RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES OF
VAL VERDE UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2025-1

A Special Tax (as defined herein) shall be levied on and collected from all Assessor's Parcels (as defined herein) in Community Facilities District No. 2025-1 of the Val Verde Unified School District, a unified school district organized and existing under the laws of the State of California ("School District"), each Fiscal Year commencing in Fiscal Year 2025/2026 an amount determined by the Board (as defined herein) through the application of the Rate and Method of Apportionment of Special Taxes ("RMA") described below. All of the real property within the District (as defined herein), 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

For purposes of this RMA, the terms hereinafter set forth have the following meanings:

"Accessory Dwelling Unit" or "ADU" means a secondary residential unit of limited size, as defined in California Government Code Section 66313(a) as that may be amended from time to time, that is accessory to a single-unit dwelling located on an Assessor's Parcel.

"Acreage" means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Administrator may rely on the land area shown on the applicable Final Map.

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

"Administrative Expenses" means any ordinary and necessary expense incurred by the School District on behalf of the District related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes, including, but not limited to, the reasonable expenses of collecting delinquencies, the administration of Bonds, the proportionate payment of salaries and benefits of any School District employee whose duties are directly related to the administration of the District, and reasonable costs otherwise incurred in order to carry out the authorized purposes of the District.

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

"Annual Special Tax" means for each Fiscal Year and each Assessor's Parcel the Special Tax actually or expected to be levied in such Fiscal Year on such Assessor's Parcel.

"Assessor's Parcel" means a parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of the District.

"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 a parcel of land by the County for purposes of identification.

"Assigned Annual Special Tax" means the Special Tax of that name described in Section D hereof.

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

"Board" means the Governing Board (Board of Education) of the School District, or its designee, acting as the Legislative Body of the District.

"Bond Index" means the national Bond Buyer Revenue 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/or Standard & Poor's A+, as determined by the Board.

"Bond Yield" means the yield of the last series of Bonds issued; for purposes of this calculation, the yield of the Bonds shall be the yield calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the Non-Arbitrage (Tax) Certificate or other similar bond issuance document.

"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, to which the Special Taxes have been pledged for repayment.

"Building Square Footage" or **"BSF"** means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, other structures not used as living space, or any other square footage excluded under Government Code Section 65995 as determined by reference to the building permit(s) for such Unit.

"City" means the City of Moreno Valley, or any successor agency.

"County" means the County of Riverside, a political subdivision of the State of California.

"Certificate of Compliance" means the form issued by the School District acknowledging the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, other structures not used as living space, or any other square footage excluded under Government Code Section 65995 as determined by reference to the building permit(s) for such Unit.

"Developed Property" means all Assessor's Parcels of Taxable Property for which one or more building permit(s) were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year, as determined reasonably by the Administrator.

"District" means Val Verde Unified School District Community Facilities District No. 2025-1.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes pursuant to Section K hereof.

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

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

"Initial Fiscal Year" means Fiscal Year 2025-2026.

"Lot" means an individual legal lot created by a Final Map for which a building permit for residential construction has been or could be issued.

"Minimum Taxable Acreage" means the smallest land area subject to taxation, as specified in Table 3.

"Maximum Special Tax" means, for each Assessor's Parcel, the maximum Special Tax, determined in accordance with Section C, which may be levied by the District in a given Fiscal Year on such Assessor's Parcel.

"Mitigation Agreement" means the School Facilities Funding and Mitigation Agreement approved by the Board in conjunction with the establishment of the District.

"Net Taxable Acreage" means the total Acreage of Developed Property expected to exist in the District after all Final Maps are recorded.

"Non-Residential Property" means all Developed Property for which a building permit(s) was issued for a non-residential use.

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

"Prepayment Administrative Fees" means any fees or expenses of the School District or the District associated with the prepayment of the Special Tax obligation of an Assessor's Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the Prepayment Amount, redeeming Bonds, and recording any notices to evidence the prepayment and redemption of Bonds.

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

"Present Value of Taxes" means for any Assessor's Parcel the sum of (i) the unpaid portion, if any, of the Annual Special Tax applicable to such Assessor's Parcel in the current Fiscal Year and (ii) the present value of Special Taxes expected to be levied on such Assessor's Parcel in each remaining Fiscal Year, as determined by the Administrator, until the termination date specified in Section J, but in no event exceeding thirty-five (35) Fiscal Years, including the Fiscal Year in which Special Taxes have previously been levied. The discount rate used for this calculation shall be equal to (a) the Bond Yield after Bond issuance or (b) the most recently published Bond Index prior to Bond issuance.

"Proportionately" means that the ratio of the actual Special Tax levy to the applicable Assigned Annual Special Tax is equal for all applicable Assessor's Parcels. In the case of Developed Property subject to apportionment of the Annual Special Tax under Step Four of Section F, "Proportionately" shall mean that the quotient of (i) the Annual Special Tax, less the Assigned Annual Special Tax, divided by (ii) the Backup Annual Special Tax, less the Assigned Annual Special Tax, is equal for all applicable Assessor's Parcels.

"Reserve Fund Credit" means an amount equal to the lesser of (i) the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount, (ii) the difference between the amount currently on deposit in the reserve fund and the new reserve requirement resulting from the redemption of Bonds with the Prepayment Amount or (iii) ten percent (10%) of the amount of Bonds which will be redeemed. In the event that a surety bond or other credit instrument satisfies the reserve requirement, no Reserve Fund Credit shall be given. Under no circumstances will the Reserve Fund Credit be less than zero.

"Residential Property" means all Developed Property for which a building permit has been issued for purposes of constructing one or more Units.

"School District" means the Val Verde Unified School District, a unified school district organized and existing pursuant to the Constitution and laws of the State of California.

"Special Tax" means any of the special taxes authorized to be levied by the District pursuant to the Act and this RMA.

"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, (iii) the costs associated with the release of funds from an escrow account(s) established in association with the Bonds, (iv) any amount required to establish, in association with the Bonds, and replenish any reserve funds (or accounts thereof) established in association with the Bonds, and (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized to be financed by the District provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on, Undeveloped Property, or Provisional Undeveloped Property as set forth in Steps Two through Four of Section F, less (vi) any amount(s) available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, trust agreement, or equivalent agreement or document. In arriving at the Special Tax Requirement, the Administrator shall take into account the reasonably anticipated delinquent Special Taxes, provided that the amount included may not cause the Annual Special Tax of an Assessor Parcel of Developed Property to increase by greater than ten percent (10%) of what would have otherwise been levied.

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

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

"Unit" means each separate residential dwelling unit, including but not limited to a single family attached or detached unit, condominium, an apartment unit, mobile home, or otherwise, excluding hotels and motels.

SECTION B
CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, commencing with the Initial Fiscal Year, all Assessor's Parcels within the District shall be classified as either Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further assigned to a Land Use Class, according to Table 1 below, based on the Building Square Footage of the Unit or land use associated with such Developed Property.

Where an Accessory Dwelling Unit and Unit are on the same Assessor's Parcel, the Building Square Footage for the Unit shall include the square footage of both the primary Unit and the Accessory Dwelling Unit and both Units shall be considered as one Unit for the purposes of this Rate and Method.

Should an Assessor's Parcel contain only an Accessory Dwelling Unit the Building Square Footage of that Accessory Dwelling Unit shall be used to determine the Land Use Class in Table 1 for that Assessor's Parcel. If a Building Permit for an Accessory Dwelling Unit is issued after the Special Tax obligation on a Unit has been prepaid in full pursuant to Section G below, the Accessory Dwelling Unit shall not be subject to the Special Tax, however it shall be subject to the then current developer fees authorized to be levied by the School District pursuant to Government Code Sections 65995, 65995.5 or 65995.6.

Table 1

Land Use Classification

Land Use Class	Description	Building Square Footage
1	Residential Property	≤ 2,500 sq. ft.
2	Residential Property	2,501 – 2,800 sq. ft.
3	Residential Property	2,801 – 3,100 sq. ft.
4	Residential Property	3,101 – 3,400 sq. ft.
5	Residential Property	3,401 – 3,700 sq. ft.
6	Residential Property	3,701 – 4,100 sq. ft.
7	Residential Property	> 4,101 sq. ft.
8	Non-Residential Property	N/A

SECTION C
MAXIMUM SPECIAL TAX

Prior to the issuance of Bonds, the Assigned Annual Special Tax for Developed Property, Undeveloped Property, Provisional Undeveloped Property, and the Backup Annual Special Tax may be reduced in accordance with and subject to the conditions set forth in this Section C without the need for any proceedings to make changes as permitted under the Act. If it is reasonably determined by the Administrator that the maximum tax burden in the District exceeds the School District's maximum tax burden objective set forth in the Mitigation Agreement, the Backup Annual Special Tax and Assigned Annual Special Tax on Developed Property for a Land Use Class may be reduced. The Backup Annual Special Tax and Assigned Annual Special Tax for Developed Property may be reduced to amounts necessary to equal such maximum tax burden level with the written consent of the Administrator and without the need for any additional Board proceedings.

The Assigned Annual Special Tax for Undeveloped Property and for Provisional Undeveloped Property will be reduced as a result of a reduction in the Assigned Annual Special Tax and Backup Annual Special Tax for Developed Property as provided in the preceding paragraph. Each reduction for a Land Use Class shall be calculated separately, as reasonably determined by the Administrator, and it shall not be required that such reduction be proportionate among Land Use Classes. The reductions permitted pursuant to this Section C shall be reflected in an amended notice of Special Tax lien which the School District shall cause to be recorded by executing a certificate in substantially the form attached herein as Exhibit A.

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of the amount derived by the application of the (a) Assigned Annual Special Tax or (b) Backup Annual Special Tax.

2. Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property or Provisional Undeveloped Property shall be derived by the application of the Assigned Annual Special Tax.

SECTION D
ASSIGNED ANNUAL SPECIAL TAXES

1. Developed Property

The Assigned Annual Special Tax for each Assessor's Parcel of Developed Property will be calculated in accordance with Table 2 below, subject to increases as described below and decreases as described in Section C.

Table 2

Initial Fiscal Year
Assigned Annual Special Taxes for
Developed Property

Land Use Class	Description	Building Square Footage	Assigned Annual Special Tax
1	Residential Property	≤ 2,500 sq. ft.	$4,358.00 per Unit
2	Residential Property	2,501 – 2,800 sq. ft.	$4,623.00 per Unit
3	Residential Property	2,801 – 3,100 sq. ft.	$4,898.00 per Unit
4	Residential Property	3,101 – 3,400 sq. ft.	$5,243.00 per Unit
5	Residential Property	3,401 – 3,700 sq. ft.	$5,588.00 per Unit
6	Residential Property	3,701 – 4,100 sq. ft.	$5,932.00 per Unit
7	Residential Property	> 4,101 sq. ft.	$6,277.00 per Unit
8	Non-Residential Property	N/A	$25,974.33 per Acre

2. Undeveloped Property and Provisional Undeveloped Property

The Assigned Annual Special Tax for each Assessor's Parcel of Undeveloped Property or Provisional Undeveloped Property shall be $25,974.33 per acre of Acreage for Initial Fiscal Year, subject to increases as described below and decreases as described in Section C.

3. Increases in the Assigned Annual Special Tax

a. Developed Property

On each July 1, commencing July 1, 2026, the Assigned Annual Special Tax applicable to Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

b. Undeveloped Property and Provisional Undeveloped Property

On each July 1, commencing July 1, 2026, the Assigned Annual Special Tax for Undeveloped Property and Provisional Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

SECTION E
BACKUP ANNUAL SPECIAL TAX

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax.

1. Calculation of the Backup Annual Special Tax Rate

The Backup Annual Special Tax for an Assessor's Parcel of Developed Property within a Final Map shall be the rate per Lot calculated in accordance with the following formula in the Initial Fiscal Year subject to increases as described below and decreases as described in Section C:

$$B = (U \times A) / L$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot for the applicable Fiscal Year
U	=	Assigned Annual Special Tax per Acre for Undeveloped Property in the Fiscal Year the calculation is performed
A	=	Acreage of Taxable Property expected to exist in such Final Map at the time of calculation, as determined by the Administrator
L	=	Number of Lots in the applicable Final Map at the time of calculation.

2. Changes to a Final Map

If the Final Map(s) described in the preceding paragraph are subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property changed or modified in each such Final Map shall be a rate per square foot of Acreage calculated as follows:

a. Determine the total Backup Annual Special Tax revenue anticipated to apply to the changed or modified Assessor's Parcels prior to the change or modification.

b. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the modified Assessor's Parcels, as reasonably determined by the Administrator.

c. 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 that shall be applicable to the modified Assessor's Parcels, subject to increases as described below.

3. Increase in the Backup Annual Special Tax

Each July 1, commencing the July 1, 2026, the Backup Annual Special Tax for each Lot of Developed Property within a Final Map shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Commencing Fiscal Year 2025/2026 and for each subsequent Fiscal Year through the Fiscal Year of termination pursuant to Section J, the Board shall levy Special Taxes on all Taxable Property in accordance with the following steps:

Step One: The Annual Special Tax shall be levied 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 additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement after the second step has been completed, the Annual Special Tax on each Assessor's Parcel of Developed Property, for which the Maximum Special Tax is the Backup Annual Special Tax, shall be increased Proportionately from the Assigned Annual Special Tax up to 100% of the Backup Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement after the third step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

SECTION G
PREPAYMENT OF ANNUAL SPECIAL TAXES

1. Special Tax Prepayment Times and Conditions

The Special Tax obligation of an Assessor’s Parcel of Taxable Property may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the District with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Prepayment Amount for such Assessor's Parcel and shall notify such owner of such Prepayment Amount.

2. Special Tax Prepayment Calculation

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

$$P = PVT – RFC + PAF$$

The abbreviations above have the following meanings:

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

3. Special Tax Prepayment Procedures and Limitations

The amount representing the Present Value of Taxes attributable to the prepayment less the Reserve Fund Credit attributable to the prepayment shall, prior to the issuance of Bonds, be deposited into a separate account held with the School District on behalf of the District and disbursed in accordance with the Mitigation Agreement and after the issuance of Bonds be deposited into the applicable account or fund established under the trust agreement, indenture or fiscal agent agreement and used to pay debt service or redeem Bonds. The amount representing the Prepayment Administrative Fees attributable to the prepayment shall be retained and deposited into the applicable account by the District.

With respect to any Assessor's Parcel for which the Special Tax obligations prepaid, the Board shall indicate in the records of the District that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Assigned Annual Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped Property, after such 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 and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

SECTION H
PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

1. Partial Prepayment Times and Conditions

The Special Tax obligation of Assessor’s Parcels of Taxable Property may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding

with respect to such Assessor's Parcels at the time the Special Tax obligation would be partially prepaid. An owner of an Assessor's Parcel(s) intending to partially prepay the Special Tax obligation shall provide the District with written notice of its intent to partially prepay, including the percentage by which the owner of such Assessor's Parcel intends to prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Partial Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Partial Prepayment Amount.

2. Partial Prepayment Calculation

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

$$PP = PVT \times F - RFC + PAF$$

The abbreviations above have the following meanings:

PP	=	the Partial Prepayment Amount
PVT	=	Present Value of Taxes
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax obligation
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

3. Partial Prepayment Procedures and Limitations

The amount representing the Present Value of Taxes attributable to the prepayment less the Reserve Fund Credit attributable to the prepayment shall, prior to the issuance of Bonds, be deposited into a separate account held with the School District on behalf of the District and disbursed in accordance with the Mitigation Agreement and after the issuance of Bonds be deposited into the applicable account or fund established under the trust agreement, indenture agreement or fiscal agent agreement and used to pay debt service or redeem Bonds. The amount representing the Prepayment Administrative Fees attributable to the partial prepayment shall be retained and deposited into the applicable account by the District.

With respect to any Assessor's Parcel for which the Special Tax obligation is partially prepaid, the District shall indicate in the records of the District that there has been a partial prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Special Tax obligation and the partial release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax if applicable for the Assessor's Parcel 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 Assigned Annual Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped 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 and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

Notwithstanding the above, the ability to partially prepay the Special Tax obligation of an Assessor's Parcel may be suspended, by the Administrator, acting in his or her absolute and sole discretion for and on behalf of the District, without notice to the owners of property within the District for a period of time, not to exceed sixty (60) days, prior to the scheduled issuance of Bonds by the District to assist in the efficient preparation of the required bond market disclosure.

SECTION I
ANNUAL SPECIAL TAX REMAINDER

In any Fiscal Year which the Annual Special Tax collected from Developed Property exceeds the amount needed to make regularly scheduled annual interest and principal payments on outstanding Bonds and pay Administrative Expenses, the School District may use such amount for acquisition, construction or financing of facilities as pursuant with the Act and certain costs associated with the maintenance and operations of school facilities in accordance with the Act, the District proceedings and other applicable laws as determined by the Board.

SECTION J
TERMINATION OF SPECIAL TAX

The Annual Special Tax shall be levied for five (5) Fiscal Years after the final maturity of the Bonds but no later than Fiscal Year 2069/2070. However, the Special Tax may cease to be levied in an earlier Fiscal Year if the Board had determined (i) that all required interest and principal payments on the Bonds have been paid, (ii) all authorized facilities of the District have been acquired and all reimbursements have been paid, and (iii) all other obligations of the District have been satisfied.

SECTION K
EXEMPTIONS

The Administrator shall classify Assessor's Parcels as Exempt Property in the chronological order in which each such Assessor Parcel becomes (i) owned by the State of California, federal or other local governments, (ii) used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) owned by a homeowners' association, (iv) burdened with a public or utility easements making impractical their utilization for other than the purposes set forth in the easement, or (v) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the Net Taxable Acreage to less than 12.42 ("Minimum Taxable Acreage") described in Table 3.

Table 3

Minimum Taxable Acreage

Minimum Taxable Acreage	12.42 Acres

Notwithstanding the above, the Administrator or Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will be classified as Undeveloped Property and will continue to be subject to Special Taxes accordingly.

SECTION L
APPEALS

Any property owner claiming that the amount or application of the Special Tax levied on his or her property is not correct may file a written notice of appeal with the Administrator to be received by the Administrator not later than 1 year after having paid the first installment of the Special Tax that is disputed. The reissuance or cancellation of a building permit is not an eligible reason for appeal. In order to be considered sufficient, any notice of appeal must (i) specifically identify the property by address and Assessor's Parcel Number, (ii) state the amount in dispute and whether it is the whole amount or only a portion of the Special Tax, (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect, (iv) include all documentation, if any, in support of the claim, and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. The Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) or an adjustment shall be made for the amount due for any prior Fiscal Year as the Administrator's decision shall indicate.

SECTION M
MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the District may directly bill all or a portion of the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of ten percent (10%) of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at one and one-half percent (1.5%) per month of the Special Tax will attach on the July 1 after the delinquency date and the first of each month thereafter until such Special Taxes are paid.

EXHIBIT A

CERTIFICATE TO ADJUST SPECIAL TAX

DISTRICT CERTIFICATE

1. Pursuant to Section D of the RMA, the District hereby approves a reduction in the Assigned Annual Special Tax for Developed Property and Undeveloped Property within the District.

   a. The information in Table 2 relating to the Fiscal Year 2025/2026 Assigned Annual Special Tax for Developed Property within the District shall be modified as follows:

Table 2
Assigned Annual Special Taxes for Developed Property

Land Use Class	Building Square Footage	Assigned Annual Special Tax Rate
1	≤ 2,500 sq. ft.	$_,___.__ per Unit
2	2,501 – 2,800 sq. ft.	$_,___.__ per Unit
3	2,801 – 3,100 sq. ft.	$_,___.__ per Unit
4	3,101 – 3,400 sq. ft.	$_,___.__ per Unit
5	3,401 – 3,700 sq. ft.	$_,___.__ per Unit
6	3,701 – 4,100 sq. ft.	$_,___.__ per Unit
7	> 4,101 sq. ft.	$_,___.__ per Unit

   b. The Initial Fiscal Year Assigned Annual Special Tax for each Assessor's Parcel of Undeveloped Property, as adjusted annually, pursuant to Section D.2 of the RMA shall be $[_____] per Acre. The Backup Annual Special Tax for Developed Property shall be recalculated pursuant to Section E of the RMA based on the foregoing adjusted Assigned Annual Special Tax per Acre for Undeveloped Property.

Date: _____, 20___ By: _____
Administrator