem CFD No. 2003-2 Bonds to be used with the next prepayment of CFD No. 2003-2 Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding Bonds.

2. Prepayment in Part

The Special Tax on an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment
P_E = the Prepayment Amount calculated according to Section H.1.
F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (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 School District shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 2003-2 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Annual Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

I. TERM OF THE SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax shall be levied on all Assessor's Parcels subject to the Special Tax. If any delinquent Special Taxes remain uncollected prior to or after all Bonds are retired, the Special Tax may be levied to the extent necessary to reimburse CFD No. 2003-2 for uncollected Special Taxes associated with the levy of such Special Taxes, but not later than the 2044-45 Fiscal Year.

Exhibit B

Val Verde Unified School District

Financing Authority

Special Tax Revenue Refunding Bonds, Series 2024

Debt Service Schedule

Val Verde Unified School District
Financing Authority
Special Tax Revenue Refunding Bonds, Series 2024
Debt Service Schedule

Period	Special Tax Revenue Refunding Bonds, Series 2024		
	Principal	Interest	Total Debt Service
9/1/2025	$885,000.00	$501,011.11	$1,386,011.11
9/1/2026	780,000.00	628,750.00	1,408,750.00
9/1/2027	835,000.00	589,750.00	1,424,750.00
9/1/2028	895,000.00	548,000.00	1,443,000.00
9/1/2029	960,000.00	503,250.00	1,463,250.00
9/1/2030	1,030,000.00	455,250.00	1,485,250.00
9/1/2031	1,105,000.00	403,750.00	1,508,750.00
9/1/2032	1,180,000.00	348,500.00	1,528,500.00
9/1/2033	1,255,000.00	289,500.00	1,544,500.00
9/1/2034	1,345,000.00	226,750.00	1,571,750.00
9/1/2035	1,430,000.00	159,500.00	1,589,500.00
9/1/2036	1,465,000.00	88,000.00	1,553,000.00
9/1/2037	295,000.00	14,750.00	309,750.00
Total	**$13,460,000.00**	**$4,756,761.11**	**$18,216,761.11**

Exhibit C

District CFD Debt Service Schedules

Val Verde Unified School District
Improvement Area A of Community Facilities District No. 2002-1
Special Tax Revenue Bonds, 2015 Series
Debt Service Schedule

Period	Special Tax Revenue Bonds, Series 2015		
	Principal	Interest	Total Debt Service
9/1/2015	$225,000.00	$335,614.41	$560,614.41
9/1/2016	310,000.00	648,587.50	958,587.50
9/1/2017	335,000.00	642,387.50	977,387.50
9/1/2018	360,000.00	635,687.50	995,687.50
9/1/2019	390,000.00	628,487.50	1,018,487.50
9/1/2020	415,000.00	620,687.50	1,035,687.50
9/1/2021	445,000.00	612,387.50	1,057,387.50
9/1/2022	485,000.00	594,587.50	1,079,587.50
9/1/2023	525,000.00	575,187.50	1,100,187.50
9/1/2024	570,000.00	554,187.50	1,124,187.50
9/1/2025	620,000.00	525,687.50	1,145,687.50
9/1/2026	670,000.00	500,887.50	1,170,887.50
9/1/2027	725,000.00	467,387.50	1,192,387.50
9/1/2028	785,000.00	431,137.50	1,216,137.50
9/1/2029	845,000.00	391,887.50	1,236,887.50
9/1/2030	915,000.00	349,637.50	1,264,637.50
9/1/2031	975,000.00	317,612.50	1,292,612.50
9/1/2032	1,035,000.00	282,268.76	1,317,268.76
9/1/2033	1,100,000.00	244,750.00	1,344,750.00
9/1/2034	1,175,000.00	189,750.00	1,364,750.00
9/1/2035	1,265,000.00	131,000.00	1,396,000.00
9/1/2036	1,355,000.00	67,750.00	1,422,750.00
Total	**$15,525,000.00**	**$9,747,558.17**	**$25,272,558.17**

Val Verde Unified School District
Improvement Area 1 of Community Facilities District No. 2003-1
Special Tax Revenue Bonds, 2015 Series
Debt Service Schedule

Period	Special Tax Revenue Bonds, Series 2015		
	Principal	Interest	Total Debt Service
9/1/2015	$60,000.00	$40,889.49	$100,889.49
9/1/2016	65,000.00	78,368.76	143,368.76
9/1/2017	70,000.00	77,068.76	147,068.76
9/1/2018	70,000.00	75,668.76	145,668.76
9/1/2019	70,000.00	74,268.76	144,268.76
9/1/2020	70,000.00	72,868.76	142,868.76
9/1/2021	75,000.00	71,468.76	146,468.76
9/1/2022	75,000.00	68,468.76	143,468.76
9/1/2023	80,000.00	65,468.76	145,468.76
9/1/2024	85,000.00	62,268.76	147,268.76
9/1/2025	85,000.00	58,018.76	143,018.76
9/1/2026	90,000.00	54,618.76	144,618.76
9/1/2027	95,000.00	50,118.76	145,118.76
9/1/2028	100,000.00	45,368.76	145,368.76
9/1/2029	105,000.00	40,368.76	145,368.76
9/1/2030	110,000.00	35,118.76	145,118.76
9/1/2031	115,000.00	31,268.76	146,268.76
9/1/2032	120,000.00	27,100.02	147,100.02
9/1/2033	120,000.00	22,750.00	142,750.00
9/1/2034	130,000.00	16,750.00	146,750.00
9/1/2035	135,000.00	10,250.00	145,250.00
9/1/2036	70,000.00	3,500.00	73,500.00
Total	**$1,995,000.00**	**$1,082,039.67**	**$3,077,039.67**

Val Verde Unified School District
Improvement Area 2 of Community Facilities District No. 2003-1
Special Tax Revenue Bonds, 2015 Series
Debt Service Schedule

Period	Special Tax Revenue Bonds, Series 2015		
	Principal	Interest	Total Debt Service
9/1/2015	$65,000.00	$50,820.40	$115,820.40
9/1/2016	75,000.00	97,593.76	172,593.76
9/1/2017	75,000.00	96,093.76	171,093.76
9/1/2018	75,000.00	94,593.76	169,593.76
9/1/2019	75,000.00	93,093.76	168,093.76
9/1/2020	80,000.00	91,593.76	171,593.76
9/1/2021	80,000.00	89,993.76	169,993.76
9/1/2022	85,000.00	86,793.76	171,793.76
9/1/2023	85,000.00	83,393.76	168,393.76
9/1/2024	90,000.00	79,993.76	169,993.76
9/1/2025	95,000.00	75,493.76	170,493.76
9/1/2026	100,000.00	71,693.76	171,693.76
9/1/2027	105,000.00	66,693.76	171,693.76
9/1/2028	110,000.00	61,443.76	171,443.76
9/1/2029	115,000.00	55,943.76	170,943.76
9/1/2030	120,000.00	50,193.76	170,193.76
9/1/2031	125,000.00	45,993.76	170,993.76
9/1/2032	130,000.00	41,462.50	171,462.50
9/1/2033	135,000.00	36,750.00	171,750.00
9/1/2034	140,000.00	30,000.00	170,000.00
9/1/2035	145,000.00	23,000.00	168,000.00
9/1/2036	155,000.00	15,750.00	170,750.00
9/1/2037	160,000.00	8,000.00	168,000.00
Total	**$2,420,000.00**	**$1,446,383.06**	**$3,866,383.06**

Val Verde Unified School District
Community Facilities District No. 2003-2
Special Tax Revenue Bonds, 2015 Series
Debt Service Schedule

Period	Special Tax Revenue Bonds, Series 2015		
	Principal	Interest	Total Debt Service
9/1/2015	$80,000.00	$61,040.37	$141,040.37
9/1/2016	90,000.00	117,181.26	207,181.26
9/1/2017	90,000.00	115,381.26	205,381.26
9/1/2018	90,000.00	113,581.26	203,581.26
9/1/2019	95,000.00	111,781.26	206,781.26
9/1/2020	95,000.00	109,881.26	204,881.26
9/1/2021	95,000.00	107,981.26	202,981.26
9/1/2022	100,000.00	104,181.26	204,181.26
9/1/2023	105,000.00	100,181.26	205,181.26
9/1/2024	110,000.00	95,981.26	205,981.26
9/1/2025	115,000.00	90,481.26	205,481.26
9/1/2026	120,000.00	85,881.26	205,881.26
9/1/2027	125,000.00	79,881.26	204,881.26
9/1/2028	130,000.00	73,631.26	203,631.26
9/1/2029	140,000.00	67,131.26	207,131.26
9/1/2030	145,000.00	60,131.26	205,131.26
9/1/2031	150,000.00	55,056.26	205,056.26
9/1/2032	155,000.00	49,618.76	204,618.76
9/1/2033	155,000.00	44,000.00	199,000.00
9/1/2034	170,000.00	36,250.00	206,250.00
9/1/2035	175,000.00	27,750.00	202,750.00
9/1/2036	185,000.00	19,000.00	204,000.00
9/1/2037	195,000.00	9,750.00	204,750.00
Total	**$2,910,000.00**	**$1,735,734.29**	**$4,645,734.29**

Exhibit D

California Debt and Investment Advisory Commission Reports

MARKS ROOS AUTHORITY REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall, Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA 94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2024-1509
Status: Submitted
10/23/2025

Marks Roos Authority Report Information as of Reporting Year End: 6/30/2025

Issuance

Authority Issuer:	Val Verde Unified School District Financing Authority
Issue Name:	Special Tax Revenue Refunding Bonds, Series 2024
Senior Issue:	No
Subordinate Issue:	No
Project Name:	2015 CFD Nos 2002-1, 2003-1 & 2003-2
Actual Sale Date:	10/16/2024
Settlement Date:	12/3/2024
Original Principal Amount:	$13,460,000.00
Date of Filing:	10/23/2025
Total Issuance Costs:	$0.00
Total Cost of Issuance from Report of Final Sale:	$544,238.56
Was a Reserve Fund established with proceeds of this debt issue?:	Yes
Reserve Fund Minimum Balance Amount:	$1,346,000.00

Fund Balance

Principal Amount of Bonds Outstanding:	$13,460,000.00
Capitalized Interest Fund:	$0.00
Cash Reserve:	$0.00
Surety Bond Reserve:	$1,346,000.00
Total Bond Reserve Fund:	$1,346,000.00

Professional Fees

Type of service	Other Text	Service Fee
No Data Available		

Local Obligors

CDIAC Number	Issuer Name	Principal Amount	Obligor Type	Administration Fee
2015-0181	Val Verde Unified School District CFD No 2003-1	$1,995,000.00	BP	$0.00
2015-0184	Val Verde Unified School District CFD No 2002-1	$15,525,000.00	BP	$0.00
2015-0182	Val Verde Unified School District CFD No 2003-1	$2,420,000.00	BP	$0.00
2015-0475	Val Verde Unified School District CFD No 2003-2	$2,910,000.00	BP	$0.00
Total:		$22,850,000.00		$0.00

Investment Contracts

Final Maturity of the Investment Contract:

Commission/Fee for Contract (total): $0.00

Interest Earnings on Contract (current): $0.00

Retired Issues

Indicate Reason for Retirement: Not Retired

Filing Contact

Filing Contact Name: Justin Bjorgan

Agency/Organization Name: KeyAnalytics (California Financial Services)

Address: 27201 Puerta Real

City: Mission Viejo

State: CA

Zip Code: 92691

Telephone: 949-2821077

Fax Number:

E-mail: jbjorgan@calschools.com

Comments

Issuer Comments: A Bond Insurance Policy was purchased for this issuance, as such the Bond Reserve Fund Balance is shown as equal to the Reserve Requirement. However, no funds are kept in the Reserve Fund as the Reserve Requirement is met by the Insurance Policy.

MARKS ROOS LOCAL OBLIGOR REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall, Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA 94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2015-0184
Status: Submitted
10/22/2025

Marks Roos Local Obligor Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Val Verde Unified School District CFD No 2002-1
Issue Name:	2015 Special Tax Ref RBs
Project Name:	IA A Boulder Springs
Date of Bond Issue/Loans:	2/12/2015
Settlement Date:	2/26/2015
Original Principal Amount:	$15,525,000.00
Date of Filing:	10/23/2025
Total Issuance Costs:	$0.00
Total Cost of Issuance from Report of Final Sale:	$0.00
Name of Authority that purchased debt:	Val Verde Unified School District Financing Authority
Date of Authority Bond(s) Issuance:	2/26/2015
Total Costs of Issuance from Authority Report of Final Sale:	$604,450.00
Is the Reserve Fund held at Authority level?:	No
Reserve Fund Minimum Balance Amount:	$0.00
Part of Authority Reserve Fund:	No
Percent of Reserve Fund:	0

Fund Balance

Principal Amount of Bonds Outstanding:	$11,465,000.00
Bond Reserve Fund:	$0.00
Capitalized Interest Fund:	$0.00
Administrative Fee Charged by Authority:	$0.00

Delinquent Reporting

Have Delinquent Taxes been reported?	Y
Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025

Delinquency Rate:	2.12
Does this agency participate in the County's Teeter Plan?	N
Taxes Due:	$1,716,297.70
Taxes Unpaid:	$36,456.97

Retired Issues

Indicate Reason for Retirement:	Not Retired

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	27201 Puerta Real
City:	Mission Viejo
State:	CA
Zip Code:	92691
Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:

MARKS ROOS LOCAL OBLIGOR REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall, Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA 94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2015-0181
Status: Submitted
10/22/2025

Marks Roos Local Obligor Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Val Verde Unified School District CFD No 2003-1
Issue Name:	2015 Special Tax Ref RBs
Project Name:	IA No 1 Citation Homes
Date of Bond Issue/Loans:	2/12/2015
Settlement Date:	2/26/2015
Original Principal Amount:	$1,995,000.00
Date of Filing:	10/23/2025
Total Issuance Costs:	$0.00
Total Cost of Issuance from Report of Final Sale:	$0.00
Name of Authority that purchased debt:	Val Verde Unified School District Financing Authority
Date of Authority Bond(s) Issuance:	2/26/2015
Total Costs of Issuance from Authority Report of Final Sale:	$604,450.00
Is the Reserve Fund held at Authority level?:	No
Reserve Fund Minimum Balance Amount:	$0.00
Part of Authority Reserve Fund:	No
Percent of Reserve Fund:	0

Fund Balance

Principal Amount of Bonds Outstanding:	$1,275,000.00
Bond Reserve Fund:	$0.00
Capitalized Interest Fund:	$0.00
Administrative Fee Charged by Authority:	$0.00

Delinquent Reporting

Have Delinquent Taxes been reported?	Y
Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025

Delinquency Rate:	0.74
Does this agency participate in the County's Teeter Plan?	N
Taxes Due:	$182,007.00
Taxes Unpaid:	$1,348.00

Retired Issues

Indicate Reason for Retirement:	Not Retired

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	27201 Puerta Real
City:	Mission Viejo
State:	CA
Zip Code:	92691
Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:

MARKS ROOS LOCAL OBLIGOR REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall, Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA 94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2015-0182
Status: Submitted
10/22/2025

Marks Roos Local Obligor Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Val Verde Unified School District CFD No 2003-1
Issue Name:	2015 Spec Tax Ref RBs
Project Name:	IA No 2 Meritage Homes
Date of Bond Issue/Loans:	2/12/2015
Settlement Date:	2/26/2015
Original Principal Amount:	$2,420,000.00
Date of Filing:	10/23/2025
Total Issuance Costs:	$0.00
Total Cost of Issuance from Report of Final Sale:	$0.00
Name of Authority that purchased debt:	Val Verde Unified School District Financing Authority
Date of Authority Bond(s) Issuance:	2/26/2015
Total Costs of Issuance from Authority Report of Final Sale:	$604,450.00
Is the Reserve Fund held at Authority level?:	No
Reserve Fund Minimum Balance Amount:	$0.00
Part of Authority Reserve Fund:	No
Percent of Reserve Fund:	0

Fund Balance

Principal Amount of Bonds Outstanding:	$1,635,000.00
Bond Reserve Fund:	$0.00
Capitalized Interest Fund:	$0.00
Administrative Fee Charged by Authority:	$0.00

Delinquent Reporting

Have Delinquent Taxes been reported?	Y
Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025

Delinquency Rate:	0
Does this agency participate in the County's Teeter Plan?	N
Taxes Due:	$210,198.32
Taxes Unpaid:	$0.00

Retired Issues

Indicate Reason for Retirement:	Not Retired

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	27201 Puerta Real
City:	Mission Viejo
State:	CA
Zip Code:	92691
Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:

MARKS ROOS LOCAL OBLIGOR REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall, Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA 94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2015-0475
Status: Submitted
10/22/2025

Marks Roos Local Obligor Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Val Verde Unified School District CFD No 2003-2
Issue Name:	2015 Spec Tax Ref RBs
Project Name:	John Laing Homes
Date of Bond Issue/Loans:	2/12/2015
Settlement Date:	2/26/2015
Original Principal Amount:	$2,910,000.00
Date of Filing:	10/23/2025
Total Issuance Costs:	$0.00
Total Cost of Issuance from Report of Final Sale:	$0.00
Name of Authority that purchased debt:	Val Verde Unified School District Financing Authority
Date of Authority Bond(s) Issuance:	2/26/2015
Total Costs of Issuance from Authority Report of Final Sale:	$604,450.00
Is the Reserve Fund held at Authority level?:	No
Reserve Fund Minimum Balance Amount:	$0.00
Part of Authority Reserve Fund:	No
Percent of Reserve Fund:	0

Fund Balance

Principal Amount of Bonds Outstanding:	$1,960,000.00
Bond Reserve Fund:	$0.00
Capitalized Interest Fund:	$0.00
Administrative Fee Charged by Authority:	$0.00

Delinquent Reporting

Have Delinquent Taxes been reported?	Y
Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025

Delinquency Rate:	1.48
Does this agency participate in the County's Teeter Plan?	N
Taxes Due:	$257,931.00
Taxes Unpaid:	$3,807.00

Retired Issues

Indicate Reason for Retirement:	Not Retired

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	27201 Puerta Real
City:	Mission Viejo
State:	CA
Zip Code:	92691
Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:

Mello Roos Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Val Verde Unified School District CFD No 2002-1
Issue Name:	2015 Special Tax Ref RBs
Project Name:	IA A Boulder Springs
Actual Sale Date:	2/12/2015
Settlement Date:	2/26/2015
Original Principal Amount:	$15,525,000.00
Date of Filing:	
Reserve Fund Minimum Balance:	No
Reserve Fund Minimum Balance Amount:	$0.00

Credit Rating from Report of Final Sale

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating from Mello-Roos Last Yearly Fiscal Status Report

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating for This Reporting Period

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Fund Balance

Principal Amount of Bonds Outstanding:	$11,465,000.00
Bond Reserve Fund:	$0.00
Capitalized Interest Fund:	$0.00
Construction Fund(s):	$699,965.62

Assessed Value

Assessed or Appraised Value Reported as of:	1/1/2025
Use Appraised Value only in first year or before annual tax roll billing commences:	From Equalized Tax Roll
Total Assessed Value of All Parcels:	$225,306,131.00

Tax Collection

Total Amount of Special Taxes Due Annually:	$1,716,297.70
Total Amount of Unpaid Special Taxes Annually:	$36,456.97
Does this agency participate in the County's Teeter Plan?	No

Delinquent Reporting

Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025
Total Number of Delinquent Parcels:	10
Total Amount of Special Taxes Due on Delinquent Parcels:	$50,272.11

Delinquency Parcel Reporting

Document Type	Document Name	File Upload Date
Delinquent Parcel Detail Report	VVUSD_CFD 2002-1 IA A_Delinquency_2015-0184.pdf	10/22/2025

Foreclosure

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax on Foreclosure Parcels
No data available to disaplay.		

Retired Issues

Indicate Reason for Retirement:	Not Retired

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	27201 Puerta Real
City:	Mission Viejo
State:	CA
Zip Code:	92691
Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:

Val Verde Unified School District
Riverside County
Improvement Area A of Community Facilities District No. 2002-1
Fiscal Year 2024/2025 Tax Roll Delinquent Parcel Detail Report

Assessor's Parcel Number	Tax Year	Total Delinquent	Total Special Tax Levied	Percentage Delinquent
321-423-009	2023	$4,546.08	$4,546.08	100.00%
321-423-010	2023	$4,781.98	$4,781.98	100.00%
321-440-011	2023	$4,487.08	4487.08	100.00%
321-423-010	2024	$4,877.62	$4,877.62	100.00%
321-431-015	2024	$4,637.00	$4,637.00	100.00%
321-432-011	2024	$4,637.00	$4,637.00	100.00%
321-440-011	2024	$4,576.82	$4,576.82	100.00%
321-441-007	2024	$2,172.66	$4,345.32	50.00%
321-470-002	2024	$4,345.32	$4,345.32	100.00%
321-471-006	2024	$4,576.82	$4,576.82	100.00%
321-482-001	2024	$2,288.41	$4,576.82	50.00%
321-500-003	2024	$4,345.32	$4,345.32	100.00%

MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall, Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA 94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2015-0181
Status: Submitted
10/22/2025

Mello Roos Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Val Verde Unified School District CFD No 2003-1
Issue Name:	2015 Special Tax Ref RBs
Project Name:	IA No 1 Citation Homes
Actual Sale Date:	2/12/2015
Settlement Date:	2/26/2015
Original Principal Amount:	$1,995,000.00
Date of Filing:	
Reserve Fund Minimum Balance:	No
Reserve Fund Minimum Balance Amount:	$0.00

Credit Rating from Report of Final Sale

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating from Mello-Roos Last Yearly Fiscal Status Report

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating for This Reporting Period

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Fund Balance

Principal Amount of Bonds Outstanding:	$1,275,000.00
Bond Reserve Fund:	$0.00
Capitalized Interest Fund:	$0.00
Construction Fund(s):	$14.65

Assessed Value

Assessed or Appraised Value Reported as of:	1/1/2025
Use Appraised Value only in first year or before annual tax roll billing commences:	From Equalized Tax Roll
Total Assessed Value of All Parcels:	$52,323,145.00

Tax Collection

Total Amount of Special Taxes Due Annually:	$182,007.00
Total Amount of Unpaid Special Taxes Annually:	$1,348.00
Does this agency participate in the County's Teeter Plan?	No

Delinquent Reporting

Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025
Total Number of Delinquent Parcels:	1
Total Amount of Special Taxes Due on Delinquent Parcels:	$2,696.00

Delinquency Parcel Reporting

Document Type	Document Name	File Upload Date
Delinquent Parcel Detail Report	VVUSD_CFD 2003-1 IA 1_Delinquency_2015-0181.pdf	10/22/2025

Foreclosure

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax on Foreclosure Parcels
No data available to disaplay.		

Retired Issues

Indicate Reason for Retirement:	Not Retired

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	27201 Puerta Real
City:	Mission Viejo
State:	CA
Zip Code:	92691
Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:

Val Verde Unified School District
Riverside County
Improvement Area 1 of Community Facilities District No. 2003-1
Fiscal Year 2024/2025 Tax Roll Delinquent Parcel Detail Report

Assessor's Parcel Number	Tax Year	Total Delinquent	Total Special Tax Levied	Percentage Delinquent
303-661-013	2023	$1,348.00	$1,348.00	100.00%
303-661-013	2024	$1,348.00	$1,348.00	100.00%

Mello Roos Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Val Verde Unified School District CFD No 2003-1
Issue Name:	2015 Spec Tax Ref RBs
Project Name:	IA No 2 Meritage Homes
Actual Sale Date:	2/12/2015
Settlement Date:	2/26/2015
Original Principal Amount:	$2,420,000.00
Date of Filing:	
Reserve Fund Minimum Balance:	No
Reserve Fund Minimum Balance Amount:	$0.00

Credit Rating from Report of Final Sale

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating from Mello-Roos Last Yearly Fiscal Status Report

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating for This Reporting Period

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Fund Balance

Principal Amount of Bonds Outstanding:	$1,635,000.00
Bond Reserve Fund:	$0.00
Capitalized Interest Fund:	$0.00
Construction Fund(s):	$6.38

Assessed Value

Assessed or Appraised Value Reported as of:	1/1/2025
Use Appraised Value only in first year or before annual tax roll billing commences:	From Equalized Tax Roll
Total Assessed Value of All Parcels:	$52,170,726.00

Tax Collection

Total Amount of Special Taxes Due Annually:	$210,198.32
Total Amount of Unpaid Special Taxes Annually:	$0.00
Does this agency participate in the County's Teeter Plan?	No

Delinquent Reporting

Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025
Total Number of Delinquent Parcels:	0
Total Amount of Special Taxes Due on Delinquent Parcels:	$0.00

Delinquency Parcel Reporting

Document Type	Document Name	File Upload Date
Delinquent Parcel Detail Report	VVUSD_CFD 2003-1 IA 2_Delinquency_2015-0182.pdf	10/22/2025

Foreclosure

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax on Foreclosure Parcels
No data available to disaplay.		

Retired Issues

Indicate Reason for Retirement:	Not Retired

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	27201 Puerta Real
City:	Mission Viejo
State:	CA
Zip Code:	92691
Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:

Val Verde Unified School District
Riverside County
Improvement Area 2 of Community Facilities District No. 2003-1
Fiscal Year 2024/2025 Tax Roll Delinquent Parcel Detail Report

Assessor's Parcel Number	Tax Year	Total Delinquent	Total Special Tax Levied	Percentage Delinquent
No Parcels are Delinquent				

Mello Roos Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Val Verde Unified School District CFD No 2003-2
Issue Name:	2015 Spec Tax Ref RBs
Project Name:	John Laing Homes
Actual Sale Date:	2/12/2015
Settlement Date:	2/26/2015
Original Principal Amount:	$2,910,000.00
Date of Filing:	
Reserve Fund Minimum Balance:	No
Reserve Fund Minimum Balance Amount:	$0.00

Credit Rating from Report of Final Sale

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating from Mello-Roos Last Yearly Fiscal Status Report

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating for This Reporting Period

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Fund Balance

Principal Amount of Bonds Outstanding:	$1,960,000.00
Bond Reserve Fund:	$0.00
Capitalized Interest Fund:	$0.00
Construction Fund(s):	$21.19

Assessed Value

Assessed or Appraised Value Reported as of:	1/1/2025
Use Appraised Value only in first year or before annual tax roll billing commences:	From Equalized Tax Roll
Total Assessed Value of All Parcels:	$65,445,592.00

Tax Collection

Total Amount of Special Taxes Due Annually:	$257,931.00
Total Amount of Unpaid Special Taxes Annually:	$3,807.00
Does this agency participate in the County's Teeter Plan?	No

Delinquent Reporting

Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025
Total Number of Delinquent Parcels:	2
Total Amount of Special Taxes Due on Delinquent Parcels:	$4,758.75

Delinquency Parcel Reporting

Document Type	Document Name	File Upload Date
Delinquent Parcel Detail Report	VVUSD_CFD 2003-2_Delinquency_2015-0475.pdf	10/22/2025

Foreclosure

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax on Foreclosure Parcels
No data available to disaplay.		

Retired Issues

Indicate Reason for Retirement:	Not Retired

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	27201 Puerta Real
City:	Mission Viejo
State:	CA
Zip Code:	92691
Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:

Val Verde Unified School District
Riverside County
Community Facilities District No. 2003-2
Fiscal Year 2024/2025 Tax Roll Delinquent Parcel Detail Report

Assessor's Parcel Number	Tax Year	Total Delinquent	Total Special Tax Levied	Percentage Delinquent
312-301-013	2023	$951.75	$1,903.50	50.00%
312-301-013	2024	$1,903.50	$1,903.50	100.00%
312-312-001	2024	$1,903.50	$1,903.50	100.00%

ANNUAL DEBT TRANSPARENCY REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall, Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA 94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2024-1509
Status: Submitted
11/11/2025

Annual Debt Transparency Report Information as of Reporting Year End: 6/30/2025

Issuance Information

Issuer Name:	Val Verde Unified School District Financing Authority
Issue Name:	Special Tax Revenue Refunding Bonds, Series 2024
Project Name:	2015 CFD Nos 2002-1, 2003-1 & 2003-2
Actual Sale Date:	10/16/2024
Settlement Date:	12/3/2024
Original Principal Amount:	$13,460,000.00
Net Original Issue Premium/Discount:	$1,619,533.85
Proceeds Used to Acquire Local Obligations (Marks-Roos Only):	$0.00
Total Reportable Proceeds:	$15,079,533.85
Total cost of issuance from Report of Final Sale:	$544,238.56

Issuance Authorization

Authorization (1):

Authorization Name:	Resoljution No. 23-24-27
Original Authorized Amount:	$17,000,000.00
Authorization Date:	5/14/2024
Amount Authorized - Beginning of the Reporting Period:	$17,000,000.00
Amount Authorized - During the Reporting Period:	$0.00
Total Debt Authorized:	$17,000,000.00
Debt Issued During the Reporting Period:	$13,460,000.00
Replenishment Reported During the Reporting Period:	$0.00
Total Debt Authorized but Unissued:	$3,540,000.00
Authorization Lapsed:	$0.00
Total Authorization Remaining - End of Reporting Period:	$3,540,000.00

Principal Outstanding

Principal Balance Upon Sale or at Beginning of the Reporting Period:	$13,460,000.00
Accreted Interest – During Reporting Period:	$0.00
Total Principal and Accreted Interest:	$13,460,000.00
Principal Paid with Proceeds from Other Debt Issues – During the Reporting Period:	$0.00
Principal Payments - During the Reporting Period (not reported as payments above):	$0.00
Principal Outstanding – End of Reporting Period:	$13,460,000.00

Refunding/Refinancing Issues

CDIAC #	Refunding/refinancing Amount	Redemption/Payment Date
No data available to display.		

Use of Proceeds

Report End Date	Begin Amount	Spent Amount	Remain Amount
6/30/2025	$15,079,533.85	$15,059,830.37	$19,703.48

Proceeds Spent/Unspent (Fund Level)

Fund Category	Total Reportable Proceeds Available	Proceeds Spent Current Reporting Period	Proceeds Spent Prior Reporting Period(s)	Proceeds Unspent / Remaining
COST OF ISSUANCE	$389,448.56	$369,745.08	$0.00	$19,703.48
REFUNDING ESCROW ACCOUNT	$14,535,295.29	$14,535,295.29	$0.00	$0.00
UNDERWRITER'S DISCOUNT	$154,790.00	$154,790.00	$0.00	$0.00
TOTAL:	$15,079,533.85	$15,059,830.37	$0.00	$19,703.48

Expenditures of Current Reporting Period

Fund Category	Purpose	Expenditure Amount
COST OF ISSUANCE	BOND INSURANCE POLICY	$22,026.29
COST OF ISSUANCE	PROFESSIONAL SERVICES	$320,798.79
COST OF ISSUANCE	RESERVE POLICY	$26,920.00
REFUNDING ESCROW ACCOUNT	ENTIRELY REDEEM THE 2015 AUTHORITY BONDS	$14,535,295.29

UNDERWRITER'S DISCOUNT	UNDERWRITER'S DISCOUNT	$154,790.00
TOTAL:		$15,059,830.37

Expenditure Summary

Fund Category	Purpose	Expenditure In Current Reporting Period	Expenditure In Prior Reporting Period(s)	Total Expenditure All Periods
COST OF ISSUANCE	BOND INSURANCE POLICY	$22,026.29	$0.00	$22,026.29
COST OF ISSUANCE	PROFESSIONAL SERVICES	$320,798.79	$0.00	$320,798.79
COST OF ISSUANCE	RESERVE POLICY	$26,920.00	$0.00	$26,920.00
REFUNDING ESCROW ACCOUNT	ENTIRELY REDEEM THE 2015 AUTHORITY BONDS	$14,535,295.29	$0.00	$14,535,295.29
UNDERWRITER'S DISCOUNT	UNDERWRITER'S DISCOUNT	$154,790.00	$0.00	$154,790.00
TOTAL:		$15,059,830.37	$0.00	$15,059,830.37

Refunded/Refinanced Issues

CDIAC #	Refunding/refinancing Amount	Redemption/Payment Date
2015-0180	$0.00	

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	27201 Puerta Real
City:	Mission Viejo
State:	CA
Zip Code:	92691
Telephone:	949-2821077
Fax Number:	

E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:

ADTR Reportable

Principal Outstanding – End of Reporting Period:	$13,460,000.00
Proceeds Unspent – End of Reporting Period:	$19,703.48
ADTR Reportable Next Reporting Year:	Yes